succeeded with the usual suspects, authoritarian or venal, or both: Russia, Kazakhstan, Tunisia, Saudi Arabia, Pakistan, Iraq, Iran, Vietnam, Afghanistan, Venezuela, Egypt, Sudan, Cuba, and Morocco. (Perhaps the U.S. government should have exerted counterpressure on the aid recipients among them.) On the other hand, strenuous and exceptionally insistent attempts that evoked not a little ridicule and contempt in Oslo's small diplomatic community failed with forty-six other countries.

Aside from its particular, almost comical, aspects, this episode is not atypical of China's recent international conduct in being both highly energetic and definitely counterproductive.

CHAPTER TWENTY-ONE

The Three China Policies of the United States

It is customary to criticize the administration in office for "not having a (grand) strategy" and for not having a policy for this or that country. But this accusation certainly cannot be advanced in regard to China policy, because there is not merely one of them, but three—two of which are moving in diametrically opposed directions.

Yet, as we shall see, the remedy cannot be to reduce three to just one, but rather it must be to add a fourth policy, a geoeconomic policy. It alone can offer the possibility of preserving a long-term power equilibrium with China.

The First U.S. China Policy: Vigorous Promotion of China's Economic Growth. The most familiar U.S. China policy is that of the U.S. Treasury, both for itself as the keeper of American public finance and as the institutional advocate in the councils of the U.S. government for private finance, or at least for the major "Wall Street" firms that operate internationally.

This policy, which has been faithfully executed and indeed strongly reaffirmed by the current secretary of the Treasury, Timothy Franz Geithner, focuses entirely on the benefits to

U.S. public finance of cheap capital from China's huge foreign-currency reserve, and to U.S. consumers and businesses alike of having unconstrained access to the cheapest possible imports of manufactured goods as well as raw materials, because in effect they increase the U.S. standard of living without (inflationary) income increases, and reduce input costs to businesses.

From that point of view, the chronic, very large Chinese merchandise trade surpluses with the United States—overwhelmingly because of manufactured goods—are not a problem but merely register the magnitude of the benefits received.

The U.S. Treasury is naturally highly cognizant of the benefits to U.S. public finance, and to private financial entities also, of having access to cheap Chinese capital—capital originally generated by China's chronic and very large trade surpluses, a function of the very high (50 percent, plus or minus) average Chinese savings rate, and which is used by the Chinese authorities to acquire U.S. Treasury bonds, bills, and notes as well as other dollar instruments, specifically in order to increase the relative value of the U.S. dollar against the yuan and thus help perpetuate Chinese trade surpluses. Chinese industrial policy is thereby the very mechanism that makes cheap capital available to U.S. public and private finance. For this reason, instead of being criticized on this score, China is the beneficiary of the U.S. Treasury's especial solicitude. One more factor that may affect U.S. Treasury attitudes toward China is sociological, so to speak: because its highest echelon is staffed almost entirely by

former or future employees of the leading financial firms, there is a natural sensitivity to the importance of Chinese officialdom and state enterprises as future clients.

By contrast, the U.S. Treasury has no expertise in, no organizational responsibility for, nor indeed any intellectual interest in the condition of the U.S. manufacturing sector. Far from having an industrial policy to promote manufacturing in general or specific sectors thereof, in its everyday bureaucratic operations the U.S. Treasury is indifferent to the condition of U.S. industry, and specifically to the sharp decline, or outright disappearance, of entire industrial subsectors because of the unconstrained inflow of cheaper imports, notably including imports from China. (The normal Treasury stance in that regard is that the lost jobs were evidently uncompetitive, poorly paid, and not worth having anyway).

Only the U.S. International Trade Commission, an organization that is small and weak both politically and institutionally, has any sort of jurisdiction in that regard, and it too is strictly limited to "dumping" cases—in which, moreover, it applies stringent standards to determine if *serious* damage was caused to American industry, with no mandate to prevent it beforehand. Nor is the commission empowered to protect American industry from the chronic undervaluation of the Chinese yuan. Although it is contrived by the systematic purchase of U.S. dollar instruments, it is not defined as "dumping" even though it affects all product categories instead of just one.

On the other hand, the U.S. Treasury, which does have jurisdiction over the currency, and thus currency manipulation as well, reacts if at all, and then only verbally, only under lively pressure from the U.S. Congress at the behest of industrial or trade union interests.[1]

Secretary Geithner has followed his predecessors in periodically asking his Chinese counterparts to let their currency rise when the volume of complaints mounts—but he does so with evident reluctance, and with no suggestion that any sanctions would follow if the undervaluation persists. When he insists, he sounds plaintive, not menacing, for indeed there is no intention whatever to act if defied. Accordingly, the Chinese feel free to ignore these occasional requests, though in the past they have sometimes allowed at least temporary and small increases in the relative value of the yuan in response to particularly intense U.S. congressional complaints, and/or to contain domestic inflation.

On such occasions, the U.S. Treasury makes much of the very small rise in the value of the yuan, abundantly praises the Chinese for their flexibility, and cites it as evidence of the forthcoming end of systematic undervaluation. Characteristically, on May 10, 2011, after the annual U.S.-China Strategic and Economic Dialogue meetings, Secretary Geithner told reporters: "We are seeing very promising shifts in China's economic policy."[2] He then said that the United States still hopes that China will move more quickly to allow its currency to rise in value against the dollar and will also allow it to appreciate

against the currencies of its other major trading partners. The same report quoted the Chinese as also promising "to end discrimination against foreign firms looking to secure lucrative government contracts and to open the mutual fund and car insurance sectors to U.S. firms."[3] This was not a new promise; it had been made before in 2010, 2009, 2008 . . .

At the same time, the U.S. International Trade Commission published the results of its investigation entitled "China: Effects of Intellectual Property Infringement and Indigenous Innovation Policies on the U.S. Economy."[4] Its overall estimate was that the losses to U.S. firms amounted to approximately $48 billion in the year 2009 alone, not counting legal and other expenditures of $4.8 billion to contain losses of intellectual property in China. It was also estimated that approximately 923,000 U.S. jobs were lost. Secretary Geithner did not address this report or the subject thereof during the China-U.S. dialogue or afterward. Nor did any other component of the U.S. government propose to undertake any retaliatory action, or even ask for compensation. Instead, promises to do better in the future were solicited from the Chinese—and duly obtained, of course.

Given the narrowly financial focus of the U.S. Treasury, the very limited jurisdiction of the International Trade Commission and its lack of retaliatory powers, the nullity of the U.S. Department of Commerce, and the absence of any department of industry in the U.S. government (a reflection of free-trade ideology), there is no possibility of any serious government intervention to stop or at least contain the extensive

deindustrialization caused by large and chronic trade deficits in manufactured goods.

Nor is any part of the U.S. government charged with safeguarding U.S. technology from diffusion to China or anywhere else—unless it is specifically military or at least "dual-use" technology. That is so even though it is universally recognized that the overall competitiveness of the U.S. economy derives in large degree from its technological edge, and even though much of the technology now productively employed in the private sector was originally developed by the U.S. government, or with its funding. Remarkably, this failure to control technological diffusion even extends to the U.S. aerospace sector, in spite of its obvious importance both militarily and economically. This failure has a number of peculiar characteristics:

First, in many of its subsectors, distinctions between civil and military, and barriers to the transfer of know-how from one to the other, are weak or nonexistent.

Second, the aerospace industry accounts for a good part of all remaining U.S. manufacturing exports.

And third, aerospace is the one sector in which desistance from technology transfers to China could easily be negotiated with all others, because in each specialty there is usually only one European and/or Japanese supplier, and both European and Japanese firms are

inherently more reluctant to share their technology with the Chinese than are their U.S. counterparts.

Nevertheless, as if it were no different from, say, the soft-drink industry, there is no U.S. policy to control the diffusion of nonmilitary aerospace technology, or even to monitor the process. In the absence of any U.S. government action, critical U.S. aerospace technologies are now being transferred to China via joint ventures with the state-owned COMAC (Commercial Aircraft Corporation of China Ltd.), or other subsidiaries or affiliates or associated companies of China's civil/military AVIC (Aviation Industry Corporation of China), which manufactures jet fighters, bombers, missiles, and other military equipment as well as civilian aircraft.

These joint ventures—evidently the preferred mechanism for the Chinese side, for less than evident reasons as well[5]—serve broader purposes, indeed the general advancement of China's industries as a whole, but more immediately they are absolutely essential for two current entirely civilian aircraft development programs: the 70- to 100-seat ARJ21 "regional" passenger jet, an unpromising entry in a crowded market, and the much higher priority 150- to 200-seat C919 airliner, intended to compete directly with the omnipresent Boeing 737 and Airbus 320 series. A partial list of current joint ventures includes:[6]

Flight controls, Parker-Hannifin + AVIC, in Xian, Shaanxi Province

Jet engines and blades, Pratt & Whitney + AVIC, in Xian, Shaanxi Province
S-92 helicopter tail/stabilizer, Sikorsky + Changhe Aircraft Industries Corporation (helicopter producer for the People's Liberation Army), in Jingdezhen, Jiangxi Province
Communications, navigation equipment, Rockwell-Collins + China Electronics Technology Avionics, in Chengdu, Sichuan Province
Jet engine components, Pratt & Whitney + Chengdu Engine Group, in Chengdu, Sichuan Province
Hydraulic and fuel systems for the C919, Parker-Hannifin + AVIC, in Nanjing, Jiangsu Province
Environmental control systems, Honeywell + China Research Institute of Aero Accessories, in Nanjing, Jiangsu Province
Turboprop components, Pratt & Whitney (Canada) + China National South Aero-Engine, in Zhuzhou, Hunan Province
Avionics for C919, GE Avionics + AVIC, in Shanghai
Fuel, hydraulics for C919, Eaton + Shanghai Manufacturing, in Shanghai
Weather radar for C919, Rockwell Collins with AVIC, in Wuxi, Jiangsu Province
Auxiliary power units, Honeywell + AVIC, in Nanjing, Jiangsu Province

Electrical systems for the C919, Hamilton Sundstrand + AVIC, in Nanjing, Jiangsu Province
Fly-by-wire controls, Honeywell + AVIC, in Xian, Shaanxi Province
Landing gear and nacelles, Goodrich + Xian Aircraft, in Xian, Shaanxi Province
Engine nacelles, Nexcelle + AVIC, under negotiation
Aluminum structures, Alcoa + COMAC, under negotiation
Composite structures, Boeing + AVIC, in Tianjin

There is not much U.S. aerospace technology—civil or military—that is not in the possession of the companies that have entered or are entering into joint ventures with AVIC or its affiliates—whose declared intent is to compete with Boeing as well as Airbus for market share, and which also designs, develops, or copies tactical aircraft and bombers for the PLA air force and navy.

The Chinese, moreover, can certainly expect to obtain access to more technology—much more perhaps—than is contractually to be provided by the joint ventures. One reason is that joint ventures inherently offer many opportunities for cyber penetrations, or more physical forms of technological theft.[7] That the loss of technology may occur in much less sinister ways, starting with ordinary conversations among fellow professionals, does not reduce its consequences. And it is

also a documented fact that joint ventures facilitate the recruitment of agents in place, with U.S. citizens of Chinese origin almost routinely targeted.[8]

To be sure, technological leakage from aerospace joint ventures is merely a subset of the broader diffusion of U.S. technology to China, most of it not misappropriated, of course, but rather contractually transferred by the leading U.S. corporations. It is not their managers' proclivity, and still less their responsibility, to calculate the long-term effects on the overall condition of the U.S. economy of all technological transfers to China. Next-quarter impacts on their own firms is as far as they try to calculate, and there matters rest, given the absence of any broad U.S. industrial policy in that regard.

The great flow of technology transfers to China is in turn merely a subset of the unbalanced U.S.-China economic relationship as a whole, which is beneficial for Americans as consumers, borrowers, and financiers above all, while being harmful to Americans as workers and producers, but which is evidently so entirely beneficial to the Chinese that it shapes the entire "American policy" of the CCP, with the overriding aim of perpetuating that unbalanced economic relationship[9] for as long as possible, or rather until China emerges as the richer and more advanced country.

For that high purpose, to sit through tiresome "strategic and economic dialogues," and even to listen almost politely to futile lectures on human rights or democracy, for that matter, is a small price to pay; and for that high purpose all else must

await a more propitious moment, whether it is the forcible annexation of Taiwan or the seizure of the vast ocean areas that China is now claiming in all directions. Tāo guāng yǎng huì ("Hide one's capacities and bide one's time") is a much simpler formulation than Peaceful Rise or Peaceful Development, but serves just as well.

Of that the best evidence is the China policy of the U.S. Treasury, which seeks to perpetuate exactly the same unbalanced economic relationship, in spite of the deindustrialization caused by the chronic trade deficit in manufactured goods. Objectively if not subjectively, the U.S. Treasury, under its current leadership as before, actively favors China's economic growth and technological advancement—having no departmental responsibility, or perceptible concern, for the inevitable relationship between China's overall economic and technological capacity and its resulting military aggrandizement. That is simply not part of the Treasury brief, and there has been no presidential intervention to make it so.

The Second U.S. China Policy: The State Department Confronts China. This second China policy is nowadays very vigorously promoted by Secretary of State Hillary Rodham Clinton, with varying degrees of support from her top officials. It certainly values cooperation with China whenever it is forthcoming, but recognizes that it is more often an opponent of the United States, both multilaterally at the UN Security Council and other venues, and bilaterally in its dealings with the United

States itself, its allies, and third parties of U.S. interest, including rogue regimes, both in regard to concrete American interests and also values.

In that regard specifically, matters deteriorated somewhat after 2008, both because of an unexpected recrudescence of repression within China itself, and also because of increased Chinese activism in promoting antidemocratic practices abroad. One very recent example is the Chinese co-sponsorship, with the Pakistan government, of a "media university." Pakistan's minister for information and broadcasting, Dr. Firdous Ashiq Awan, defined its purpose as

> national-interest oriented media training, to change people's perception about Pakistan, and to prepare press attaches sent to other countries to respond to western media propaganda. State interest should be protected at every cost but sometimes, media organizations go beyond limits and cause irreparable loss to the state interest.[10]

Another example, which also illustrates the willingness of the Chinese government to cooperate with rogue regimes, is even more egregious, because it would specifically serve to increase the repressive capacity of a violently repressive regime: the Chinese financing of a "Robert Mugabe School of Intelligence" in Zimbabwe—the one form of educational investment unneeded in that once-flourishing country now despoiled by the very same Robert Mugabe and his minions. The mission of the new school is officially described as "addressing the current global challenges"; unsurprisingly, only "invited candidates" will be enrolled. The curriculum provides for the following disciplines: Cryptology, Linguists, Signals Intelligence Analysts, Human Intelligence Collectors, Military Intelligence (MI) Systems Maintainers and Integrators, Counterintelligence Agents, Imagery Analysts, Common Ground Station (CGS) Analysts, Intelligence Analysts, Signals Collector, and so on, all to be trained by Chinese instructors.[11]

Unlike the U.S. Treasury, whose policies are premised on a product-improved China, which should never be penalized because it is perpetually on the verge of allowing the yuan to rise in value, and to finally enforce its own intellectual property laws, the State Department accepts the continuing reality that makes China different from other non-allies, such as India, for example, and similar to the Russian Federation and Venezuela, for example—to wit: China cooperates with the United States only when its interests demand such cooperation, whereas it habitually opposes the United States whenever its interests allow such opposition. Opposition is the default mode, cooperation is the advertised mode. By contrast, India, for example, often opposes the United States, but it does so each time for some positive reason of its own, good or bad, not merely because it can do so. This, in turn, in the current State Department view, warrants energetic opposition to China whenever it engages in expansionist conduct, although the need to resist the expansion of China's power as such is not yet recognized even as a policy concept, let alone accepted as a policy goal.

Accordingly, the U.S. State Department has reacted very energetically to China's expansionist pressures against Vietnam over the Paracel and Spratly Islands, against Laos, Thailand, and Cambodia by way of dam construction on the upper Mekong River, against Brunei, Malaysia, and the Philippines also over the Spratly Islands, and against Japan through the Chinese claim for the Senkaku Islands and surrounding seas.

Likewise, while Secretary Geithner of the U.S. Treasury, once a student in China and a former China specialist at the profitable firm of Kissinger Associates Inc., has been earnestly convivial at his frequent meetings with Chinese officials,[12] U.S. Secretary of State Hillary Clinton has openly and repeatedly clashed at ASEAN meetings with China's minister of foreign affairs, Yang Jiechi (though he is scarcely her counterpart inasmuch as the Ministry only implements and does not formulate policy).

Among other things, just in the last two years or so, Secretary Clinton has:

- publicly insisted that the Spratly Islands dispute must be managed multilaterally between China and all the affected ASEAN members, and not bilaterally between big China and each "little country"—in Yang Jiechi's words. After flatly refusing the U.S. demand at two ASEAN meetings, after failing to intimidate Vietnam or to persuade the others, the Chinese, as noted above,

finally agreed to multilateral talks on a "Code of Conduct" in December 2010.
- declared that the Senkaku Islands are fully included in the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security, thus rejecting the Chinese claim in actuality, even though in general principle it is not U.S. policy to affirm or deny the territorial claims of other countries.
- initiated in 2009 the U.S.-funded "Lower Mekong Initiative" with Vietnam, Cambodia, Laos, and Thailand; the qualifier "lower" neatly excluded China and its quasi ally, Myanmar's then rogue regime.[13] It is all about water and fish, but interestingly the protagonists are the respective foreign ministers, not the ministers of agriculture and fishery. And while the agenda includes everything under the sun—climate change, infectious disease, education, river management, and more—there is also a supposedly minor aim that in reality matters the most: to coordinate responses to the construction of dams, particularly, but not exclusively (a nice touch), those being built in China.
- vigorously pursued every possible opportunity to expand cooperation with India that has any degree of strategic significance, striving hard to overcome all manner of bureaucratic, institutional, and cultural obstacles on both sides, and trying to make the most of

the new opportunities made possible by the U.S.-India "123 Agreement"[14] for Civil Nuclear Cooperation.

That 123 Agreement was merely a necessary preliminary for the U.S.-India nuclear activities, but it amounted to a colossal undertaking in itself, politically, bureaucratically, and diplomatically. It was not indeed one achievement but many:

- Against very intense internal opposition (antiproliferators on the U.S. side, autarchy advocates on the Indian side), after strenuous negotiations, on July 18, 2005, India's prime minister Manmohan Singh and U.S. President George W. Bush agreed on a "framework" whereby India undertook to physically separate its civil and military nuclear facilities and place the former under International Atomic Energy Agency (IAEA) safeguards.
- The Bush administration for its part had to induce the U.S. Congress to amend the Atomic Energy Act of 1954.
- India next had to negotiate an inspection agreement with the IAEA, a delicate matter given the concurrence of noninspected military activities.
- The United States then had to secure a unique exemption for India with the multinational Nuclear Suppliers Group (NSG) export-control cartel—not at all easy, given that the NSG had been formed in the first place at U.S. initiative as a response to India's first nuclear test in 1974.

Yet a mere three years and three months from the original Bush-Singh agreement, on October 1, 2008, the U.S. Congress voted its approval of the U.S.-India nuclear cooperation agreement, and on February 2, 2009, the India-IAEA agreement was also finally completed, allowing the newly installed Obama administration to start its own efforts to realize the broader strategic potential that had been opened up, in addition to nuclear cooperation as such.

The removal of restrictions on U.S. arms transactions with India, legally mandated in retaliation by the original 1974 nuclear test, was of course very important but did not remove what still remains the greatest obstacle to U.S. arms sales: the profound incompatibility between the methods, procedures, customs, and ambitions of the Indian state-owned aerospace and defense industry, itself controlled with an extreme degree of centralization by long-serving authoritarian managers and brahminic chief scientists of stupendous arrogance, and ponderous U.S. aerospace and defense corporations, with their strait-laced managers, rigid technologists, and quick-buck salesmen. No two human groups have been more deeply divided by a common language, but for the United States and Indian defense bureaucracies, close competitors for the paralyzing incompatibility prize.

That is why even now the Indian armed forces—which have accumulated decades of anguished dissatisfaction with the infinite delays of India's state-owned industries,[15] and just as many decades of impotent fury at the obdurate refusal of Soviet and

now Russian aviation and military industries to supply replacement parts in timely fashion (or even a year after that), and almost as many decades of resentment over the very high costs of actually operating beautiful French fighters—have been unable to equip themselves with the U.S. aircraft and weapons they know and crave, except in a few cases, after agonizingly difficult negotiations. The institutional barriers are formidably resistant. Though there have been some important transactions, no principal or critical weapon system in Indian service is of American origin as yet, as opposed to a mass of Soviet/Russian platforms, some European-designed aircraft, and Israeli avionics and missiles.

But that is not how the U.S.-India arms supply relationship is seen—or at least depicted—in Beijing. This is the version of the steadfastly "leftist" (national-militarist) *Global Times:*

> US President Barack Obama's visit to New Delhi in November [2010] may secure $5 billion worth of arms sales. . . . [This] . . . would make the US replace Russia as India's biggest arms supplier . . . [and] help India curb China's rise. India's shortlist includes *Patriot* defense systems, Boeing mid-air refueling tankers and certain types of howitzers, and the total cost . . . may exceed $10 billion [a 100 percent increase in one paragraph].
>
> . . . [T]alks are underway between Indian and US officials over . . . 10 Boeing C-17 military transports.

> Wang Mingzhi, a military strategist at the PLA Air Force Command College, [said that] . . . Those arms sales will improve ties between Washington and New Delhi, and, intentionally or not, will have the effect of containing China's influence in the region . . . For example, once India gets the C-17 transport aircraft, the mobility of its forces stationed along the border with China will be improved.[16]

Given that the energetic coalition-building of the U.S. State Department—whatever its subjective aims—objectively connects its own "string of pearls" from Japan to India via the Philippines, Indonesia, Vietnam, and Singapore, in a manner that could easily interdict that other reputed "string of pearls" from the harbors of southern China to Port Sudan,[17] it is easy to understand Chinese complaint that U.S. State Department policy is basically unfriendly, that it seeks to "encircle" China, and even acquire the means to cut it off from imports of oil, gas, and other raw materials.

That is, of course, an impossibility, because the United States does not have much influence over China's inland neighbors: the Russian Federation, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. These are countries replete with raw material and energy resources, actually or potentially available. And routes through Turkmenistan could in addition provide access to China's sometime quasi ally Iran, and thus to

the entire Persian Gulf with its uniquely large hydrocarbon resources. What is true is that the U.S. State Department certainly tries to reinforce the abilities and also the resolve of the countries that have recently been threatened by China, not only verbally but also by way of harassing maneuvers and intrusive patrols, including Japan, the Philippines, Laos, and Vietnam. India, which does not ask for U.S. military reassurance or diplomatic support, also has come under Chinese pressure because of the development of logistic infrastructures in Tibet, the qualitative enhancement of its garrisons, and a great deal of aggressive patrolling of the Indian-held border of Arunachal Pradesh, which the Chinese claim as "South Tibet" (Zàngnán).

Moreover, while the U.S. Treasury criticizes China only in the mildest and most inoffensive terms, and only when China's misconduct is most blatant (as in government procurement protectionism), under Secretary Clinton especially the U.S. State Department has been forthright in criticizing Chinese practices that offend American values. For example, at the very time when Treasury Secretary Geithner was even more effusive than usual, and she was set to meet her Chinese counterparts for the aforementioned U.S.-China strategic and economic dialogue of 2011, Clinton stated in an interview:[18]

> We do business with a lot of countries whose economic systems or political systems are not ones we would design. . . . But we don't walk away from dealing with

> China because we think they have a deplorable human rights record.
>
> Interviewer Jeffrey Goldberg: And (the Chinese) are acting very scared right now, in fact.
>
> Clinton: Well, they are. They're worried, and they are trying to stop history, which is a fool's errand. They cannot do it. But they're going to hold it off as long as possible.

The U.S. State Department policy for China has therefore combined three diverse lines of conduct in a manner that reconciles a broad range of U.S. interests:

- cooperation, of which there is a great deal between U.S. and Chinese governmental organizations for a great variety of purposes, from the harmonization of obscure technical regulations to multilateral counterproliferation initiatives—so much so that some in the State Department would prefer to emphasize the cooperative aspect almost exclusively;
- containment, achieved by the prompt and persuasive reassurance of China's neighbors—whether they are treaty allies or not—when they come under pressure, to enable them to withstand Chinese demands; and
- mostly polite but insistent ideological warfare against the CCP regime, by the frequent invocation of human rights, of political rights on occasion, and of the cultural-

> religious if not national rights of the Tibetans, and in some degree of the Uyghurs also (the Mongols of Inner Mongolia may be next); and by intermittent demands for the liberation of high-profile imprisoned dissidents.

By the end of 2011, however, there was a perceptible and very deliberate hardening in the State Department's China policy, which was described and explained in considerable detail by Secretary Clinton in a programmatic article under the revealing title "America's Pacific Century," better understood if the first word is read in italics.[19] The key word, however, was "pivot," as in America's turning away from costly and arguably futile warfare in the nullity of Afghanistan and the stagnant Middle East, to the dynamic world of Asia that starts just east of it in India. Inevitably, the speech attracted much attention in Beijing, and also much criticism of course, not only there but also from American skeptics, who noted the reluctance to abandon Afghanistan to its inevitable fate sooner rather than later.

Although there was much in the article about U.S.-Chinese cooperation, as indeed there is in reality and in very many fields, those in Beijing who read the article as introducing a sharper policy focus on China's expansive tendencies were quite right. That was made perfectly evident by its inclusion of a passage that welcomed "progress on the Trans-Pacific Partnership (TPP), which will bring together economies from across the Pacific—developed and developing alike—into a single trading community"—the point being that China is not part

of the TPP. Had it not been accompanied by President Obama's announcement of the new U.S. base in Darwin, Australia—he was there to inaugurate it in person by November 17, 2011—Clinton's "pivot" statement might have been less resonant; indeed, it might even have been discounted as mere political posturing by a secretary of state who still has a political future. As it was, a policy of containment was made official for the first time, but that is not the same thing as a policy of confrontation, for it is purely reactive, not active, and indeed passive if China itself does not act in a destabilizing manner. Unfortunately, rapid military growth is destabilizing in itself.

It is a measure of the remaining U.S. advantage in the overall balance of power as most broadly defined that the U.S. State Department and indeed the U.S. government as a whole can still pursue simultaneously both policies of cooperation and policies of containment. If China were in a stronger position—as indeed it already is in many other bilateral relationships, not only with mendicants but also with South Korea, for example—the United States would be forced to choose between cooperation and containment, between cooperation and the affirmation of its values.

A ready measure of Chinese progress in imposing its own preferences in the matter of values is the list of countries that refuse entry to the "Dalai," as the Chinese call him to deny him priestly status—a rather long list that includes devoutly Buddhist (albeit not Tantric) Thailand, as well as South Korea. Another measure of Chinese progress in imposing its own

conception of CCP-directed harmony upon the world emerged from the December 2010 Liu Xiaobo Nobel Peace Prize award ceremony struggle already mentioned. And it definitely was a real struggle for the Chinese Foreign Ministry, whose diplomats were forced to work overtime in dozens of capitals around the world. As mentioned, out of sixty-five resident ambassadors or deputy chiefs of mission in Oslo (nonresident envoys are not invited), China scored itself, Russia, Kazakhstan, Tunisia (as then governed), Saudi Arabia, Pakistan (U.S.-funded but never with the United States if it can help it), Iraq (unpunished by the United States), Iran, Vietnam (VCP-CCP solidarity), Afghanistan (unpunished), Venezuela, Egypt (another unpunished aid recipient), Sudan, Cuba, and Morocco (an accurate reflection of its dictatorial reality behind the monarchical claptrap). On the other hand, Liu Xiaobo and the cause of human rights at all costs scored forty-six rather more important countries, including Argentina, Bosnia and Herzegovina, Brazil, Chile, Colombia, Costa Rica, Guatemala, India, Indonesia, Israel, Japan, Republic of Korea, Philippines, Serbia, South Africa, Sri Lanka, Thailand, Turkey, and the Ukraine, in addition to all European Union members.

The altogether greater Chinese objective, however, is not to intimidate the likes of Sri Lanka or to bribe Guatemala over an Oslo ceremony but rather to induce the United States to accept a genuine "G-2" parity that would include "mutual respect," whereby neither side would criticize the political system of the other, or provide aid or comfort for local dissidents.

To be sure, any U.S.-China parity would be an interim condition on the way to China's superiority in all things, when unreciprocated respect would be demanded, in addition to more tangible bounties, no doubt.

A G-2 complete with parity in values is certainly recognized as a very long-term objective by CCP leaders, but for a tantalizing season it seemed very near, indeed almost achieved. During the worst "free fall" phase of the 2009 financial crisis, when the newly installed Obama administration was urgently soliciting Chinese cooperation in increasing aggregate demand by spending money as quickly as possible on public works (successfully: I myself saw many thousands at work on new Yunnan roads a few months later), there was a definite desistance on the issue of human rights. In a 2009 "Strategic and Economic Dialogue" press briefing, when Secretary Clinton was pressed on the subject, she responded in a manner revealingly oblique: "We obviously had some very good exchanges between ourselves and the Chinese about their perspective and ours, but it was certainly a matter of great interest and focus."[20]

The moment passed, but not without consequences in the interim: it was the 2008–2009 financial crisis that unleashed China's triumphalism with its assertions of imminent or at least inevitable superiority, and also intensified its territorial assertiveness in word and deed.

As it turned out, it was all counterproductively premature for China, for it revealed the menace behind the irenic mask of

"Peaceful Rise," inducing reactions as diverse as Japan's retreat from the Ozawa flirtation with Beijing, Australian coalition-building, Indian bilateral initiatives with several of China's neighbors starting with the Russian Federation (via military joint ventures inter alia), Vietnam's convergence with the United States as well as India, the Philippine reversal on U.S. military visitations, and most strikingly, Myanmar's opening to democracy and the West, in preference to China's embrace.

But this process will not suffice if there is no interruption in China's uniquely high growth rates. A China that can grow at 9 percent per year for a few more decades, and which can also keep allocating a steady portion of its resources to the accumulation of power in all its forms, would no longer need to be aggressive, or even assertive, to impose its will on almost all the countries around it, thereby magnifying its own power still more.

The Third U.S. China Policy: The Department of Defense. As already mentioned in particular cases in regard to naval visits especially, the U.S. Department of Defense as a whole and the armed forces severally have been very effective since 2010 in supporting the increasingly explicit "containment" dimension of the State Department's overall China policy.

Whether through the low-key comings and goings of the International Military Education and Training (IMET) program of the Defense Cooperation Agency, the scarcely more visible Air Force joint exercises such as the annual "Commando

Sling" with the Republic of Singapore Air Force at Paya Lebar air force base (which, incidentally, serves year-round for USAF bed-down when needed), or the spectacular apparitions of aircraft carriers with their panoply of escorting warships—the U.S. armed forces complement the occasional statements and encounters of American diplomacy with their much more continuous connections: IMET, which often creates lifelong bonds, regular annual exercises, the ship visits, and permanent basing in some cases.

None of this is of much help with countries captive to a thoroughly hostile ideology (as with Pakistan's virulent forms of Islam), but the U.S. armed forces otherwise serve to put the substance of security guarantees into alliance relationships. And in the absence of formal alliance arrangements, their practiced habits of liaison and cooperation with local armed forces can almost suffice to replace them, if there is a political entente as well. That allows very satisfactory cooperation with such valuable "non-allies" as Vietnam and Indonesia.

Even aside from the actualities of containment in Asia, which are in any case localized and may also be transitory, for the Defense Department as a whole and for the U.S. Air Force and Navy more decidedly, China has unambiguously become the prospective "Main Enemy," at least for planning and procurement purposes. While the "global war on terror" inevitably sinks below the horizon because the vast number of prospective enemies—anyone, anywhere, inflamed by jihad—is offset by their impotence but for rare exceptions, China's

military aggrandizement is by far the greater and entirely more consequential phenomenon.

Accordingly, the acquisition of major new U.S. weapons is increasingly justified by China-oriented missions or, much more often, simply as a competitive response to the anticipated, if not actual, development of Chinese weapons. Hence, for example, the U.S. Air Force already makes much of the arrival of the *Chengdu J-20 Jiān èr shí* ("Annihilator Twenty") even though it remains uncertain if it is a true prototype that could soon be produced in numbers or just a technology demonstrator for a future heavyweight, long-range, stealthy fighter-bomber of the *F-22* class that might still be ten or fifteen years away from the *start* of production, let alone an initial operational capability. For one thing, there is no evidence that the Shenyang Aero-Engine Research Institute can develop reasonably efficient and reasonably reliable engines powerful enough for a 70,000- to 80,000-pound aircraft such as the *J-20* (though that might change with the innovations brought to China by the General Electric and Pratt & Whitney engine-making joint ventures already mentioned).

Unsurprisingly, U.S. military services under severe budget pressures are inclined to anticipate Chinese capabilities that might not be deployed for a very long time, and to exaggerate greatly the strength of the PLA's forces already in being. For one thing, they still do not have a joint forces command above the military region level, that is, no unity of

command at the national level, no instantaneous ability to concentrate the forces of different military regions, or even to coordinate their actions. That makes no sense at all operationally, but it is a very sensible arrangement for the unelected leaders of the CCP, who want to command the soldiers instead of being dominated by them.

Yet the U.S. military are right to take China if not today's PLA very seriously, just as the Air Force is fundamentally right to take the *J-20* seriously, and the Navy too is right in taking seriously the Chinese navy's submarine and aircraft-carrier ambitions. With the economy providing rapidly increasing resources, China's entire scientific and technological superstructure is growing both quantitatively and qualitatively, and that in turn is providing an expanding base for military innovation in *every* sector and even in every subsector. For it is a defining aspect of the quasi-anarchical and internally highly competitive Chinese system that every branch of every service, and every paramilitary force too, vigorously seeks more resources for its own advancement and expansion, duly obtaining them in most cases. The result is an expanding torrent of more and technologically more advanced weapons and platforms.

In addition to their active role in supporting the containment of low-intensity Chinese threats against the maritime possessions of American allies, quasi allies, and new or renewed friends, the U.S. armed forces have long had, and of course still have, the mission of deterring high-intensity Chinese military

threats. Of these, the least improbable is, of course, the periodically renewed threat to invade Taiwan or otherwise subject it by force—"unification," in PRC parlance.

Taiwan. For a long time now, it has been thoroughly understood within the higher leadership of the CCP that the overt use of force against Taiwan could trigger not merely a U.S. military response that would carry its own dangers of escalation, even to the nuclear level just possibly, but also something altogether more frightening because it would be so much more probable: the interruption of trade with the United States, Japan, and other like-minded countries. Such an interruption could be imposed almost instantaneously, but it might be fully lifted only after a long interval (the July 1989 interruption of military trade still remains in effect). Worse still for China, if there were stiff resistance in Taiwan with serious combat and many civilian deaths, import restrictions or prohibitions could be supplemented by the denial of raw material shipments to China, including oil (Australian raw material shipments would certainly stop immediately).

That is why the CCP leaders limited themselves to menacing missile deployments, some edgy aerial patrolling, and a great many verbal threats even when the Taiwan government was headed by the declaredly separatist President Chen Shui-bian, now inmate 1020 in the Taipei prison in Gueishan, Taoyuan County. The present role of Taiwan in CCP policy in general, and in military policy specifically, is precisely de-

fined in "China's National Defense in 2010" issued March 2011 by the Information Office of the State Council.[21]

Section I, "The Security Situation," reads:

> The two sides of the Taiwan Strait are destined to ultimate reunification in the course of the great rejuvenation of the Chinese nation. It is the *responsibility of the Chinese people on both sides* of the Straits to work hand in hand to end the history of hostility, and to avoid repeating the history of armed conflict between fellow countrymen. The two sides should take a positive attitude toward the future, and strive to create favorable conditions *to gradually resolve, through consultation on an equal footing,* both issues inherited from the past and new ones that emerge in the development of cross-Strait relations. The two sides may discuss political relations in the special situation that China is not yet reunified in a pragmatic manner. *The two sides* can hold contacts and exchanges on military issues at an appropriate time *and talk about a military security mechanism of mutual trust,* in a bid to act together to adopt measures to *further stabilize* cross-Strait relations and ease concerns regarding military security. *The two sides* should hold consultations on the basis of upholding the one-China principle to formally end hostilities and reach a *peace agreement.* [Italics added]

All this refers back to the KMT-CCP civil war—the two sides must negotiate an end to fratricidal conflict. Moreover, with

Han on both sides a fundamental equality obtains that overrides the balance of power. Given the need to "hold consultations" to prepare the opportunity to "talk about a military security mechanism of mutual trust" in order to "gradually resolve . . . ," there is no great urgency either. Further, given that the two sides are now "on an equal footing," as between the KMT and CCP, that is (not with Taiwan's native Minnanhua-speaking southern barbarians), it is natural that there are armed forces on both sides, which therefore remain unmentioned.

For the time being, it seems that the U.S. military mission of deterring and, if need be, repelling an attack on Taiwan, howsoever demanding, is not likely to be tested. More broadly, although today's China is similar to post-1890 Germany, insofar as it is advancing successfully in all peaceful endeavors yet is bent on pointless military aggrandizement accentuated by aggressive claims over inconsequential islets and shoals,[22] there is no 1914 end to the story in war, destruction, and defeat, as already noted. Instead of a slide toward war, there is only the self-defeating process whereby China is uniting powers large and small against it, explicitly to contain its future strength. There is no such endgame for an excessively successful China as there was for excessively successful Germany, because that would require large-scale, sustained warfare, which is simply impossible in the presence of nuclear weapons—the irremovably extant court of appeal against an adverse verdict in the lower court of non-nuclear warfare. Because nuclear weapons cannot reliably inhibit any and all armed conflict between

nuclear-armed powers—incidents could take place, and they could escalate into localized combat—military strength retains its importance between nuclear powers. But it can only ensure a local escalation dominance, not the strategic outcome.

Moreover, there is no "Star Wars" solution, either—China cannot be undone by overstressing its technological capacity. Whatever else the U.S. Defense Department might achieve by acquiring weapons expressly to compete with Chinese weapons, or more accurately, to greatly exceed them in capacity, it cannot possibly achieve the great result that was achieved by competing technologically with the Soviet Union in the later 1970s and 1980s. In attempting to keep up with American military innovation, the Soviet Union allocated to that purpose an ever greater proportion of the scarce high-technology resources of an increasingly stagnant economy. As they were palpably falling behind more and more, Soviet leaders under Gorbachev finally attempted the economic restructuring launched as Perestroika, which instead resulted in the disintegration of the planned economy, which in turn undid the entire Soviet system.

By contrast, in the present competition it is not the Chinese economy that is relatively stagnant but rather the U.S. economy, for its highest sustainable growth rate cannot exceed 4 percent or so, while the Chinese economy is set to grow at least twice as fast for many years ahead, aside from temporary disruptions.

Hence, there is nothing within the jurisdiction of the Department of Defense—neither its necessary but insufficient support of containment, nor devastation by war, or a "Star

Wars" technological offensive—that can stop the processes that even now are eroding the material base of American hegemony and adding to the material base of China's power. To put it crudely, that task is above its pay grade. That is true in spades of the recently introduced "Air-Sea Battle" concept, which is mostly about achieving even more "jointness," especially between the U.S. Navy and the U.S. Air Force to allow them to combine their forces in combat more synergistically. That makes this a tactical or at most an operational-level concept, that is, a set of desired modalities for fighting battles more effectively with both aircraft and warships, and all their diverse sensors and weapons. Yet a special office under a three-star officer has been established to promote the concept, and simply because it is specifying a theater of war of vast dimensions, and huge distances, that is, the Pacific rather than the Atlantic, the function of this new Air-Sea Battle Office has been elevated to the strategic level, or at least the theater-strategic level, one notch below national strategy but much above mere operations or tactics. Moreover, there is a great deal of emphasis on power-multiplying ultra-advanced technologies, ultra-long-range forces, unmanned systems of global range, and so on.

All this is rather unfortunate, because when allies old and new are briefed by the new office they are more alarmed than reassured. First, they worry that "long-range" might mean that U.S. forces will be pulled back to Guam or even Australia, leaving them exposed without the U.S. garrisons now in place, in Japan notably. Second, they fear that talk of the "Air-Sea

Battle" implies a readiness to escalate in response to Chinese intrusions, or worse, an inability to contain them without escalating the confrontation into an outright battle. Third, less advanced but still very willing allies under Chinese maritime pressure do not see how they could contribute usefully to "Air-Sea Battle" forces that are so terribly high-tech; and yet, in defending against naval intrusions amid shoals, reefs, and rocks, small boats and even coastal artillery might be very effective.

Mostly the Air-Sea Battle talk is unfortunate because it is a very long way from geo-economic containment, all the more effective when costly military efforts are minimized rather than maximized.