Chapter 14
U.S. Strategies for Competing Against China

By Frank G. Hoffman

This chapter lays out a range of potential strategies, drawn largely from academic literature and security studies, to address approaches for a competitive U.S. response to its main Great Power strategic rival: China. Described are the general outlines of five distinct strategies employing the five elements of strategic interaction defined in chapter 2 of this volume. The strategies are then assessed in general terms for their suitability, feasibility, and sustainability. Each example varies in how it leverages the relative strengths and weaknesses of the protagonists, and how international and domestic support might impact implementation. The author contends that a strategy of enhanced balancing is an appropriate approach.

At the turn of the 21st century, Washington’s position on the world stage seemed unrivaled, and analysts sought to preserve and extend the unipolar moment. However, the era of American preeminence proved short lived. As discussed in chapter 2 and developed in chapter 3a, the post–Cold War international order has entered a new historical cycle that U.S. policymakers believe will be characterized by Great Power competition (GPC). Far from being an arcane term, GPC has a long pedigree in international relations. However, after nearly 30 years of unipolar dominance and counterinsurgency and counterterrorism/counterextremist interventions, the United States needs to refurbish its mindset and strategic machinery to engage smartly in the lost art of strategic competition.

Russia, China, and the United States today jockey globally in the new era of GPC. As noted in chapters 3a and 3b, Russia presents a serious near-term threat to U.S. interests but lacks the capacity to sustain a viable rivalry in the longer term. As elaborated in chapter 9, in the Indo-Pacific region, China’s relationship with the United States has most obviously—and somewhat ominously—entered a new phase, one in which competition across the five distinct dimensions of state-to-state interaction is ongoing and one that carries a high risk that competition may turn to confrontation, conflict, or armed clash (see tables 2.2, 3a.1, or 3a.2). In the Indo-Pacific region, some analysts believe that China perceives U.S. power to have ebbed in its reach and influence and concluded that American primacy is over. According to this school of thought, Beijing’s ambitions are expanding in line with its
growing power. In this view, China seeks a return to a Great Power status that it enjoyed centuries ago, and its economic clout gives it both a justification and the means to project its power and protect its interests. As detailed in chapter 3a, Beijing’s strategic interests will inevitably, in some way, rub up against longstanding U.S. policy preferences and national interests.

This chapter is admittedly and unapologetically Sino-centric. However, this focus is not disproportionate to China’s relevance to global stability or future U.S. security strategy. While Sinolarity, a world centered on China, is unlikely to emerge, Beijing’s rising influence is of concern. The great geopolitical shift of the next few decades, and the greatest challenge to continued global stability, will be defined by the relationship between the United States and the People’s Republic of China (PRC). It is not the only challenge that the United States faces, as the previous chapters show, but in the long run, it is the most critical.

U.S. strategy documents in 2017 and 2018 formally (albeit belatedly) recognized this reality. The Trump administration’s 2017 National Security Strategy (NSS) concluded that “China and Russia want to shape a world antithetical to U.S. values and interests.” China, the NSS notes, wants to displace the United States in the Indo-Pacific region, expand the reach of its state-driven economic system and reorder the region to its advantage, and spread its authoritarian system and corruption. The complementary Pentagon document, the 2018 National Defense Strategy (NDS), focused on adapting the Department of Defense’s priorities and reforms to a more contested environment of Great Power rivalry. It too defined China as a strategic competitor and stated the PRC was pursuing military modernization, seeking regional hegemony in the near term, and attempting to displace the United States as a preeminent global power over time. Some scholars reinforce this assessment: “China wants complete dominance; it wants to force the United States out and become the region’s unchallenged political, economic and military hegemon.”

American strategists and the international relations community are wrestling with the implications of this pending era. Some disagree entirely with the conclusions about GPC and China’s ambitions laid out in the NSS and NDS. Yet stressing competition does not automatically lead to greater tension or catastrophe. We should not be afraid of calling China a competitor—which is well short of describing it as a hostile power or a confrontational adversary. Competition vis-à-vis China was predicted a decade ago by some scholars and over 5 years ago by the Council on Foreign Relations. Even formerly devoted advocates of deep engagement with Russia and China now recognize the need to alter course and actively work to defend U.S. interests. Yet, while this may be a clash of systems over political and ideological differences, it should not be considered a clash of civilizations.

“The United States was once deeply versed in the challenges of long-term competition due to its 45-year contest with the Soviet Union. And the long history of strategic competition between the great powers offers a wealth of insights that can inform the conduct of modern statecraft. Yet the United States has had the luxury of neglecting its competency in long-term competition for more than a generation in the comparatively benign global environment that emerged after the Cold War ended.”

While China is not dominant today, it is clearly a rising Great Power, signaling a desired power transition. It may never obtain its China Dream, but its exceptional influence on the international system, its aggressive approach to diplomacy, and its military activities all bear watching and appropriate hedging.

Great Power competitions and accompanying power transitions are rarely resolved without a holistic approach that is managed within an appropriate strategic framework. They require leadership involvement, disciplined priorities and sustainable resourcing, and adaptive oversight. As noted in the U.S. NDS, success in Great Power competitions is not about merely fighting. Certainly, deterring a fight matters, but a comprehensive and institutional approach is needed. The United States will need to focus on “out partnering, out informing, out creating and innovating” Great Power competitors as well.15 Formulating and implementing a coherent strategy for competition requires rethinking the U.S. security architecture and retooling the instruments of national power for agility and responsiveness. As one recent strategic analyst argued, “If the United States wants to compete, it must prepare for a long campaign for influence that will test its own ability for strategic prioritizing and long-term planning.”16

The strategic options for the United States laid out in this chapter highlight different approaches, with varying degrees of costs and risks, to maximizing American chances to succeed against its main strategic rival, China, in the era of GPC. The first step in rebounding and regenerating is recognizing that America’s competitive edge in some but not all dimensions has eroded in relative terms and that a competitive mindset is needed. As observed in chapter 3b, the United States still possesses numerous advantages and a lead in many quantitative metrics of national power over its main rivals. Nonetheless, America has lost some of its relative position, including percentage of world economic output and breadth of economic competitiveness, to China. America has also lost relative market share in secondary- and university-level education, although qualitative and language factors mitigate this decline.17 America’s aspects of relative decline can be renewed or their impact offset by creative strategies.

The task for an American strategist is to leverage natural enduring advantages and build up positions of strength. To be successful, the United States must become more competitive in general and not just fixate on competition against another actor.18 To think and act competitively requires looking as much, if not more, into America’s own capabilities and performance in all dimensions of strategy as it does in contesting others.

This chapter offers a suite of options for a strategic architecture and defense posture for that competition.19 As shown in the previous chapters and in numerous international and U.S. Government reports, the U.S.-China dyadic relationship at the heart of emerging GPC is growing into a more competitive and possibly confrontational interaction due to perceptions of interest, honor, and fear. Yet there remains potential for a competitive era defined by shared mutual interests where cooperation is feasible and more competitive tensions can occur in the political and economic categories of interaction within established bounds. The challenge for U.S. policymakers is to expand on the potential for cooperation while carefully managing this competition to keep it short of armed conflict, all the while without compromising vital national interests.
The chapter is organized around an evaluation of five potential grand strategies for U.S. competition with China that cover the continuum of major state interactions established in chapter 1. Each of the five strategies is predicated on different assessments of risk and costs and employs different dimensions or instruments to obtain the strategy's objectives. The strategies are briefly depicted and then evaluated along the five competitive categories and competitive elements first laid out in table 2.2. Table 14.1 lists the five strategies and defines the most critical categories of competitive interaction of each strategy (denoted by the X for major line of effort).

### Table 14.1. Alternative Strategies (X equals Major Line of Effort)

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<th>Bilateral Bargain</th>
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<th>Enhanced Balancing</th>
<th>Compression</th>
<th>Contested Primacy</th>
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**Competitive Strategies: Framework and Fundamentals**

This strategy seeks a negotiated bilateral settlement for a stable future. It is the most cooperative of the potential strategies. It focuses on diplomacy to resolve outstanding differences between the core national interests of the world’s two most powerful states. It also focuses on economic cooperation and collaboration of mutual benefit. In the words of one advocate, it entails meeting China “halfway” and creating what China has expressly desired: a new form of strategic relationship.20

There are several options for such a relationship. Hugh White has made the case for an Asia-Pacific “concert” based on U.S.-China collaboration and “shared primacy.” Another version of this “grand bargain” would be to create a neutral zone, with the United States reducing or eliminating its commitments to its Asia alliance partners in return for Beijing’s renunciation of military action in the region.21

The gist of a *bilateral bargain* strategy as presented in this chapter would establish recognized spheres of influence, which for China would probably include a clear presumption of control over Taiwan.22 Rather than forging responsible and shared stakeholder status for the entire globe, the United States and China would agree to privileged status as the principal stakeholder in defined areas.23 This strategy “would recognize that as China becomes a superpower, it will naturally feel entitled to the prerogatives of a superpower—most obviously, disproportionate influence in its home region.”24 To attain a grand bargain, the United States would dissolve its longstanding, limited relationship with Taiwan and terminate its increasingly ambiguous defense obligation there. Simultaneously, the PRC would need to negotiate and settle the plethora of maritime/island claims it has throughout the Indo-Pacific region, including with Vietnam, Malaysia, the Philippines, and Japan. As part of this bargain, the United States should insist on the demilitarization of any disputed
Advocates see the outlines of such a grand bargain being obtained over time, via a series of negotiations and cooperation spirals to ensure reciprocity and growing confidence. Each side would make significant concessions. In turn, this would create problems with international and domestic audiences. A bilateral bargain strategy seeks an enduring negotiated bargain on geographical spheres of influence.

An economic option would adapt longstanding representation in international forums such as the International Monetary Fund (IMF) and World Trade Organization (WTO) to give China more weight in these institutions and gain their approval. It could also involve U.S. investment in the Chinese-led Asia Infrastructure Investment Bank (AIIB) as a method of operationalizing collaboration. Presently, the United States does not participate in the AIIB. Barriers to investment and trade would be negotiated on the basis of discussions with the goal of achieving reciprocity in investment and trade levels.

There will be diplomatic costs to such a bilateral bargain option. Elimination of formal links such as the Taiwan Foreign Relations Act would be one possible Chinese demand. Cessation of arms sales to Taiwan by the United States would no doubt be another. In turn, China, as its part of the bargain, would agree to move coercive missile batteries directed against Taiwan and would agree never to insert a military presence in Taiwan. Treaty arrangements between the United States and the Republic of South Korea and the Philippines (including U.S. military bases) may also be subject to negotiation to alleviate Chinese fears of encirclement. Acceptance of Chinese posture in the South China Sea would be resisted by U.S. negotiators. However, that may be the price for this grand bargain and freedom of action in other regions.

Managed Competition Strategy

A strategy of managed competition combines modes of interaction that are both collaborative and competitive. It seeks to better balance cooperation with hedging U.S. competitive efforts that seek more collaboration with China. There can—and arguably should—be elements of both competition and collaboration in various dimensions of state power. China has collaborated with the United States in the past in real and constructive terms. The goal of a managed competition strategy is to preserve the current power balance and keep the competitive dimensions of U.S.-China relations from spiraling out of control into confrontation and conflict. A stable relationship is important to regional and global stability. It seeks to maximize cooperation wherever possible, negotiate adaptations to economic and trade disputes, and minimize adversarial competition in the security domain.

China and the United States are not destined to be enemies or engage in tragic confrontations. Managing the competitive aspects of the relationship will require wise leadership on both sides of the Pacific. Given these conditions, some experts argue that “mature management of a volatile re-

“The United States and China are not inevitable enemies, but managing the competitive aspects of the bilateral relationship will require wise leadership on both sides of the Pacific.”

—Phillip C. Saunders, Managing Strategic Competition with China, INSS Strategic Forum 242 (July 2009)
relationship is mandatory—bounding the negative dynamics while working to expand the areas of positive cooperation is the principal challenge for both governments.\textsuperscript{31} This places a higher demand on strategic leaders to provide the mature management of both diplomacy and domestic audiences to limit the negative dynamics and exploit the benefits of cooperation. This managed competition option retains some of the prior U.S. strategy of continued deep engagement. As one Obama-era National Security Council official notes, “Continuing intensive engagement in no way would prevent alterations in U.S. policy to respond to challenges from China in the economic, digital, academic, and security fields. Indeed, it would likely make policy changes more effective by giving China a continuing stake in the relationship with the United States.”\textsuperscript{32}

Strategic competition does not unfold in a geopolitical vacuum; China needs economic access to the outside world in order to maintain rapid economic growth. Its long-term economic vibrancy and political stability depend on its ability to maintain positive relations with its key economic partners. Managed competition leverages that reality. Given this context, the United States will need to improve its ability to pursue a productive relationship with China. This should involve expanded cooperation where U.S. and Chinese interests are compatible, combined with active efforts to broaden areas of potential cooperation to influence how China pursues its interests.

**Military.** The first line of effort would be to minimize regional security dilemmas. Given U.S. security commitments to its allies and the importance of those alliances for Indo-Pacific stability, the maintenance of robust military capabilities should remain an important part of U.S. strategy. However, at the same time, the United States should not attempt to increase its power position in the region with any new alliance arrangements, basing, or extensive investments in theater-level ballistic missile arsenals now that the United States is no longer constrained by the Intermediate Nuclear Forces Treaty.\textsuperscript{33} In short, the United States would forgo efforts laid out in the NDS to enhance its regional security posture in the Indo-Pacific region. Strategic competition is likely to be exacerbated if the United States seeks to dominate the region or if China impinges on the security interests of key U.S. allies, such as Japan.

The second element of this approach is to expand security cooperation, including bilateral and multilateral cooperation between the U.S. and Chinese militaries. Security dynamics and competing interests may limit opportunities for direct military cooperation, but there can be critical tasks for mutually beneficial cooperation. People’s Liberation Army Navy missions to the Gulf of Aden for counterpiracy operations demonstrate that China’s capabilities can be cooperative, too.\textsuperscript{34} Finding appropriate venues to extend the cooperation in governance, energy, and humanitarian affairs and disaster relief, infectious disease control, counterpiracy, and energy security—in which both sides contribute to global stability and shared interests. An increased effort to identify and build on these issues could help balance the more competitive aspects of strategic relations.

Managed competition would seek to enhance transparency of capabilities and intentions, including myriad military-to-military contacts such as high-level interactions of senior military officials, educational exchanges, and routine observer status at military exercises including Rim of the Pacific.\textsuperscript{35}
Another possible means of enhancing cooperation would be to establish new venues to promote dialogue between China and the rest of the world, including major alliances such as the North Atlantic Treaty Organization (NATO). China has become a topic of conversation within NATO as China's economic reach has come to Europe. A report from the Atlantic Council offers a platform to promote dialogue and maximize collaboration. The paper recommends that the Alliance establish a NATO-China Council as a mechanism to increase transparency and mutual understanding; raise concerns; avoid miscalculations; and foster, where possible, cooperation.36

**Political/Diplomatic.** The second line of effort of managed competition is for the United States to encourage and support Chinese efforts to take on more responsibility for sustaining and supporting the international system. The United States must recognize that doing so requires providing China a path to pursue its legitimate aspirations through peaceful means. The current international order is not rigid and has been flexible in the past in matching China's rising power with greater influence and participation. The United States should acknowledge that, if China is to make more contributions to maintaining the international system, it will expect to be accorded greater voice in shaping that system. Chinese interests may require altering the system to reflect Chinese perspectives and legitimate concerns. This would include changes at the IMF or World Bank, and certainly the WTO.37 But the rest of the members of that international system will expect Beijing to honor the dispute resolution mechanisms built into the system rather than simply point out that it is a big country and the "small must do what they must." Managed competition would place a premium on diplomatic resources at the State Department, outmanned by China at present, especially in the number and staffing of consulates in key markets.38

In summing up this option, the United States must be prepared to compete with China in important strategic domains, while simultaneously seeking to limit the impact of this competition on the broader relationship. Some call this smart competition,39 which strives to manage the strategic competition effectively and with restraint. Advocates of this approach hold that assertive strategies would be expensive, if not dangerously counterproductive. Proponents of managed competition believe the United States should accept the reality of a growing competition but manage it at a lower level of intensity and risk.40

**Enhanced Balancing Strategy**

The enhanced balancing strategy focuses on a competitive approach in two dimensions of strategic interaction: the military and economic ones. The strategy is predicated on two recognized strengths of the United States: its preeminent military power and its existing military alliance architecture. From an American perspective, this option would be competitive in nature, but China might perceive it as more confrontational because, in Beijing's view, "balancing" is the same or an even worse form of "containment" of China and its aspirations.41 Unlike China, the United States has the proven ability to develop and sustain coalitions of countries designed to share security burdens and maximize deterrence against instability.42 The strategy would exploit the growing concern that many Asian and European countries have with China's growing economic power and assertive foreign policy.43 Many countries believe they are dependent on China for their own economic development and
prosperity. But unless they join together, Beijing will dominate the region politically, militarily, and economically and apply its preferences on the sovereign decisionmaking of each and every nation in the region. While China claims that it is not offering an alternative model or imposing its values or governance system, it does impinge on the sovereignty of its neighbors regularly, and it does seek political concessions to benefit its international standing.

**Military.** To implement this strategy, the United States would have to increase its security investments in defense and buttress its forward-deployed forces. China desires to build a world-class military—and with Russia’s help, it will no doubt make some progress. But with proper investments to sustain its competitive edge, the U.S. alliance framework should be able to sustain an adequate balance in the Asia theater. The first priority of this investment would be the deployment of systems able to blunt China’s expanding antiaccess/aerial-denial capabilities. The second priority would be hardening U.S. bases throughout the Indo-Pacific region to make them more resilient to attack. A third priority would be key investments in space, undersea warfare, hypervelocity missiles, and theater missile defenses to enhance the current U.S. deterrent posture in the Indo-Pacific region. China cannot match the human capital assets, seasoned operational leadership, intelligence, strategic mobility, and logistics expertise of the U.S. alliance system.

Per the NDS, the United States will also have to buttress the military capability of its allies and some partners. Security assistance support to Vietnam, the Philippines, Australia, and India, as well as other regional players, would be needed to offset a deteriorating balance of power in the Indo-Pacific. As noted by former government officials, “The United States needs to get back to seeing alliances as assets to be invested in rather than costs to be cut.” While burden-sharing is necessary, undercutting alliance cohesion works perfectly to China’s benefit. This statement tracks with the NDS:

*Mutually beneficial alliances and partnerships are crucial to our strategy, providing a durable asymmetric strategic advantage that no competitor can rival or match. ... By working together with allies and partners we amass the greatest possible strength for the long-term advancement of our interests, maintaining favorable balances of power that deter aggression and support that stability that generates economic growth.*

**Economic.** The second thrust in this strategy would be the rededication by the U.S. Government to alliances and multilateral institutions in order to reinforce the economic component of the international order. The battle for influence in Asia is not about security and will rise and fall on economics. On that score, the United States has lost significant influence since withdrawing from the Trans-Pacific Partnership (TPP) trade agreement. Without a commensurate embrace of multilateralism within a revised TPP, potential partners in the region will remain prone to accept Beijing’s influence, direction, loans, and capital investment. An effective U.S. response will require a far deeper investment than the initial 2018 Better Utilization of Investments Leading to Development (BUILD) Act, which made a modest ripple in development financing for the region. Other multilateral institutions would also be adapted and strengthened. The United States would increase its contributions and support to forums such as the World Bank and IMF to sustain a collective
approach to managing the global economy. This strategy and all the defense investment will be worthless unless it is supported by a significant shift in the U.S. approach to international development and geo economics. In addition to limited funding for the BUILD Act, cuts to key agencies such as the U.S. Agency for International Development and the Asian Development Bank have further eroded U.S. Government mechanisms to mount a robust alternative.50 Better incentives to private sector financing or IMF support will be needed to blunt China’s extensive investments in infrastructure activities.

A major test in enhanced balancing in the economic domain would be shared reciprocity, wherein Chinese companies, products, and services would be limited inside the United States to the same degree that they are afforded access to inside China.

Although not a major line of effort in this option, the United States would need improved information and public diplomacy to be effective. This strategy would publicly identify the negative impacts of debt diplomacy, internal corruption, and environmental damage that China’s investments in Africa and Sri Lanka have produced. To the greatest degree possible, this information campaign would be promulgated via multilateral institutions, including the United Nations and the Association of Southeast Asian Nations.

**Compression Strategy**

A compression strategy of comprehensive pressure herein is globally oriented, extends the competitive interactions of the prior strategy, and seeks to alter the arc of China’s growing power and its aims of parity in critical dimensions. It includes aspects of interaction that China will label as confrontational since it seeks to change Beijing’s behaviors in the Indo-Pacific region. Balancing may be effective at securing a delay in China’s rise to dominance, but it does not restore international law or enduring stability to rising GPC. While increased security and economic partnering of the enhanced balancing option might give pause to Beijing’s leaders, it may not constrain or alter the Chinese Communist Party’s (CCP’s) clear regional and perceived global ambitions or restore U.S. leadership. A more comprehensive strategy to make China stop its current path and alter its behavior to align itself with existing norms and international law may be required. Such a comprehensive strategy, one of persistent multidimensional pressure, is one of compression.

Compression assumes that the long-term trajectory of China as a major global player is vulnerable and predicated on fragile aspects of its power base. Because the PRC has manifest challenges, including governance, corruption, innovation, debt, and demographics, it may be susceptible to the pressure generated by the strategy. This strategy relies on an assessment that China’s economy is fragile and that economic growth is susceptible to external pressure.51 It assumes that China still needs Western markets and technological prowess to sustain any growth; it also assumes that such growth is key to the CCP’s hold on power.

Compression combines multidimensional pressure to push back Beijing’s geopolitical and economic gains that violate norms and international law in Asia. It intends to deny past gains and preclude growth of China’s reach. Such an approach would be far more encompassing than the Cold War–era conceptions of containment that Washington applied against Moscow during the Long Peace. That anti-Soviet strategy did not have a direct economic component because the Soviet Union was not interdependent with international trade or fiscal systems in the way Beijing is. Compression would include intensified
ideological, military, diplomatic, and economic initiatives meant to deflect China's bid for primacy in the Indo-Pacific region and to disrupt its nascent efforts globally.

**Political/Diplomatic.** This strategy is founded on securing the extant international order, including multilateral venues to maximize U.S. leadership and sustain free and open societies. At the same time, in this dimension it would seek to minimize direct confrontation and conflict. Compression would require a renewed appreciation of two enduring advantages: our alliance architecture and the global institutions that have been created to sustain international stability. Rather than retreat from these institutions, the U.S. diplomatic presence would be reinforced to preclude erosion of American influence. Letting Beijing reshape norms and expand its own influence within those organizations is undesirable. Naturally, reciprocal relationships and fair burden-sharing are required to make this approach sustainable. Our allies should realize that they too have a stake in this competition.

**Economic.** The Chinese model sees economics as a form of power projection to be deployed for political effect. The United States must respond and master the economic tools of Great Power statecraft to offset China's mercantilism and malign power. The economic aspect of compression directly counters China's trade model and its subsidies to its large number of state-owned enterprises. The United States relies on free markets and the private sector to preserve its economic prosperity and the foundation of its national power.

Some economic disentanglement is an expected price of this strategy, what some would describe as a *partial disengagement*. At a minimum, the United States would decouple itself from China in sectors where the existing level of economic interdependence threatens America's ability to resist Chinese advances—for example, by ending the practice of sourcing critical components of U.S. military capabilities from Chinese companies. Under this strategy, the United States would limit China's access to advanced weaponry and critical military technologies, and with its allies “develop a coordinated approach to constrict China's access to all technologies, including dual use.” Key elements of the U.S. economy, especially in dual-use technologies that benefit military capabilities, would be closed to Chinese commercial outlets. The United States would need to reinvigorate its national advantages in science and technology by focusing greater attention on securing global leadership in the technologies that will dominate the fourth industrial revolution. In particular, it would require more focused U.S. Government efforts to sustain an edge in these technologies, including quantum computing and artificial intelligence.

Another part of the compression strategy would include aggressive litigation and sanctions over infringements of intellectual property, with appropriate penalties/sanctions leveled against corporate entities that sell hardware or software developed with U.S. intellectual rights. This would impose costs on those who steal investments in research and development, particularly on those who violate the intellectual property laws agreed to in international law. This approach would apply punitive retaliatory economic measures and targeted tariffs, or exclude China from trade agreements, in response to its violations of trade laws and agreements. Without enforcement of this portion of the international system, we cede future economic prosperity to others.

As noted by the U.S.-China Economic and Security Review Commission, China's state-led, market-distorting economic system presents a challenge to U.S. interests. The United States requires a more comprehensive economic strategy to deal with China because its
trade practices can be leveraged into improper influence.\textsuperscript{63} Some are concerned that China's Belt and Road Initiative should be understood as "a grand strategy that advances China's goals of establishing itself as the preponderant power in Eurasia and a global power second to none."\textsuperscript{64} As noted in chapter 3a, these goals are overstated, and China is already getting some backlash over its debt-financing and infrastructure-building. But the United States cannot abandon the vast resources and markets of the Indo-Pacific region to its competitors. The first step is to rejoin U.S. allies in the TPP and formulate an acceptable form of national industrial policy to focus Federal funding and incentives toward the disruptive technologies that will drive economic production in the coming decades.\textsuperscript{65}

Some recent proposals to improve U.S. economic power relative to China would be incorporated. The establishment of an Office of Critical Technologies and Security to better manage technology transfer, as in the bipartisan proposal put forward by Senator Mark Warner (D-VA) and Senator Marco Rubio (R-FL), is consistent with compression.\textsuperscript{66} To improve human capital and sustain progress in cutting-edge technologies, the United States will continue to open its first-rate university system to the world's best talent. A National Security Innovation Base Visa that would facilitate the travel of highly skilled foreign workers to contribute their education and talents to the benefit of the national security innovation base and American security should also be considered.\textsuperscript{67}

**Ideological.** In Aaron Friedberg's observation, "China's rulers clearly believe the ideological realm to be a crucially important domain of competition."\textsuperscript{68} The differences between the West and the CCP would be stressed, pitting free and open societies based on liberal values and democratic principles against large authoritarian powers with illiberal values and closed information systems. Given that Beijing readily exploits this aspect of the competition, but is also asymmetrically vulnerable in soft power terms, the ideological element of the competition bears consideration.\textsuperscript{69} The activities of Confucius Institutes and PRC surveillance over Chinese students inside the United States would be limited. These institutes were controversial from the start, as inhibiting academic freedom for students and faculty alike, and several university systems have closed their partnership arrangements altogether.\textsuperscript{70}

**Informational.** This strategy has an intensive informational component.\textsuperscript{71} U.S. officials have to recognize that strategic competition is not only a fight over market access or trade policy but also an ideational contest over values and norms for the international system.\textsuperscript{72} Such a strategy would steadily apply pressure in the ideological and information dimensions by undermining the Great Firewall and abetting more moderate elements in China's closed and repressive system.\textsuperscript{73} This line of effort would incorporate activities that would ideologically contest the legitimacy of the CCP and promote Chinese culture. The informational component of this strategy would seek to challenge CCP domestic political control through a broad campaign that ties any declining economic growth and limited personal freedoms to China's single-party rule, its repressive control, and illicit actions. Legal challenges would be made against Chinese policymakers who are linked to human rights violations, corruption, and repression against minorities and nongovernmental organizations.

**Contested Primacy Strategy**

A strategy of contested primacy takes on a more confrontational approach. It seeks dominance over any competitors in an effort to sustain the existing international order and
American hegemony. Contested primacy responds in a robust way to Great Power competitors, employing all instruments of power to reassert and sustain U.S. dominance while focusing on the political/diplomatic and military main lines of effort. It strives to secure defined vital U.S. interests per the NSS. This approach reorders the U.S. economy and investments needed to sustain U.S. superiority and preferred outcomes in all strategic interactions. It significantly increases geopolitical and economic costs against Chinese influence to ensure that the CCP's ability to obtain regional primacy and global reach is thwarted.

**Military.** This strategy would substantially augment the Pentagon's budget (perhaps as much as $100 billion per year higher than the fiscal year 2020 request) and build up the Defense Department's effort to modernize the U.S. military for joint power projection throughout the Indo-Pacific region at first, but also wherever else U.S. interests might be threatened. This strategy would involve intensive efforts to modernize and increase interoperability among current U.S. allies and partners in the region. This interoperability would include arms sales and security cooperation efforts to ensure that Taiwan was not coerced into submission by the PRC. Implementing this strategy would require the United States to engage extensively with its potential partners in the region, including India, Vietnam, and Singapore; to strengthen maritime security; and to extend alliance interoperability with Australia, Japan, and South Korea.

The higher budget would generate and field a modernized joint force that applies creative operational concepts and develops advanced disruptive technologies critical to reestablishing competitive edge in U.S. military power across the long term. A number of key investments are needed to enhance shortfalls in the forward military posture and capabilities of the joint force if it is to deter and prevail against our major competitors.

In Asia, the United States must hedge against the PRC’s increasingly assertive actions and improved military modernization. These actions augur for an agile force that is forward deployed, in part, to assure regional access and assurance. This must be coupled with a layered defense posture. The most important component is a joint force that is interoperable with U.S. regional allies and partners. Power projection capabilities and strategic mobility assets must be increased, but creative concepts are required to offset the carefully designed antiaccess systems fielded by China. These will constrict freedom of maneuver and undercut U.S. ability to flow forces into the region and supply them. Undersea warfare investments in this strategy may afford a very cost-effective and competitive advantage.

**Political/Diplomatic.** The supporting political/diplomatic line of effort in this strategy would seek to expand on, in degree and intensity, the activities described with the compression strategy, including contesting China’s position within global multilateral institutions that it has penetrated and coopted. The principal counter to China's rise would be a reformed and enlarged alliance system. This counter would require a diplomatic emphasis on expanding the present global alliance architecture and enhancing the number of aligned partners to ensure a favorable balance of power. While it is noted that the current
system is “badly bruised,” it was invaluable in the past, and there is little merit in a “go it alone” stance. Additionally, U.S. diplomacy would confront the legitimacy of CCP rule, and an augmented community of free and democratic states would resist Beijing’s advances in international forums. The political thrust would be to highlight the inconsistency behind China’s repressive domination of its people and its promotion of a benign “community common design for mankind.” The idea that China actively seeks an international order based on “fairness, justice and win-win cooperation” would be shown to be a front for its more authoritarian preferences. China’s long-term ambitions would be presented as a threat to Western democracies, due to their marked incompatibility with the freedoms and liberal values embedded in their political and economic systems. The United States would posture itself as seeking primacy for the free and open order that better reflects universal freedoms and justice in international affairs and within each state.

**Ideological.** This strategy would incorporate a strong ideological element against the CCP and its closed and repressive form of government. It would include a sophisticated campaign to delegitimize and weaken the Party’s control over information inside China. This line of effort would make strong condemnations of Beijing’s violations of international law and norms and values on human rights and individual freedom, and it would distribute stories on China’s repression of religion and minorities. It would identify and distribute stories on the unequal justice and economic benefits accrued by CCP leaders and their families. On the flip side, the progress and benefits of open societies such as Singapore, Taiwan, and South Korea (and even the vestiges in Hong Kong) would be distributed throughout the region to underscore the positive and progressive agenda of open and free societies.

**Informational.** There is a geo-informational aspect to GPC, and China should not be allowed to establish control of any part of the competition. Achieving success would require a renewed institutional response to countering gray zone/political warfare or influence operations by both China and Russia. China is becoming a global cyber power in both military and commercial spheres. A strategy seeking primacy must preserve the critical infrastructure of the U.S. homeland; at the same time, it must circumvent China’s heavy-handed surveillance systems in order to breach the Great Firewall and reach the Chinese people and the populations of Hong Kong and Tibet. Furthermore, Chinese efforts to dominate global 5G networks would be curtailed, especially among allies. The United States adopted a cross-functional approach during its protracted contest against global violent extremism. It might also need to establish a National Center for Countering Influence Operations to achieve the same end to confront China’s political warfare and United Front efforts.

**Analysis and Recommendation for Enhanced Balancing**

How should the United States proceed, and which strategy offers the best combination of tools and instruments to achieve its preferred future? This section evaluates the merits of the most viable three strategic options of the five discussed in this chapter. These three reflect suitable options for preserving the existing order and maintaining U.S. national interests within the parameters of U.S. values and feasible resource levels.

Managed competition is a more conservative strategy but assumes that shared interests can be found and built on. It is a complex strategy that would be difficult for both countries
to oversee and implement and to find areas where collaboration is feasible and where a more competitive approach is really needed. Communicating those lines will be important. Domestic audiences may be unable to separate the cooperative from the competitive, and even diplomats may find it difficult to avoid linkages. The U.S. Government, given its more decentralized structure, could adapt over time to manage and sustain such a strategy. China’s more centralized control and state capitalism model give it some advantages in building such a relationship. But the real challenge may be isolating the economic and military dimensions. As noted by Phillip Saunders:

*The implementation challenge is to keep the two elements in proper balance, so that overemphasis on cooperation does not leave the United States in an unfavorable strategic position and overemphasis on the military dimension does not stimulate Chinese threat perceptions and push it toward confrontation.*

Enhanced balancing strives to improve U.S. strategic performance and maintain a favorable balance of power. It builds on current U.S. economic power and its extant alliance system, which China seeks to undercut. Yet in the Indo-Pacific region, the present suite of allies and partners is uncomfortable with being forced to choose sides in a U.S.-China clash. These nations prefer to retain all the economic opportunities China offers, while embracing a separate security system led by Washington. Forced to choose, some may feel that working with the United States is not a sound bet for their future prosperity. But short-term economic benefits for long-term subordination to Beijing is a poor choice, and the United States should continue to make that clear. This strategy has been slowly implemented over the past two administrations and presents less risk and demands fewer resources than the compression option.

Compression strategy is more expensive and directly confronts China’s rise and vulnerabilities. It devotes additional resources to the military dimension of the competition. Given that the capacity of the U.S. joint warfighting community is officially recognized as having a declining edge, a stronger military response is needed. If allies perceive that the ability of the United States to “uphold favorable regional balances of power by deterring Great Power challengers is increasingly in doubt,” a significant change in the security component has to be realized. Some allies conclude that Chinese and Russian military developments “have irrevocably undermined America’s military primacy” in the Indo-Pacific and beyond. That presumption needs to be countered. Compression raises the cost to the Chinese for contesting the existing international order, by decoupling economic interaction with China and by the large-scale U.S. defense modernization that it engenders. Compression seeks to create leverage vis-à-vis Beijing to force it to reconsider its predatory economic activity and its efforts to undercut the U.S. alliance architecture in the Indo-Pacific region. Compression is designed to help the CCP realize that its future is best realized within the order established and adapted over the past 50 years. Ideally, the CCP would accept this order, and an eventual transition to managed competition might then occur.

The compression strategy recognizes the significant advances made by the People’s Liberation Army and the need to counter its reforms and modernization strategy. This approach requires defense spending above the administration’s fiscal year 2021 budget and

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involves disciplined investments focused on increasing the posture of U.S. forces in the Indo-Pacific region.

Regardless of which strategy is selected, it is insufficient to merely contest the rising power of China and the way it seeks to satisfy its ambitions. The most appropriate strategy must include a renewal of American strategic competitiveness. This renewal includes investments in education, infrastructure, and research and development to spur economic prosperity. Any strategy should seek to rejuvenate America’s research and development base and master the transfer of commercial technology to the security sector with both speed and effectiveness. “The United States should focus on responsibly accelerating its own technological progress,” notes one former Deputy Secretary of Defense, “not simply obstructing potential adversaries.” This should play to American strengths, given the fertile U.S. innovation ecosystem buttressed by free market systems for allocation of capital and financial management. As noted by a panel of experts seeking to rectify the eroding competitive edge in the Pentagon, the consequences are substantial:

Nevertheless, it is a competition, and the side that innovates more effectively over time is likely to win. The result will determine whether nations relate to each other freely, equally, and peacefully, with a recognition of the human rights of their citizens, or if they devolve into a system that legitimizes authoritarianism and rewards power and coercion.

There will be a major economic element to this competition, regardless of which strategy is selected. To preserve both its economic and security interests, the United States must safeguard an expanding suite of advanced technologies from China. As observed in chapter 3b, China may not be the most creative generator of innovative capabilities, but it is proving adept at acquiring modern capabilities and building up in the commercial world national champions that can compete on both cost and product effectiveness. China certainly appears bent on achieving leadership, if not parity, in the key technologies that will drive 21st-century economics. Preserving and protecting the technology base, and the resulting intellectual property it generates, will both slow China’s acquisition of U.S.-developed advances and drive up Beijing’s own costs as PRC struggles to keep up.

Furthermore, the United States can best ensure its economic and technological competitiveness by expanding with additional partners the cooperative aspects of its National Technology and Industrial Base. Leveraging the intellectual and technical talents of our allies in such a manner will accelerate innovation, broaden commercial opportunities, and minimize costly barriers to collaboration.

Rather than a bilateral confrontation, the United States should take a more collective approach to better secure success. This approach would:

work with allies to strengthen rules, set standards, punish Chinese industrial policy and technology theft, invest in research, welcome the world’s best and brightest, and create alternatives to its geo-economic statecraft. China is playing a good hand well, but the United States and its allies have an even better one—but only if they work together.
A strategy of enhanced balancing offers the greatest opportunity to do more than merely contain or deflect the trajectory of China’s ultimate regional preeminence and global stature. The past decade shows that cooperative approaches or deep engagement only strengthened China’s power and accelerated its rise without appreciable political or economic reform. A continued reliance on limited approaches that do not counter aggressive behavior or blatant disregard for international law, multilateral norms and rules, and human rights will likely not be productive either. In short, success in an era of GPC will require creating leverage and accepting risk. It also requires that the United States get its own house in order. Competing successfully to sustain America’s prosperity, security, and way of life is ultimately about us. The United States is not a “weary titan” as much as simply a complacent leader that needs to respond to a persistent contender. Superpower status or economic prosperity is not a birthright, and assuming that American preeminence will be unrivalled for perpetuity is ahistorical. Instead, preserving U.S. leadership and advancing American interests in a dynamic era can best be secured by rejuvenating core strengths in human capital and education, individual freedom, infrastructure, and economic creativity. American economic competitiveness is the foundation for any future strategy and can be improved.

While not without an element of risk, enhanced balancing offers more options for creating leverage against China’s vulnerabilities. It is a strategy that seeks to stem the geopolitical gains that China has seized while the West was distracted, and it offers a measured response to sustain a stable world order designed to promote stability, expand opportunity, adapt within a rules-based system, and preclude hegemony over first the Indo-Pacific region and then Eurasia by any hostile power. The ascent of an autocratic power that represses human rights, undercuts international agreements and norms, exploits its economic power to obtain political dominance, and pressures U.S. allies and partners does the opposite.

Conclusion
In many respects, today’s era is more complicated than the bilateral Cold War, but it still holds lessons. That contested age was precarious at times in the military aspects of the competition, but economic interaction was negligible. With the West’s patient pressure, the internal contradictions of the Soviet system finally proved inferior to the systemic advantages of democracies and free markets. There are aspects of the current competition that will continue to favor the United States for some time. Thus, there is no need for panic, but neither should complacency be seen as a virtue.

Clearly, a good deal of optimism is warranted given the current edge and enduring advantages the United States holds. Both American leadership and the liberal international system have been capable of regenerating themselves as needed. It is time to do so again.
U.S. Strategies for Competing Against China

Notes


2 A detailed discussion is available in chapter 2 of this volume.


6 Jonathan Hillman, a scholar at the Center for Strategic and International Studies and winner of the 2019 Bracken Bower Prize, first applied the term Sinolarity to China’s growing business/economic challenge.


15 Summary of the National Defense Strategy, 5.

16 Odd Arne Westad, “The Sources of Chinese Conduct: Are Washington and Beijing Fighting a New Cold War?” Foreign Affairs (September/October 2019).

17 See discussion in chapter 3b of this volume.


25 A cooperation spiral is an innovation proposed by Lyle J. Goldstein that applies an extended approach to mutual and reciprocal accommodation over time. See Goldstein, Meeting China Halfway, 12–14.

26 These bargaining outcomes are indeed better for Taiwan but are inevitable if pursuit of “Meeting China Halfway” is evaluated in concrete terms and in context of the difficult military odds outlined in chapter 9 of this volume. Proponents of “Meeting China Halfway” appear to defer to the People’s Republic of China about Taiwan’s future implicitly, although some, like Graham Allison, actually do so explicitly. In this presentation of a bilateral bargain option, a negotiated agreement with terms that would require mutual assent is advanced as just a superior alternative to just abandoning the island nation. However, it remains hard to see how China would accept.


29 This portion of the chapter is extensively influenced by Phillip Saunders, Managing Competition with China, INSS Strategic Forum No. 242 (Washington, DC: NDU Press, July 2009).


Lyle J. Goldstein, "How China Sees America's Moves in Asia: Worse than Containment," The National Interest, October 29, 2014, available at <https://nationalinterest.org/feature/how-china-sees-americas-moves-asia-worse-than-containment-11560>. Citing a group of Chinese military scholars, Goldstein notes that "China does not just [feel] confronted [by the United States, but something perhaps even more belligerent: 囲堵 [a condition of being under siege] or even 場制 [a condition of being held by the elbows]."

This strategy is partially drawn from Aaron L. Friedberg, "Competing with China," Survival 60, no. 3 (June–July 2018), 7–64.


Campbell and Sullivan, "Competition Without Catastrophe," 110.


Campbell and Sullivan, "Competition Without Catastrophe," 110.

The recent 70th anniversary summit of NATO included the following statement: "We recognize that China's growing influence and international policies present both opportunities and challenges that we need to address together as an Alliance." See London Declaration, press release, NATO Headquarters, Brussels, December 4, 2019, available at <https://www.nato.int/cps/en/natohq/official_texts_171384.htm>.


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50 Marianne Schneider-Petsinger et al., U.S.-China Strategic Competition: The Quest for Global Technological Leadership (London: Royal Institute for International Affairs, November 2019). Many of these technologies are discussed in chapter 5 of this volume.

51 For example, this would include adopting the recommendations of the National Security Artificial Intelligence Commission (NSAIC), First Quarterly Recommendations Memo (Arlington, VA: NSAIC, March 2020), available at <https://www.nsaic.gov/reports>.


57 The bill as drafted is available at <https://www.congress.gov/bill/116th-congress/senate-bill/29/).


59 Friedberg, “Competing with China,” 42–43.


65 Particularly the restoration of the “Peace Through Strength” section of the National Security Strategy of the United States of America, 25–32.


67 Oriana Skylar Mastro, “Chinas Military Modernization Program,” Statement Before the U.S.-China Economic and Security Review Commission, September 4, 2019, 10. Mastro stated, “The issue is not that China has surpassed the United States in military power; it has not. The issue is that given current trends, China will meet or outmatch U.S. regional capabilities in the next five to 10 years.”


74 Saunders, Managing Competition with China, 3.

75 In particular, see the claims of the National Defense Strategy Commission, Providing for the Common Defense. See also Robert O. Work and Greg Grant, Offset Strategy with Chinese...

87 For a rich study of Chinese military reforms, see Phillip C. Saunders et al., eds., Chairman Xi Remakes the PLA: Assessing Chinese Military Reforms (Washington, DC: NDU Press, 2019).


94 Ely Ratner, Blunting China’s Illiberal Order, 3.


