Confronting a Powerful China with Western Characteristics

by James Kurth

James Kurth is Professor of Political Science at Swarthmore College. He is also an FPRI Senior Scholar. This article is a slightly revised version of a paper delivered at the Study Group on America and the West on September 26, 2011.

Abstract: The rapid rise of Chinese economic and military power has produced the most fundamental change in the global system since the end of the Cold War, and it poses vital questions about China’s future direction. Many Western analysts argue that China’s great power will cause it to become more like the West, i.e., like Western great powers. Other Western analysts believe that China will continue to be the same, i.e., like the China of the past few decades. An alternative interpretation, however, is that China’s new power will enable it to become even more Chinese than it is now, i.e., to become more like the traditional and imperial China that existed before the Western intrusions of the 19th century. This China was the “Central State” of a distinctive Chinese world order, operating with distinctive conceptions about diplomatic relations, military strategy, and economic exchange. However, the new China will be unlike the old China in at least two important ways. It will be a naval, and not just a land, power, and it will be a financial, and not just a trading, power. In other words, it will be a powerful China with Western characteristics. As a formidable naval and financial power, China will present fundamental challenges to the United States and to both the long-standing U.S. security order in the Western Pacific and the long-standing “Washington Consensus” about the global economic order.

There was once a great power, one so great that its power not only reached all around the world, but it was recognized as the world’s leading power. Its economic practices, political system, and conceptions of international law provided the models and set the standards for numerous other powers. And at the core of its power, and backing up its models, was a special form of military power—the greatest navy in the world—and a special form of economic power, the greatest financial system in the world. That great power was Great Britain, that navy was the Royal Navy, that
financial system was centered in the City of London, and that era was just a century ago. However, the greatness of British power had been established almost a century before that, after Britain’s victory in the Napoleonic Wars. That victory had largely been won with the advantages provided by the Royal Navy and the Bank of England.

The Old Great Power and the New I: Britain, Germany, and America

But at the beginning of the 20th century, the old established great power was challenged and confronted by two rising ones. One of these was Germany, and the other was the United States. Britain responded to the challenges posed by these two quite different rising powers in two very different ways.

Toward Germany, Britain essentially pursued a policy of containment. As the Germans rapidly built a large and advanced navy and deployed it in their two adjacent seas, the Baltic Sea and the North Sea, the British responded by building up their own navy, so that it was even larger and more advanced than it had been before. The tensions and alarms produced by this naval arms race spilled over into other arenas where there were disputes – diplomatic (e.g., alliances), colonial (e.g., the Boer War), and economic (e.g., trade competition). Britain's actions in all of these arenas were shaped by its containment policy toward Germany, and Germany's actions in all of these arenas were shaped by its determination to break out of this containment. In the end (1914), Germany did break out, Britain did try once more to contain it, but this time with military force, which resulted in the greatest war in Western history (called at the time the Great War).

In contrast, toward the United States, Britain essentially pursued a policy of appeasement. As the Americans rapidly built up a large and advanced navy and deployed it in two of their adjacent seas, the Gulf of Mexico and the Caribbean Sea, a number of incidents and disputes occurred between Britain and the United States with respect to this region, culminating in the Venezuelan Crisis of 1895. In this case, however, Britain backed down, and, over the course of the next decade, it steadily withdrew its military forces and ceded its leading role in the region to the United States. The mentality of accommodation provided by this military appeasement spilled over into other arenas where there had been disputes—diplomatic (e.g., new treaties),

---

1 There were two other rising powers that Britain also had to deal with, Russia and Japan. But their power and their challenges were not as formidable as those of Germany and the United States. In the 1900s, Britain reached an “entente” or accommodation with Russia and an alliance with Japan. Walter McDougall gives a comprehensive and engaging account of this era in his “History and Strategies: Grand, Maritime, and American,” paper presented to the Center for Naval Analysis Conference, Washington, D.C., August 4, 2011.
colonial (e.g., the new Panama Canal project), and economic (e.g., a new preponderant role for American trade and finance in the region). In the end (1917), the United States had come to such a mutuality of interests with Britain that it came to its aid not only in the Great War or First World War, but also in the Second World War.

The Old Power and the New II: America and China

Of course, in our own time, there is once again a long-established and world-leading great power, indeed superpower. Its economic practices, political system, and conceptions of international order have provided the models for numerous other powers. And at the core of this power, and backing up its models, has been a special form of military power: the greatest navy in the world and a special form of economic power: the greatest financial system in the world. That power has been the United States, that navy has been the U.S. Navy, that financial system has been centered in Wall Street, and that time has been the past 70 years, or ever since America’s victory in the Second World War.

But now, in the second decade of the 21st century, the old established great power is challenged and confronted by a rising one, China.2 The big question for U.S. foreign-policy and national-security officials is how should the United States respond to this challenge. And to this question, foreign-policy and national-security analysts and advisors have given two very different answers. As it happens, these two answers for the U.S. policy response toward the rising power of China today correspond to the two different policy responses of Britain toward the two rising great powers of a century ago. In essence (although, of course, not in name), these responses are a policy of containment versus a policy of appeasement.

The Two Views from the West and the View from China

From a different, more academic angle, these two answers or policies also correspond to two different theories or schools of international relations, the Realist School, which thinks in terms of military power and of containment policies, and the Liberal Internationalist (now really liberal globalist) School, which thinks in terms of economic interdependence and accommodation policies. The Realists and containment advocates often point to pre-1914 Germany as a prototype for contemporary China. Conversely, the Liberal 2 Of course, there are other rising powers, especially India and Brazil. However, India is becoming something of an ally, and Brazil is hardly a formidable power. As for Russia, it seems to be as much declining, as it is rising.
Internationalists and accommodation advocates often point to 20th-century Anglo-American cooperation as a prototype for contemporary Sino-American relations.

Whatever their differences, however, the two theories and the two policies agree on one big thing, and that is that as China becomes even more powerful—both in economic strength and in military strength, it will become more Western, i.e., it will become more like some Western power of the past. For whatever their differences, both Germany and the United States were both Western powers, as was, of course, Great Britain itself, which, as we have seen, had provided the very models of what a Western power should be (including both the naval model and the financial one). In particular, the Realists and containment advocates see China becoming a naval power (and serious threat), like other Western nations (and Japan) once did, but unlike China in the past, which had always focused upon land forces and ignored naval ones. On their part, the Liberal Internationalists and accommodation advocates see China becoming a financial center (and “responsible stakeholder”), like other Western nations (and Japan) have been, but unlike China in the past, which had always focused upon trade relations and ignored financial ones.

But of course, there is a third academic school which only deals with China, consisting of the professional China specialists or experts, be their formal academic Ph.D. degree in history, political science, or economics. These China experts often insist that, whatever the level of economic and military development that China achieves, it will essentially remain Chinese. Western intrusions and influences have come and gone, but Chinese identity and behavior has endured. When some China experts turn their attention to military forces, they often emphasize China’s tradition as a land power, and indeed as a defensive one (“the Great Wall mentality”). When other China experts turn their attention to economic relations, they often emphasize China’s tradition as a trading economy, indeed one engaged in cooperative exchange.

There is, however, a possible variation on this view of what China’s already-great economic power and its consequent rising military power might mean for its conception of itself. It is that China’s new power will enable it to become even more like its old self. In particular, earlier historical and traditional Chinese conceptions of her place in the world, and of the strategies and tactics which can maintain or advance this place, will return.

An excellent history and analysis of the rise of Chinese naval power is given by Toshi Yoshihara and James R. Holmes, Red Star Over the Pacific: China’s Rise and the Challenge to U.S. Maritime Strategy (Annapolis, MD: Naval Institute Press, 2010).

and will provide the guidelines for China’s objectives, strategies, and tactics in the future.

The interpretation in this article will largely conform to views held by China experts, that as China continues to gain in economic and military power, it will remain Chinese. Indeed China will be able to become even more Chinese than it was able to be anytime during the past 170 years, or since the First Opium War. But as China becomes more Chinese in some ways, it will also be a China with Western characteristics in other ways. And with regard to these latter ways, the two schools that see China becoming Western will also have something to add.

The Discrediting of the Western Model and the Crediting of the Chinese Model

There are good reasons that have become especially strong in the past two or three years, to believe that something like this development is now underway. The global economic crisis, which began in the United States in 2008 and which quickly spread to the rest of the West, has thoroughly discredited the “Washington Consensus” American economic model. The ensuing partisan polarization and policy paralysis in the United States has similarly discredited the American political model of liberal democracy. And the recent U.S. budget crisis and reduced military spending portend a period of military austerity and diminished U.S. military strength.

At the same time, however, China’s response to the economic crisis (a kind of Keynesian policy of vast spending on infrastructure and capital projects) has made it the most robust large economy in the world. Since the world depends upon it even more than before, the attractiveness of the Chinese alternative economic model, the “Beijing Consensus,” has been enhanced. Moreover, China’s continuing political stability (including the impending transition in 2012 from the “fourth generation” of political leadership to the “fifth generation”) and policy effectiveness has also increased the attractiveness to developing countries of the Chinese political model of an authoritarian regime ruling a market economy, a sort of market-Leninism as the successor to Marxist-Leninism. Further, China’s continuing increase in military spending and procurement of advanced weapons systems is producing impressive Chinese military strength that must now be taken into account. Finally, the conjunction of all of these recent changes means that, from a Chinese perspective, the contemporary global crisis has produced an “auspicious moment,” perhaps a “tipping point” and “strategic

The Chinese Conception of Space: The Central State and the World Order

As is well known, China’s traditional conception of itself (and one that largely corresponded to reality for two thousand years from the 210s B.C.E. to the 1700s C.E.) was as the “Central Kingdom” or Central State. China was by far the largest country, the most powerful state, and the most advanced civilization in the world which was seen by the Chinese (even if that world was largely the region of East Asia and South East Asia). Surrounding the Central State was a series of much smaller countries or “tributary states,” several of which were also smaller versions of the political and cultural model provided by China; these were Korea; Lu-Chu (the Ryukyu Islands, including Okinawa); and Annam (Vietnam). Together, these tributary states composed a sort of “string of pearls” around the Central State.

At the center of this Central State and Chinese world order was the capital city of Beijing (“Northern Capital”), at the center of Beijing was the imperial palace compound (the “Forbidden City”), and at the center of the imperial palace was the Emperor. The Emperor radiated authority and power, right and might, out of the imperial palace through the “Gate of Heavenly Peace” to Beijing, to China, and to the rest of the world.

However, although Beijing was normally the imperial capital and center of China and the Chinese world order, the original capital and center was Xi’an, some 600 miles to the southwest of Beijing. Xi’an was established as the capital by Qin Shohuang, the original Qin (or Ch’in) Emperor, from whom China took its name. If one draws a great circle with Xi’an at its center, it nicely includes all the lands which the Chinese traditionally saw as part of their world order. As it happens, this circle largely corresponds to the boundary of China plus its tributary states during the late Qing or Manchu dynasty, i.e., the late 18th century (see Figure 1).

---

The Chinese Conception of Time: Historical Cycles and China’s Destiny

The Western conception of Western history (at least since the Enlightenment’s “doctrine of progress”) has largely been linear. Western history begins in a primitive state followed by a “Dark Age” and then advances steadily upward, (admittedly with occasional setbacks such as the Thirty Years War or the two World Wars), through successive stages of higher technological, economic, and political development. The Western conception of Chinese history has been somewhat similar: Chinese history begins with an impressive level of culture, but also with an authoritarian political system, one characterized by extensive cruelties, frequent turmoil, and periodic civil wars. The early Chinese encounters with the West issue in a long period of especially acute turmoil and war for China, but in the end—especially when America became the undisputed leading Western power—Western ideas and practices have at last put China on an upward path, similar to that which the West itself has taken.

In contrast, the traditional Chinese conception of its history has largely been cyclical (as in the theory of the “dynastic cycle”). Chinese history begins
at an already civilized level and after a period of political turmoil and Warring States (475-221 B.C.E.), the Qin Emperor unites China into one great Central State (221 B.C.E.). Forever after, China’s destiny is to remain one great state and one great civilization. Particular dynasties will rise and fall, according to the dynastic cycle, and there will be periods of schism and disunion. But, in the end, the unity of China’s state and of China’s central place in the world will be restored.

These two conceptions of history—the Western and the Chinese—have several elements in common, but, in essence, they are different and even contradictory. They can be combined, however, into a new one, which might be described as the Chinese historical conception with Western characteristics. That is, there has indeed been a long series of dynastic cycles, but successive cycles have, in large part, played out at successively higher levels of development. At its height (the 18th century), the Qing (Ch’ing) dynasty reached a stage even higher than that reached by its predecessor, the Ming (the 15th century). The subsequent decline of the Qing was so deep and the ensuing time of troubles was so grave that it could accurately be called “the 100 Years of Humiliation.” However, in 1949, China under the leadership of the Communist Party, began a new period of unity and advance, and this period is taking China to the highest level of development in its entire two-and-a-half millennial history. The culmination of China’s dynasties and the fulfillment of China’s destiny means that the China of the 21st century will not only become more like the China of the 18th century and before, but that China will become even more Chinese than it was before, because China will be realizing its potential more fully. Moreover, it will be doing so by incorporating all the benefits of Western science and technology, and on an even wider scale by extending the Chinese definition of the world order from East Asia to the world beyond—a world order which ultimately will include, in some still indistinct sense, the West itself.

The Chinese Conception of Military Power and Strategy: Power Projection over Land

In the traditional Chinese conception of military power, a strong and effective military force was indeed at the core of the Central State and of imperial power. However, the idea was that the military should rarely be used in addressing a strategic problem, and never as the first resort. Rather it was best held in reserve, and used as a last resort. Again however, it would be best

---

if other rulers and potential adversaries knew that this reserve of military power actually existed and could be deployed when the Chinese rulers deemed it necessary. In the meantime, it would also be best if the actual realities of unequal power were clothed with a symbolic veil of reciprocal respect and cooperation. The imperial military was a sort of “cannon behind the curtain,” which every party knew was there, but which was discreetly covered. In the fullest realization of this conception, military power was a center of gravity, a solid and weighty mass which radiated outward gravitational lines of force, which gently, but firmly and steadily, bent the will of other rulers—and of potential adversaries—so that they would more and more be inclined and conformed to Chinese designs and priorities.

In the long course of China’s history, this concept of military power was, for the most part, only applied to the use of armies, i.e., the gravitational force lines were only projected across land. However, there had been a few rare exceptions when that power was also projected across the sea. The most important of these cases was Taiwan. (There were also two abortive invasions of Japan, undertaken by the Yuan or Mongol dynasty, and the epic, but temporary, voyages of Admiral Zheng He, undertaken during the Ming dynasty).

The Chinese Conception of Military Operations and Tactics:
Encirclement and the Sudden Blow

These ideas about the center of gravity, the last resort, and the cannon behind the curtain were elements of the traditional Chinese conception of strategy. But the Chinese also have had a traditional conception of what might be seen as operations and tactics. Here, the focus has been on the steady and persistent accumulation of positions of strength, of peripheral bases of gravity in addition to the above mentioned core center of gravity. Over time, these accumulated bases add up and amount to an encirclement of the diminishing positions of strength of a potential adversary or target. Finally, there comes a time when the Chinese positions or bases are so strong vis-à-vis those of the opponent that everyone, including the opponent, can draw the obvious and sensible conclusion that the opponent should accept the realities and conform to the Chinese design, i.e., to accept his appropriate place within the Chinese

world order. This acceptance of military realities is also clothed with the appearance that the opponent submits willingly, because he sees this to be the course that is most reasonable and in conformity with the world order, an order that is best for all.

Of course, there will also be occasions when the opponent does not act upon these obvious military realities. In such cases, the Chinese tactic has been to await an auspicious moment, one in which the opponent is especially vulnerable, and then to strike a sudden blow, one that is both dramatic and effective. This in itself creates a new reality so that everyone, including of course the opponent, can draw the same obvious and sensible conclusion that the opponent could, and should, have accepted before. The realities have now been demonstrated with a stark clarity that could leave the opponent humiliated, but the Chinese tactic will often include some element (such as the quick withdrawal of the victorious Chinese military force to nearby positions) which will allow the opponent to retain some degree of respect (i.e., “face”).

The Chinese Conception of Economic Power and Strategy: Exchange of Goods Through Trade

The traditional Chinese conception of economic power was analogous. A healthy and productive economic base was also at the core of the Central State and of imperial power. But here, the idea was that the economy should frequently be used in addressing a strategic problem, and often as a first resort. It would be best if other rulers and potential adversaries were well aware of the advantages to them of peaceful economic relations with China, particularly the exchange of goods through trade. However, the foreign rulers, with their small economies and inferior cultures, would need Chinese goods far more than the Chinese rulers would need theirs. Therefore, it would also be best if the actual realities of unequal attractiveness were balanced with foreign rulers also giving the Chinese signs and symbols of deference to the Chinese conception of the world order, with the Chinese Emperor at its center. This was important to the Chinese notion of imperial legitimacy, thus the famous “kowtow” ritual at the imperial court in Beijing. In the fullest realization of this conception, economic power was also a center of gravity, a solid and weighty mass which radiated outward gravitation lines of force, which gently but firmly and steadily shaped the will of other rulers—and of potential adversaries—so that they would more and more be inclined and conformed to Chinese designs and priorities.

In the long course of imperial history, this Chinese conception of economic power was, for the most part, only applied to the exchange of goods, i.e., the gravitational force lines were only projected through trade. However, there had been occasional exceptions, when that power was also projected through China’s supply of precious metals, i.e., through finance.
This review of traditional Chinese conceptions of China’s geography, history, and destiny can be useful in interpreting contemporary perspectives and objectives in the minds of Chinese leaders and, indeed, of some of the wider Chinese population. And the similar review of traditional Chinese conceptions of the strategy, operations, and tactics needed to achieve Chinese objectives can be particularly useful in explaining recent actions of the Chinese government and anticipating its future moves. Current events require a special focus on actions and moves in two arenas: The naval arena of China’s three littoral seas—the Yellow Sea, the East China Sea, and the South China Sea—and the financial arena of China’s massive holdings of U.S. currency and debt and the resulting status of being the world’s leading creditor state. These are the very arenas which many scholars think have no real precedents in China’s history and which are supposed to be arenas of Western history.

**The Three China Seas and Chinese Naval Power**

China has not been a dominant naval presence in its three littoral seas—the Yellow Sea, the East China Sea, and the South China Sea—for more than 170 years, i.e., ever since the arrival of the British navy in force during the First Opium War. Instead, a succession of foreign navies has dominated these seas, first the British, then the Japanese, then ever since World War II, the American. Moreover, even before the arrival of foreign navies to dominate these seas, China itself for centuries had not operated much of a navy there. It has been natural, therefore, for historians of Chinese strategy and its military to not only think that China is a land power, but that it is only a land power. And this view has been largely accurate—up until now.

However, there is an alternative interpretation of the place of these three littoral seas in the Chinese mind. The reason that China for centuries did not deploy a significant navy in them was that in those times there was no significant foreign navy which posed a threat there. A Chinese naval presence was therefore unnecessary. Then, when the British navy arrived, it immediately overwhelmed Chinese forces and established a dominant presence. This dominance by foreign navies continued in an unbroken chain down until contemporary times. A Chinese naval presence was therefore impossible.

However, the three littoral seas have never been excluded from the Chinese conception of the Central State and the world order. (For example, they are included within the great circle’s delineation of China’s proper realm—Figure 1.) The Chinese have always assumed that these three seas should be understood to be “Chinese lakes,” as much dominated and secured by Chinese power as is Chinese land. Of course, Taiwan the large island which connects two of these seas, the East China Sea and the South China Sea – must be Chinese because it is both Chinese land and central to the Chinese lakes.
And so, it is natural for the contemporary Chinese leadership to think that the proper destiny of these three seas, the seas between the Chinese mainland and the “First Island Chain,” will only be fulfilled when they are dominated by Chinese military power. This will include not only naval power narrowly defined, but also land-based aircraft and missiles which can project power and denial capability over these seas. It is therefore only a matter of time—a time that could arrive with an auspicious moment and strategic opportunity—until China’s destiny in these seas will be realized.

In the meantime, China will steadily and persistently seek to accumulate positions of strength in these seas, and some of these positions will add up to a kind of encirclement of sections within them. These positions will include islands, even very tiny ones, which are scattered around the seas. Such islands might appear trivial from a practical perspective, although some are in or adjacent to deep sea oil fields, such as the Spratly (or Nansha) Islands, in the South China Sea. However, from a strategic perspective, they are important symbols and can become markers or even bases for encirclement of the seas. This is particularly the case, given the vigorous Chinese use of the international law concept of the Exclusive Economic Zone (EEZ), which extends 200 miles out from recognized land territory.

This is one way to interpret the series of recent Chinese naval and diplomatic actions over such islands in each of the three seas. Beginning in the Spring of 2009 (and at the time when the global economic crisis had put the United States into substantial disarray), China created a succession of naval and diplomatic incidents, and these have continued down through the Summer of 2011. These incidents have occurred over (1) U.S. naval maneuvers in support of South Korea in the Yellow Sea; (2) the Senkaku Islands claimed by Japan in the East China Sea; and (3) the Paracel (Xisha) and Spratly (Nansha) Islands in the South China Sea.

Each of these encounters has directly challenged some state which also claims jurisdiction over the island or surrounding section of the sea. By now, the list of these challenged states adds up to (from north to south) South Korea, Japan, Taiwan, Vietnam, and the Philippines, i.e., every state which borders on the vast maritime realm stretching from the southern part of the Yellow Sea through the East China Sea, to the northern part of the South China Sea. However, also it is evident that each of these encounters has indirectly challenged the United States, as a formal ally of most of these states (South Korea, Japan, the Philippines) or as a potential protector of the others (Taiwan and Vietnam). One of the Chinese purposes has been to test the U.S. resolve to protect the interests of the challenged states, particularly those interests which could be seen to be as trivial as the islands themselves – and perhaps to demonstrate to everyone, particularly to the challenged state – that, given the new strategic realities of the current period, the United States is not really a reliable ally and protector after all.
By now, after two years of such challenges, China has not definitively achieved its purposes. The islands and the waters around them remain disputed, and, because of its generally firm statements and consistent support, the United States remains a plausible ally or protector. At the present time, it seems that the period 2009-2011 has not been an auspicious moment for China after all. However, the traditional Chinese response to such developments (or lack of them) is to simply return to being patient, while awaiting the eventual arrival of the next auspicious moment.

In the meantime, China is building other kinds of positions of strength with a massive build-up of advanced weapons systems which can project power over, and deny access to, the three littoral seas. These include, most dramatically, procurement and deployment of a large fleet of surface vessels, including China’s first aircraft carrier. However, although this surface fleet has a good deal of symbolic meaning, it does not have much substantive importance. China’s surface fleet by itself will not pose a significant threat to the U.S. Navy for many years – if ever. Instead, the real, substantive, threat to the U.S. Navy comes first from China’s large number of advanced attack submarines and second, and even more ominous, from the thousands of surface-to-sea missiles which the Chinese are deploying. The most threatening of these is the rapid development by the Chinese of an anti-ship ballistic missile (ASBM).  

10 The U.S. surface fleet – including its magnificent and splendid aircraft carriers – now has no effective defense against an ASBM threat, and there is no such defense in the now-foreseeable future.

Given China’s future objectives and capabilities in its three littoral seas and over Taiwan, what can be the U.S. policy response? Here, we will consider three strategic options: (1) containment, likely turning into confrontation; (2) appeasement, likely turning into marginalization; and (3) a conjunction of regional appeasement and global containment.

**Containment and Confrontation**

The obvious, or at least the conventional, response for the United States to China’s challenge in the three littoral seas and Taiwan is to simply continue and update the policy of containment, which it has pursued there for more than 60 years, in one form or another, ever since the outbreak of the Korean War. Just as China modernized its military forces in the region, so too would the United States modernize its military forces there. In particular, this would entail enhanced anti-missile defenses for the U.S. surface fleet, especially the aircraft carriers; enhanced capabilities to destroy Chinese missiles at their land locations; and, most importantly, enhanced capabilities to conduct and prevail in cyberwar conflict with the Chinese. Although the weapons

---

10 Yoshihara and Holmes, *Red Star Over the Pacific*, chapter 5.
systems would be new, the strategic objective—containment—would remain the same. The U.S. would deny China the capability to exercise dominance over these three seas, as well as over Taiwan, and it would deny China the capability to deny U.S. free military and commercial access to and through the three seas (what can be termed Denial 2).

This containment policy obviously evokes the experience of other maritime containment policies in the past. Some were successful, i.e., they achieved their objective of denying dominance to a rising challenger without ending in war. These cases include not only the successful U.S. maritime containment of China up until now—despite several tense confrontations and crises over the years—but also the successful U.S. maritime containment of the Soviet Union in the late 1970s, and 1980s. It then seemed that the Soviets’ build-up of their own maritime forces might enable them to dominate not only their own littoral seas, the Baltic Sea, the Barents Sea, and the Black Sea, but also to deny U.S. access to adjacent seas, the North Sea, the Norwegian Sea, and the Eastern Mediterranean Sea. When the U.S. Navy confronted this threat, it developed a comprehensive and systematic “Maritime Strategy” and also built toward a “600-ship Navy” to back-up the strategy. Other maritime containment policies, however, were less successful as the previously mentioned British containment policy toward Germany before 1914, which ended in a catastrophic war (although the immediate causes of that war did not involve maritime issues and naval forces).

However, the impending maritime confrontation between the United States and China will be shaped by the distinctive features of both of these powers in the contemporary era. In other words, it would probably be U.S. containment with Chinese characteristics. Given the earlier analysis, China’s conception of its proper destiny and its acquisition of a formidable naval capability probably means that China will see itself as an irresistible force, one which moves patiently but persistently and which anticipates an auspicious moment and strategic opportunity. At the same time, America’s diminished military and economic capability to sustain a successful maritime containment policy probably means that the United States and its Navy are ceasing to be an immovable object. However, Americans, or at least important elements amongst them, may still think of themselves as strong and resolute, i.e., as immovable.

In such a conjunction of rising Chinese capabilities and expanding ambitions on the one hand, and declining American capabilities but stubborn positions on the other, misperceptions and miscalculations are inevitable. A small confrontation could easily and quickly escalate into a major crisis, and then escalate into a big war. Earlier in the outbreak of this war, we would likely

see something like “the sudden blow” against the U.S. Navy. The most
dramatic possibility would be an attack by Chinese conventional anti-ship
missiles against one or more U.S. aircraft carriers. The destruction of one of
these magnificent ships would mean not only the decapitation of an entire U.S.
naval battle group, but also the death of more than 5000 American sailors. And
this disaster—like the Japanese carrier-aircraft attack on the magnificent U.S.
battleships at Pearl Harbor 70 years ago—would be only the first tragedy in
what would then probably become a great war, a war which would be
mutually catastrophic.

Appeasement and Marginalization

Hypothetically, one could imagine a very different policy response for
the United States to China’s challenge in the three littoral seas and Taiwan, and
that is the classic alternative to containment, its very opposite—i.e., appease-
ment (although it might be termed accommodation). As we have seen, this was
the policy which Britain followed toward the United States in its two adjacent
seas of the Gulf of Mexico and the Caribbean in the 1890s-1900s. The policy
was an ambiguous success, issuing on the one hand in alliance with the United
States during World War I and after, and on the other hand not only the end of
British power in the Western Hemisphere, but also, after World War II,
effectively the world-wide end of British power. (Of course, the most notor-
ious case of appeasement was that of Britain against Germany in the 1930s,
which issued in World War II).

If the United States adopted a policy of appeasement or accommodate-
tion toward China in the three littoral seas and Taiwan, it would gradually but
discernibly reduce both its actual naval operations and its formal security
commitments there. The pace and direction of this reduction might be under-
stood by China to be consistent with its own conceptions of patience and
perseverance. In other words, it could possibly be U.S. appeasement with
Chinese characteristics. Again, however, some Americans would still think
of themselves as strong and resolute, and they would always be contesting this
policy, making its application inconsistent and confusing and therefore again
making for misconceptions and miscalculations.

However, if the appeasement or accommodation policy were carried
out to its logical conclusion, there would be a massive realignment of the long-
established U.S. alliance system in the Western Pacific, i.e., involving not only

12 James Kraska, “On How The United States Lost the Naval War of 2015”, Orbis, Winter 2010,
pp. 35-45. A very comprehensive and systematic analysis of how the U.S. Navy and Air Force
can work together to effectively contain the Chinese naval threat is given in Jan Van Tol, et al.,
Air Sea Battle: A Point of Departure Operational Concept (Washington, DC: Center for Strategic
and Budgetary Assessments, 2010). Also see Felix K. Chang, “China’s Naval Rise and the South
the states bordering the three littoral seas and west of the “First Island Chain,” but also involving Japan, which is a major component of that chain and a principal power in the region. In other words, the loss of the three littoral seas would likely issue in the loss of the U.S. dominance in the waters that lie between the First and the Second Island Chains. In the end, the United States could be reduced to being a secondary, or even marginalized, power in the Western Pacific. Indeed, some Chinese military figures are beginning to raise the idea of a partitioning of the Pacific between China and the United States, along a line roughly corresponding to the Second Island Chain.

**Regional Appeasement and Global Containment**

Given the economic and military dynamics now underway in China (and the absence of such dynamics in America), it might seem that the Chinese will inevitably displace the United States from its dominant position in the three littoral seas and replace it with its own. The time and the way that this will happen is unknown, but the eventual outcome can be discerned. If so, whatever might be the name, the result would be appeasement or accommodation in this regional arena.

However, regional appeasement does not inevitably entail global appeasement, i.e. appeasement in other arenas. When Britain gave up its strategic position in the Western Hemisphere to the United States, it did not then give up its strategic position in the rest of the world. It continued to remain the leading maritime power in all of the oceans and seas of the Eastern Hemisphere for the next thirty years. This suggests that were the United States to relinquish its dominant position in the three littoral seas or even the Western Pacific, it still could retain its dominant position elsewhere. This could be true not only in the obvious case of the Eastern Pacific (where the United States would have strategic advantages comparable to those that China has in the Western Pacific), but in other oceans and seas around the world. The most important of these—and a strategic counterpoint to the three littoral seas—is the Indian Ocean.\(^\text{13}\)

In this regard, the traditional naval concept of a “distant blockade” might become useful. A “near blockade” seeks to prevent an adversary from using his littoral waters for his naval and commercial purposes. This requires that the blockading power have a great naval superiority over the adversary. In contrast, a distant blockade allows the adversary the use of his littoral waters, but denies him the use of the waters beyond. If the adversary is largely self-sufficient (as was the Soviet Union and its alliance system in many respects) a capability to impose a distant blockade upon him will not be a major factor in

his strategic calculations. However, if the adversary relies a great deal upon seaborne commerce, its SLOCs (sea lanes of commerce or, in the conventional notation, sea lines of communication) will be a major strategic factor.

Traditional, imperial China was supremely self-sufficient. In this respect, it was thoroughly Chinese. However, contemporary China is very dependent upon seaborne commerce, upon both its enormous exports of industrial products and its enormous imports of the raw materials that are necessary for the continuing functioning of its economy (and the continuing stability of its social system). In this sense, contemporary China certainly has Western characteristics. This vital seaborne commerce passes, of course, through the three littoral seas. But much of it, including the necessary raw materials and especially the necessary oil, also passes through the Indian Ocean.

If China acquires a dominant position—and denial capability—in the three littoral seas or even in the Western Pacific, the United States can retain a dominant position—and denial capability—in the Indian Ocean and in other seas beyond, through which passes China’s vital exports and imports. In short, if China acquires a dominant position in the Western Pacific, it will only be the beginning of a grand and protracted bargaining process, engaging both China and the United States and involving both the Western Pacific and the Indian Ocean and both the regional and the global arenas. In the end, there might be constructed an explicit and effective system of mutual deterrence, based upon such concepts as red-lines, salient thresholds, and tit-for-tat actions and reactions.

Holdings of U.S. Currency and Debt and Chinese Financial Power

China now has the largest foreign exchange reserves, and particularly the largest holdings of U.S. currency and debt, in the world, making it the world’s leading creditor state. Yet, historically China did not see itself as a financial power, and it did not have a large and powerful financial sector within it. In this respect, it differed from a number of Western great powers, whose power included being a leading creditor state and major financial power. These have been, successively, the Netherlands, Britain, and the United States, and on occasion France has also been a major financial power (as well as, briefly in the 1980s, Japan). An important question, therefore, is how one might expect China to convert its financial power into strategic power and thereby advance its regional and global ambitions, since it has had very little experience in doing so. And here, it is once again useful to look at traditional Chinese conceptions of strategy, operations, and tactics.

First, it would be natural for the Chinese to extend their historical practices in the arena of trade to the arena of finance. China’s financial strength could frequently be used in addressing a strategic problem and often as a first
resort, so long as this did not contradict other strategic objectives. For example, China’s setting of the exchange rate between the yuan (RMB) and the dollar steers a course between the two objectives of (1) advancing Chinese industry through promoting exports and (2) avoiding social discontent by managing the inflation rate. In the fullest realization of this strategic conception, China’s enormous financial reserves become a center of gravity, a solid and weighty mass which radiates outward gravitational lines of force, which gently but firmly and steadily shapes the will of debtor nations, and potential adversaries, so that they will more and more be inclined and conformed to, or at least accepting of, Chinese designs and priorities.

The most important of these potential adversaries, and the most important of China’s debtor nations, is of course the United States. One would expect that China will not readily resort to the “financial nuclear option,” i.e., quickly dumping large amounts of dollars on the global foreign-exchange markets; that would also inflict severe economic damage upon the Chinese. Rather, the most likely course is for China to use the less dramatic but still discernable option of not renewing its purchases of U.S. government debt as it matures. And these moments of non-renewal—a non-event which can have as much as an impact and influence as an event—could coincide with those moments when China is engaged in a dispute with the U.S. government on some issue in a completely different strategic arena, e.g., in one of the three China seas.

In the meantime, China will steadily and persistently seek to accumulate positions of strength in the financial arena, and some of these positions will add up to a kind of encirclement of the American financial position. In particular, one could expect the Chinese to draw the developing economies and neighboring states of Southeast Asia into a dense network of debt dependency. The debt network could even extend beyond to other regions, where historically the United States has been the major creditor state. Indeed, this is already beginning to happen in Africa and Latin America, and given the current great financial instability and vulnerability of countries in Southern Europe, it is even beginning to happen there.

**A Passive U.S. Strategic Option: Waiting Out the Chinese Regime**

The discussion thus far has assumed a continuing rise in Chinese power—on both its economic and its military dimensions—far into the future, or at least for the next two or three decades. But of course, the Chinese themselves have traditionally thought in terms of Yin and Yang, and of the simultaneous coexistence and continuing interplay between both strength and weakness. (A contemporary version is thinking in terms of the dialectic.) And the contemporary Chinese leadership is very much focused
upon China’s weaknesses, as well as its strengths.\textsuperscript{14} In particular, they are concerned about the “three inequalities”—inequality between the rich and the poor, between the cities and the countryside, and between the Eastern coastal areas and the Western hinterlands. These three inequalities obviously overlap and reinforce each other; together, they give rise to much social discontent and numerous “mass demonstrations” (more than 70,000 annually, by official count). The Chinese leadership believes that this discontent can best be met with economic benefits, i.e., a continuing rise in China’s economic growth with special attention to broadening the scope of the benefits (to include more of the poor, the countryside, and the Western hinterlands) and to controlling the rate of inflation. However, effective government management of the benefits and burdens, of the opportunities and risks, of China’s complex and dynamic economy poses its own serious challenges.

Consequently, one strategic option for the United States would be to adopt a feature of the Chinese strategic mentality, and that is its emphasis on patience and persistence. U.S. policymakers could work on the assumption that eventually the social tensions in China will grow to the point that they will weaken the Chinese regime and disrupt its strategic objectives in the three littoral seas and elsewhere. After all, the United States has had considerable experience and success with this approach. Patience and persistence in containment was essentially how a succession of U.S. policymakers dealt with the Soviet Union, even though it required 40 years before unambiguous success was achieved. And looking at Chinese history itself, one might observe that it is a Chinese characteristic that there will always be a strong centrifugal tendency toward disunity.

Well aware of the Soviet precedent, as well as of China’s own social tensions, the Chinese leadership is seeking to reinforce its strategy of increased economic benefits with a strategy of increased political legitimacy. Given the obvious fact that the old source of political legitimacy—Communism, including Maoism—is now believed by very few in China (including in the leadership itself), the regime has tried to come up with a new ideology or philosophy that will give it a new legitimacy. And here, it has turned to two alternatives, and particularly to a combination of them.

One of these alternatives is actually very old, Confucianism, or more accurately a modernized version of traditional Chinese conceptions of identity, history, geography, and China’s destiny. These are the very conceptions addressed in this essay, and the regime’s turn to and reinvention of these traditional conceptions is a major reason why they are important today.

The second alternative is much newer and is actually Western in origin, nationalism. But Chinese nationalism is Western nationalism very much altered by Chinese characteristics. Many Chinese think of China as a nation

which should become even greater. However, since China is a nation already so much greater than its neighboring nations and states, it is a nation that is like no other. Indeed, it has been said that China is a civilization pretending to be a nation.\textsuperscript{15} Chinese nationalism seems to be a perfect case of a big enough quantitative difference becoming a qualitative difference. In any event, the strategies, operations, and tactics that contemporary China now deploys to advance its national interests and purposes are very much like those traditional ones that imperial China once deployed to advance its imperial, and civilizational, interests and purposes.

The combination of a modernized Confucianism and a nationalism with Chinese characteristics has provided a robust identity and a convincing ideology or philosophy for many Chinese, particularly among the educated and professional classes. It has therefore provided a potent legitimizing formula for the Chinese regime—at least up until now. And this means that the regime will be driven all the more to fulfill its objectives—and China’s destiny—in the three littoral seas, and beyond.

\textbf{The Real U.S. Strategic Option: Reinventing and Reviving the American Economy}

Underneath most of the strategic options of the United States lies a fundamental assumption—and perhaps a fatal flaw—and that is that somehow the United States will be able to maintain and modernize its military forces, particularly its naval forces, so that they can serve as a creditable counterpart to the rising Chinese military. For this assumption to remain sound, however, the United States must also maintain and modernize its economy, and particularly its industry, so that it can provide the necessary weapons systems and budgetary expenditures to support its military. After all, the dramatic growth of the Chinese economy, and particularly of Chinese industry, has been the real cause for the growing strength of the Chinese military. If over the past two decades, the Chinese economic and industrial growth rates had only been equal to those of, say, Japan or Western Europe, there would now be very little discussion of the Chinese military threat. Conversely, if over the past decade (the 2000s), the American economic and industrial growth rates had been equal to those of the previous decade (the 1990s, when the economic growth was led by the computer and telecommunications industries), there would be much more confidence that the United States would be able to address the Chinese challenge.

The real U.S. strategic option—indeed, the fundamental U.S. strategic necessity—therefore, is to bring about a reinvention and revival of the

\textsuperscript{15} Kissinger, \textit{On China}, p. 11. Kissinger is quoting an observation originally made by Lucian Pye.
American economy, particularly one based upon the development of new American industries. 16 This crucially was the path not taken by the United States in the 2000s. It would require a reduction in the economic role and political power of the American financial sector and a restoration of the economic role and political power of American industrial sectors, particularly new industries based upon innovative technologies (e.g., biotechnology and clean energy), but also older industries which remain essential for a strong military (e.g., aerospace, computers, and telecommunications). Of course, this path would be rather like the path which China itself has taken over the past two decades. In other words, the United States would move more toward an American economy with Chinese characteristics.

These economic considerations obviously apply to those U.S. strategic options centered upon some kind of containment. However, they also apply to the more passive strategic option of waiting out the Chinese regime. Any great power which has had both a passive national strategy and a weak economy has soon ceased to be a great power (e.g., both Britain and France in the 1930s, when each was characterized by an appeasement policy and a depressed economy). This is because a weak economy usually produces a divisive and paralyzed political system, and this kind of system cannot take advantage of any strategic opportunities against an adversary which could arise in the course of waiting him out.

In short, whatever might be a good strategic option for the next decade or so, America’s real solution to the Chinese challenge for the next several decades—for the 21st century—is in one sense to become more like the Chinese have become in recent decades. But in another and more real sense, it is for America to become more like what it was in the 20th century—“the American Century.” In other words, America needs to become more American.