China's Challenge to American Hegemony

Remarks to Global Strategy Forum

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Napoleon is said to have predicted that, when China woke from its slumbers, it would "astonish the world." The Little Corporal was a loquacious fellow who got much wrong but he seems to have gotten this right. In a mere three decades, China has risen from impotence and backwardness to a leading position in global affairs. This year it will become the second biggest producer of goods and services, something projected just five years ago to happen only in 2020. China is clearly on the way to regaining its historic position as the world's largest economy, displacing the United States. (Given continued rapid growth in the Chinese economy, slow growth elsewhere, and progressive revaluation of the Renminbi Yuan, this could happen much sooner than many expect.) The prospect of transcendent Chinese wealth and power, coupled with America's devaluation of its own political and economic prestige, has led to mounting speculation about China's emergence as a global hegemon to rival and, perhaps in time, surpass the United States.

Not so long ago, in the Cold War, the world order was defined by the relationship between the Soviet Union and America as the overlords of rival blocs of nations. Recalling this, some pundits foresee the reemergence of a bipolar world in which the United States and China exercise joint leadership in a so-called "G-2." With the collapse of the USSR, there have been no rivals to American leadership when Washington has chosen to lead. The United States – which spends more on its military than the rest of the world combined – has enjoyed absolute military superiority in every region of the globe. Some imagine China as a "peer competitor" for global dominance.

Since 1974, when Deng Xiaoping addressed the United Nations General Assembly in New York, China has been at pains to deny any possibility that it might seek such dominance. As the Chinese defense "white paper" put it last year: *"China will never seek hegemony or engage in military expansion now or in the future, no matter how developed it becomes."* In saying this, China

is inadvertently echoing the American isolationists of the nineteenth and early twentieth century. The United States did not then seek to dominate or control the international state system, nor did it pursue military solutions to problems far from its shores. In time and in reaction to events, however, America came to do both.

Why has China, alone among nations, felt obliged to assert that it does not aspire to regional or global hegemony? Is this simply propaganda, intended to distinguish Beijing from Brezhnev's Moscow or from the militarism of contemporary Washington? Is it a contrite acknowledgment and repudiation of imperial China's past hegemonic status in East Asia? Or is it sincere counsel to future generations of Chinese not to bully their neighbors or the world once they have the power to do so? If so, is there something unique about China that causes its leaders to believe they must make a special effort to resist deep-seated hegemonic impulses?

This has become a timely question. After a couple of bad centuries, China is back. It believes, with some justification, that for most of its history it was the largest, wealthiest, best governed, and technologically most advanced society on the planet. China brims with confidence that it can regain this status, which it considers the natural order of affairs, and that it will do so in this century. Analogies to other rising powers with shallower histories – France, the United States, Germany, Japan, the USSR – are not helpful in predicting the consequences of China's rise. China has no messianic ideology to export; no doctrine of "manifest destiny" to advance; no belief in social Darwinism or imperative of territorial expansion to act upon; no cult of the warrior to animate militarism or glorify war; no exclusion from contemporary global governance to overcome; no satellite states to garrison; no overseas colonies or ideological dependencies to protect; no history of power projection or military intervention beyond its immediate frontiers; no entangling alliances or bases abroad.

China has a very persuasive explanation of its national interests. It says it needs domestic tranquility and peace on its borders in order to pursue its continued modernization and economic development. It seems very comfortable with a multipolar world order, where peace and economic growth prevail. But anyone with experience of negotiating with the Chinese can attest that they are capable of both haughtiness and petulance. Some of this sort of conduct seems to have been on display at Copenhagen last month. How a still-more-powerful China conducts itself in the future will be decided in part by Chinese realities as shaped by Chinese history. But Chinese behavior will also reflect how the rest of the world, including most notably the incumbent hegemon – the United States – reacts and interacts with China as China rises. And future Chinese conduct cannot be separated

from the character of China's domestic politics. An autocracy that feels free to ignore the rule of law at home is unlikely to defer to international law and procedure abroad.

Whatever the meaning of China's assurances that it will not pursue hegemony or engage in military expansionism in future, we cannot be certain that it will not. There are grounds for optimism, especially with respect to China's use of military power. China's history includes examples of aggressive actions along its borders – especially in Korea and Vietnam. But overall China has been notable for its cautious, defensive, and inward-looking national security posture. The Great Wall stands as a symbol of this as does the scuttling of the Ming fleet in 1437. Despite a formidable history of innovation in military technology and warfare on a scale commensurate with its huge population and vast size, the Chinese strategic tradition stresses that weapons are inauspicious instruments to be used only when the use of force is unavoidable.

The People's Republic of China has used force when measures short of war have proven inadequate to secure its borders or strategic interests (as in Korea, India, and Vietnam), but, by marked contrast with India in Goa or Indonesia in Timor-Leste, it gave diplomacy the decades needed to resolve the Hong Kong and Macau issues without bloodshed. Beijing has shown a similar preference for negotiations rather than the use of force to settle the Taiwan issue. Cross-strait tensions are lessening. It should be encouraging that China has insisted on United Nations authorization for its military activities abroad, which are directed at peacekeeping and against piracy.

Still, China is modernizing its military at a peculiar moment of history. The United States inherited worldwide military superiority from the collapse of its Soviet rival. Without much discussion, it has embraced the neo-conservative agenda of sustaining this superiority at all costs. But rising Chinese defense capabilities erode American supremacy. China's new anti-carrier weapons endanger U.S. force projection capabilities in the Western Pacific; its anti-satellite programs imperil U.S. global surveillance and communication capabilities; its growing operations in cyberspace menace U.S. government operations and the economy of the American homeland alike. These are serious challenges not just to American hegemony but to core U.S. interests. They have begun to draw a response.

The result is a deeply troubled Sino-American military relationship despite the diminishing prospects for war in the Taiwan Strait. China will persevere in its efforts to build a credible counter to American coercion. The United States will not soon abandon its obsession with the retention of absolute military superiority everywhere. A less hegemonic objective would allow the U.S. to accommodate a more powerful China while retaining the ability to prevail in any conflict with it. As things are, increasingly overt military confrontation between China and the United States is likely.

These inherent tensions – along with those arising from the huge bilateral trade imbalance in favor of China – are why the idea of a US-China duopoly like the so-called G-2 is infeasible even if it were desirable, which it is not. Still, the world economy is about to see the displacement of the United States from its 20th Century preeminence. China will join the U.S., the EU, and Japan at the top. India, Brazil, Russia, and others in the G-20 will follow. What is in prospect is not the hegemony of one or two countries but its opposite – a multipolar balance of economic power.

China, like Japan, is, of course, a country with a population vastly larger than it can prosperously support on its own resource base, large as that is. And China is late in the search for access to raw materials for its burgeoning industries. (So is India.) China has a vital interest in the perpetuation of a global economic order open to trade and investment. China is now enmeshed in multilateral organizations in which it must daily demonstrate its dedication to the sovereign equality of nations, great and small. All this enforces the respect for comity that is the essence of a "responsible stakeholder." It informed People's Bank of China Governor Zhou Xiaochuan's cautious suggestion last spring that it would be better to manage the dollar down to a sustainable international role than to have it collapse.

But America is out of practice at dealing with independent power centers. For the past two decades the United States has been the undisputed global hegemon. For 40 years before that, it was the indispensable arbiter of the bloc of nations known as the "free world." American politicians are unaccustomed to formulating policy through multilateral consultations with other nations. Beijing isn't very good at this either, but seems more open to it than Washington. The United States will, as always, do what must be done, after it has exhausted all of the alternatives. But this will take time and cost the United States further prestige and influence. Meanwhile, China's global role will grow, especially if Beijing sustains the modesty and competence for which its diplomats have become known, rather than the arrogance that some of its domestic

officials increasingly exemplify.

The Chinese Communist Party has delivered prosperity to ordinary Chinese, which is why it enjoys their support. Eighty-six percent of Chinese think their country is on the right track. Chinese see proof of the superiority of their political-economy in the apparent effectiveness of its response to the financial crash and its aftermath. Their government's policies have so far succeeded in sustaining high rates of economic growth through programs that enhance long-term economic and intellectual competitiveness. The contrast with the muddled self-indulgence of Washington's response to the crisis, in particular, is striking. Americans have so far shrunk from the hard decisions necessary to restore fiscal integrity to their government or to reverse serious decay in their nation's human and physical infrastructure. The recession has joined foreign wars and continuing deterioration in relations with the Islamic world as a factor accelerating American decline.

China seems certain to emerge from the crisis with a much larger and more competitive economy. The generation born under the single-child policy is coming of age. It is far more inclined to consumption than its frugal predecessors. A faster transition to growth driven by domestic consumption than many have thought possible seems in prospect. China's imports are now rising much more rapidly than its exports. Its balance of payments surplus, huge as it still is, fell by half in 2009. Continuing economic growth, deepened ties with Asian neighbors, the progressive internationalization of a yuan that is rising in value, all promise domestic stability and greater international stature for China in coming years.

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The current self-congratulatory mood in China is therefore entirely understandable. Yet it masks the underlying weakness of the Chinese political system. Government in contemporary China derives its legitimacy almost entirely from its ability to deliver continued rapid economic growth. It stands for no credible values, neither trusts nor is trusted by those it rules, suffers from a high level of corruption, and has no clear vision for self-improvement. If America's politics are

widely viewed as so venal as to be dysfunctional, the Chinese system is seen as cynically manipulative and of questionable legitimacy. Without political reform, China will remain vulnerable to unrest should the economy falter. If there is no rule of law in China, Beijing's word will be doubted abroad. Despite its economic successes and growing defense capabilities, China's international influence will remain limited as long as it fails to evolve an attractive political system. It is not impossible that it may do so but there is no evidence at present to suggest that it will.

A Chinese perception that the United States is attempting to leverage its military superiority to keep China down could goad Beijing into efforts to dislodge America from its position of global dominance. Given the continuing disparities in national power, the ensuing struggle would be a long one. The trigger would probably be some incident derived from U.S. military operations offshore China or from the Taiwan issue, to which Sino-American relations remain hostage. This is unlikely, but, unfortunately, it is not impossible to imagine.

As I speak, for example, China is actively considering how to put effective pressure on the United States to halt arms sales to Taiwan. China wants Washington to live up to Ronald Reagan's commitment to restrain and reduce such sales in return for credible pursuit by Beijing of a peaceful settlement of its differences with Taipei. Sanctions on selected American companies – modeled on those the U.S. Congress has imposed on Chinese companies selling objectionable items to others – are apparently among the options before China's leaders. In the current economic climate, any such move by China could trigger a nasty confrontation and unleash an orgy of American protectionist retaliation that would likely set off a trade war. I do not consider such a development likely. If nothing else, however, the possible consequences of miscalculation by Beijing or Washington illustrate the global stake in continuing prudent management of the Sino-American relationship by both sides.

It is important to see China as it is, not as we wish or fear it to be. In 1943, President Franklin Roosevelt declared that China "has become one of the great Democracies of the world." That was nonsense, of course. But so, I believe, are perceptions of China as an emerging anti-democratic hegemon. The more likely prospect is that China will take its place alongside the

United States and others at the head of a multilateralized system of global governance. In such an oligarchic world order, China will have great prestige but no monopoly on power comparable to that which the United States has recently enjoyed.

America has already lost its global political hegemony. But, for all the reasons I have mentioned, China is neither inclined nor capable of succeeding to this role. The Anglo-American financial model is much tarnished by recent events. But no alternative to it has yet emerged. It seems certain that whatever does replace it will be crafted by many hands, only some of which will be Chinese. American consumption is no longer the sole driver of the global economy. The China market has come to play an important part in sustaining world growth. But China is not the only economy that is rising. In some areas of global trade and investment, China will be a dominant factor. In others, it will not be. In the military arena, even if fiscal limitations force retrenchment, the United States will, for many years to come, remain the only power with global reach.

Americans will find it difficult to adjust to a world in which we are no longer all-powerful in all spheres. But we are a flexible and resilient people who can and will accommodate change. Neither we nor the Chinese will cease to pursue our national interests as we see them. In many instances, these views will more or less coincide. On such matters, if others agree, there will be global progress. Where we disagree, we will come under pressure from others to search for common ground. Neither of us will be so powerful that we can ignore such pressure.

In short, the world in future will be more "democratic" and, likely, more muddled than in the past because many countries, not just the United States or China, will share power in it. There will be ample opportunity for countries with trusted relationships with Washington and Beijing to influence how they participate in global affairs. There will be no hegemon, and there will be no "G-2."