



# China's Global Influence: Perspectives and Recommendations



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# 3 China's Foreign Policy in the Indo-Pacific Region and US Interests

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1 The views and recommendations expressed in this chapter are those of the author and do not necessarily reflect the policy or position of the Daniel K. Inouye Asia-Pacific Center for Security Studies, US Department of Defense, or US Government.

## INTRODUCTION

This chapter examines China's growing influence in the Indo-Pacific region and the United States (US) strategy to cope with it. What are China's goal and strategy in the Indo-Pacific region? What activities has China conducted to achieve that strategic goal, and how have they intersected with US interests in the region? What further actions should be taken to counter Chinese influence more effectively? For a focused analysis, this chapter primarily investigates Chinese foreign policy behaviors in the region for the last ten years from 2008 to 2018, and explores the prospect of US-China relations in the next five to ten years.

China's grand strategy in the Indo-Pacific region is distinguished from other regions for its conscious pursuit of regional hegemony. Due to economic growth and expansion of commercial and strategic reach, China perceives the need to expand its sphere of influence abroad. However, China has to be careful not to provoke the US as a status-quo superpower or in the formation of a coalition of balancing-forces countries in the region. Therefore, while trying to avoid creating the impression that China directly challenges the US and intimidating neighboring countries with military force, China has adopted the tactics of (1) salami slicing to establish the fact of ownership over the islands in South China Sea (SCS), (2) using economic tools to punish challengers in Northeast Asia or to pull potential partners from other sub-regions, and (3) dividing the countries of Southeast Asia to prevent their unity against China.

This chapter presents the Tit-for-Tat strategy as an alternative principle for the formulation of US policy toward China from a longer-term perspective. There is growing consensus among security experts that the US needs to take tougher actions than before, which even includes direct use of force against China.<sup>2</sup> But it remains unclear what the end state is: if the US does not aim to contain China, as it did with the Soviet Union during the Cold War, then how can the US motivate China to become more cooperative and responsible when engagement is attempted? While recommending tough measures, Tit-for-Tat strategy is distinguished from a hawkish approach as it gives equal weight to the needs of confrontation and cooperation. I argue that the US should adopt the Tit-for-Tat approach by using tough measures to match China's own non-cooperative actions and, at the same time, by signaling

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2 See Oriana Skylar Mastro, "The Stealth Superpower: How China Hid Its Global Ambitions," *Foreign Affairs* 98, no. 1 (January/February 2019); Patrick Cronin, "In Search of a Southeast Asian Response to China's Bid for Dominance," *War on the Rocks*, 25 May 2015, <https://warontherocks.com/2015/05/in-search-of-a-southeast-asian-response-to-chinas-bid-for-dominance/> accessed on 9 January 2019; Michael Beckley, "The Emerging Military Balance in East Asia: How China's Neighbors Can Check Chinese Naval Expansion," *International Security* 42, no. 2 (Fall 2017).

US willingness to cooperate if China enacts cooperative policies first. This way the US can develop a carefully calibrated toolkit of coercive measures that can be employed in a manner that prevents spiraling escalation, while nudging China into tangible adherence with international norms and standards as a prerequisite to meaningful cooperation. The objective of Tit-for-Tat strategy is to instill Beijing with the idea that *reciprocity* will be the key principle to guide the stable management of the US-China relationship.

## CHINA'S GOAL AND STRATEGY IN THE INDO-PACIFIC REGION

It may be controversial whether China clearly aims to become a global hegemon or a regional hegemon in Africa or Latin America. As far as the Indo-Pacific region is concerned, however, China does aim to become a regional hegemon. For many years, Chinese leaders and academics have tried hard to convince the world that China would not pursue hegemony (霸权; *Bàquán*).<sup>3</sup> And there is some element of truth in such remarks, if the Chinese mean that China would not pursue a global hegemony, as once the Soviet Union did and currently the US does.<sup>4</sup> Certainly Xi Jinping's goal is to revive the past glory of Chinese empire in the name of the "China Dream" (中国梦; *Zhōngguó Mèng*), but it remains debatable as to whether the slogan should be interpreted as revealing China's desire to become a world hegemon or not. What is clear is that China perceives it increasingly *needs* to act like a hegemon.<sup>5</sup> As China's economy grows, the extent of its national interests expands beyond its borders, and China therefore feels the need to expand its sphere of influence to secure these extended national interests overseas.<sup>6</sup> China's own official documents such as the 2015 white paper on "China's Military Strategy" explicitly highlights this point by stating that "in response to the new requirement coming from the country's growing strategic inter

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3 Yanan Wang, "China Will 'Never Seek Hegemony,' Xi Says in Reform Speech," *AP News*, 18 December 2018.

4 For the realist's explanation of the US motivation in pursuit of global hegemony, see John Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Company, 2001). For liberal accounts, see John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (New Jersey: Princeton University, 2011); Joseph Nye, *Is the American Century Over?* (Cambridge: Polity, 2015).

5 Borrowing the concept of power as defined by Robert Dahl, I define hegemon as a major power that has intent or influence to make other countries do something that they would not otherwise do.

6 More specifically, China's demand for energy drives the expansion of its foreign policy and security policy to make sure the flow of energy remains uninterrupted, so as to maintain its dramatic economic growth. Robert Kaplan, *Monsoon: The Indian Ocean and the Future of American Power* (New York: Random House, 2010): 282.

ests, ... China's armed forces mainly shoulder ... strategic tasks to safeguard the security of China's overseas interests."<sup>7</sup>

While China has a growing need to act like a hegemon, it also faces the US as an impediment to its pursuit of global hegemony. Not only can China not challenge the US global hegemony yet, but China might not want to replace the US as a global leader because China has greatly benefited from the liberal system led by the US, to the extent that critics even accuse China of free-riding on economic development without much contribution to maintaining the liberal order.<sup>8</sup> Even if China has a secret desire to challenge the US status as a superpower, as many suspect in the West, China still has a long way to achieve parity with US national power.<sup>9</sup> In other words, given the huge disparity in military capabilities and economic size, China cannot match US power yet. The compromise between China's need to act like a hegemon and the reality of its power gap with the US is to pursue a regional hegemony where China has an advantage with its proximity. Hence China's goal for the next five to ten years in the Indo-Pacific region is set to establish regional hegemony.<sup>10</sup>

Still, China should be careful not to provoke the US and a coalition of balancing forces among countries in the region. Therefore, instead of advancing eastward where US troops are firmly stationed in South Korea and Japan, China focuses on expanding its sphere of influence to the West and South. Instead of an outright takeover of the disputed islands in the South China Sea, China adopts the tactics of salami slicing: gradually establishing the facts of sovereignty by creating man-made islands and militarizing some of them to function as China's de facto military base. Instead of building a military network, China eco-

7 See "China's Military Strategy (full text)," released by the Information Office of the State Council of the People's Republic of China on 27 May 2015, [http://english.gov.cn/archive/white\\_paper/2015/05/27/content\\_281475115610833.htm](http://english.gov.cn/archive/white_paper/2015/05/27/content_281475115610833.htm), accessed January 9, 2019.

8 For the account that China has benefited from liberal world order, see G. John Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?" *Foreign Affairs* 87, no. 1 (January/February 2008). For the criticism that China exploits the liberal system without much contribution, see Kurt M. Campbell and Ely Ratner, "The China Reckoning: How Beijing Defied American Expectations," *Foreign Affairs* 97, no. 2 (March/April 2018).

9 Joseph Nye argues that "the US is better positioned than China not just in terms of military power, but also in terms of demographics, technology, currency reserves, and energy independence. There is no need to succumb to exaggerated fears." Joseph Nye, "Did America Get China Wrong?: The Engagement Debate: Time Will Tell," *Foreign Affairs* 97, no. 4 (July/August 2018). For a more detailed comparison of national power between the US and China, see Michael Beckley, "China's Century? Why America's Edge Will Endure," *International Security* 36, no. 3 (Winter 2011/12): 41-78.

10 It remains to be seen whether China will pursue a global hegemony to replace the US in the end. While not denying that many Chinese might have such desires, I focus on China's strategic goal of becoming a regional hegemon as a more certain thing that is happening on the ground than of becoming a global hegemon in an unspecified time of the distant future.

nomically engages countries in Southeast Asia, South Asia, and Central Asia, trying to tie them in the China-centered economic web of the One Belt, One Road (OBOR; 一帶一路)<sup>11</sup> initiative. Observing this set of policies, some prominent China experts claim that China is a “stealth superpower” which pursues “regional hegemony in slow motion.”<sup>12</sup>

It is noteworthy how China has exercised economic statecraft for security purposes in the Indo-Pacific region. For example, after a Chinese fisherman purposely rammed a Japanese Coast Guard vessel near the disputed Senkaku (in Chinese, Diaoyudao) islands, China forced the return of the captain, whom Japan had intended to put on trial, by banning the export of rare earth minerals, one of key resources for Japan’s technology industry.<sup>13</sup> In a similar attempt, China banned tourism to South Korea and disrupted the business of some South Korean companies operating in China to protest the US deployment of Terminal High Altitude Area Defense (THAAD) to South Korea in 2016. While economically punishing the countries that are deemed to challenge China’s security interests, China attempts to draw closer the countries in Southeast Asia and South Asia by providing economic incentives for their strategic cooperation with China. For example, China invests heavily in Pakistan, Bangladesh, and Sri Lanka in exchange for the right to use their ports for China’s naval activities, which serves China’s purpose to project power overseas.<sup>14</sup>

China also adopts the strategy of divide and rule, targeting countries in Southeast Asia and South Asia. China has tried to deepen its relationships with Cambodia and Burma, which serve to prevent the unity of the Association of Southeast Asian Nations (ASEAN) against China over SCS issues.<sup>15</sup> Recently, China also seems to have effectively

11 The Editors have chosen to conform to the “One Belt, One Road” formulation of the initiative as initially propagated and as it is still discussed in Chinese language documents. For a complete explanation of this decision, see the Introduction, p 9.

12 See Patrick Cronin, “Chinese Regional Hegemony in Slow Motion,” commentary, *War on the Rocks*, 18 May 2015, <https://warontherocks.com/2015/05/chinese-regional-hegemony-in-slow-motion/> accessed 9 January 2019; Mastro, “The Stealth Superpower: How China Hid Its Global Ambitions.”

13 For a detailed account of the incident, see Sheila A. Smith, “A Shared Maritime Boundary,” *Intimate Rivals: Japanese Domestic Politics and a Rising China* (New York: Columbia University Press, 2016).

14 Tom Miller, *China’s Asian Dream: Empire Building Along the New Silk Road* (London: Zed Books, 2017): 175.

15 In 2012, ASEAN under the chairmanship of Cambodia failed to issue a joint communique for the first time in its history. Critics labelled Cambodia a Chinese puppet. See “ASEAN Nations Fail to Reach Agreement on South China Sea,” *BBC News*, 13 July 2012, <https://www.bbc.com/news/world-asia-18825148> accessed 9 January 2019; for a brief history of uniting and dividing within ASEAN countries, see Malcolm Cook, “Southeast Asia’s Developing Divide,” open forum,

drawn more cooperative policies from Vietnam and the Philippines by offering opportunities for joint development of the SCS.<sup>16</sup> India has been expected to play a role of counterweight against China, but Indian strategists discern China has deliberately invested in cultivating its relationships with the countries surrounding India, such as Pakistan, Sri Lanka, and Bangladesh, to effectively keep South Asia divided from checking China's expansion of influence in the region.<sup>17</sup>

## CHINESE INFLUENCE AND AMERICAN INTERESTS IN THE REGION

China aims to achieve its goal of establishing regional hegemony in the Indo-Pacific region without provoking the US and a coalition of balancing forces by slowly advancing its military capabilities, utilizing economic tools, and selectively engaging regional countries. Under this set of strategies, what specific activities has China employed and how do they intersect with American interests in the region? What has the US done to cope with Chinese activities and what are the challenges ahead? This section explores these questions focusing on the three main issue areas of (1) maritime security in the South China Sea, (2) geopolitics in the Korean Peninsula and Taiwan, and (3) economic statecraft.

### Maritime Security in the South China Sea

Since 2008, China's foreign policy has turned assertive in almost every area, but nowhere is this change more evident than in the SCS.<sup>18</sup> The Chinese navy, coast guard, and maritime militia form the largest maritime force in the SCS, and have gradually, but effectively, pushed Philippine and Vietnamese fishermen out of their customary areas.<sup>19</sup> China has established the facts of ownership over the disputed islands by sending tourists, anchoring ships with Chinese flags, building artificial islands, and, most importantly, "militarizing" the islands by building mili-

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*Asan Forum*, 1 August 2014, <http://www.theasanforum.org/southeast-asias-developing-divide/>, accessed 11 January 2019.

16 See "Beijing and Hanoi Promise to Keep the Peace in South China Sea, Where Vietnam Has Emerged as Most Vocal Claimant," *South China Morning Post*, 1 April 2018, <https://www.scmp.com/news/asia/southeast-asia/article/2139849/beijing-and-hanoi-promise-keep-peace-south-china-sea-where>, accessed 9 January 2019.

17 Indian strategists perceive that India faced China's encirclement strategy since China provides arms to the countries surrounding India. Kaplan, *Monsoon*, 127.

18 On the account of how China's foreign policy suddenly turned assertive in 2008, see Thomas Christensen, "The Advantages of an Assertive China: Responding to Beijing's Abrasive Diplomacy," *Foreign Affairs* 90, no. 2, (March/April 2011).

19 *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2018*, US Department of Defense, [https://dod.defense.gov/Portals/1/Documents/pubs/2017\\_China\\_Military\\_Power\\_Report.PDF](https://dod.defense.gov/Portals/1/Documents/pubs/2017_China_Military_Power_Report.PDF), accessed 11 January 2019.

tary outposts armed with long-range anti-ship and anti-air missiles.<sup>20</sup> It is also significant that China has been using this tactic of low-intensity coercion in maritime disputes while ignoring the international ruling by the Permanent Court of Arbitration (PCA) against China's maritime claims in SCS.

How did these Chinese activities in the SCS intersect with the US interests in the region? As China's policies became more assertive, US allies and partners in Southeast Asia have more willingly relied on the US to counterbalance the expansion of Chinese influence. From Washington's own perspective as well, the US cannot afford to allow China to dominate the SCS, given the sea's strategic importance as a major route for trade and energy. This is part of the reason the Obama administration announced the policy of the "Pivot to Asia."<sup>21</sup> Since then, the US has tried to strengthen its alliances and partnerships in the region—notably with Singapore, Australia, and India—and renewed its cooperation with Vietnam as well. The US military also has conducted Freedom of Navigation Operations, under which America sails naval vessels through the SCS. High-ranking officials have also repeatedly made statements that the US will stay involved in the region, promoting the "Free and Open Indo-Pacific" as a shared vision for interstate cooperation in the region.<sup>22</sup>

But the methods the US uses to pursue its strategy have not been sufficient to neutralize the Chinese tactic of salami slicing over the disputed islands. China has simply ignored the US show of force while continuing to militarize the islands and effectively kept ASEAN countries divided through skillful diplomacy and extension of economic benefits. Beijing also simply ignored PCA's ruling against its maritime claims in SCS, which sets a bad precedent that a country can escape punishment even after violating the international norm of rule of law. In

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20 See "China Is Putting Troops, Weapons on South China Sea Islands, and Has Every Right to Do So, PLA Official Says," *South China Morning Post*, 2 June 2018; "China Has Militarised the South China Sea and Got Away with It," *Economist*, 21 June 2018.

21 Hillary Clinton, "America's Pacific Century: The Future of Geopolitics Will Be Decided in Asia, Not in Afghanistan or Iraq, and the United States Should Be Right at the Center of the Action," *Foreign Policy* 189 (November 2011). For a critical review of the policy, see Robert Ross, "The Problem with the Pivot: Obama's New Asia Policy Is Unnecessary and Counterproductive," *Foreign Affairs* 91, no. 6 (November-December 2012): 70-82.

22 For example, see remarks by the US Secretary of Defense James Mattis at the Plenary Session of the 2018 Shangri-La Dialogue, transcript released by the US Department of Defense, 2 June 2018, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1538599/remarks-by-secretary-mattis-at-plenary-session-of-the-2018-shangri-la-dialogue/>, accessed 11 January 2019; see also the testimony by Randall Schriver, Assistant Secretary of the US Department of Defense, for the Subcommittee on East Asia, the Pacific, and International Cybersecurity Policy, on 15 May 2018, <https://www.foreign.senate.gov/hearings/american-leadership-in-the-asia-pacific-part-5-the-asia-reassurance-initiative-act-051518>, accessed 15 April 2019.

short, despite significant attempts to sanction China's misbehavior in the SCS, China continues to act with impunity.

### Geopolitics on the Korean Peninsula and Taiwan

In addition to the SCS, many scholars and security experts have selected the Korean Peninsula and Taiwan as flash points for potential conflicts between the US and China.<sup>23</sup> On the Korean Peninsula, China has traditionally taken dual approaches to deal with North Korea-related problems. On principle, China opposes North Korea's nuclear development and publicly criticizes Pyongyang whenever North Korea conducted nuclear tests. Yet China protects North Korea from regime collapse through diplomatic and economic support. This pattern of criticism and support has dramatically intensified in the last two years. In 2017, China exerted enormous pressure on North Korea by stringently implementing international sanctions.<sup>24</sup> Conversely, in 2018, China embraced North Korea by inviting Kim Jong-un three times for summits with Xi Jinping and supported Kim's diplomatic engagement with the US. Regarding Taiwan, Beijing has made it clear that China will use military force if Taiwan moves toward independence. In recent years, China has strengthened its anti-access, area denial (A2AD) capabilities to prevent US intervention in the event China uses forces against Taiwan. It is true that China has ratcheted up pressure diplomatically, commercially, and militarily since Tsai Ing-wen took office as president of Taiwan in 2016. Yet, according to the 2018 US Department of Defense on China's military posture, there is no indication that the Chinese navy is significantly expanding its landing ship force necessary for an amphibious assault on Taiwan. In the end, Beijing does not seek to upset the current arrangement of "no independence and no militarily-forced unification."<sup>25</sup> In this sense, China's priority on the Korean Peninsula and Taiwan appears to maintain

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23 For example, see Graham Allison, "From Here to War," *Destined for War: Can America and China Escape Thucydides's Trap?* (New York: Houghton Mifflin Harcourt, 2017): 154-186.

24 On the impact of China's sanctions against North Korea, see Susan V. Lawrence, Mark E. Manyin, and Keigh E. Hammond, "China's February 2017 Suspension of North Korean Coal Imports," *Congressional Research Service Insight*, 25 April 2017, <https://fas.org/sgp/crs/row/IN10659.pdf>, accessed 15 April 2019; Victor Cha, "The Meaning of China's Coal Ban on DPRK," blog posted by the Center for Strategic and International Studies, 20 February 2017, <https://www.csis.org/analysis/meaning-chinas-coal-ban-dprk>, accessed 15 April 2019; Jeremy Page, Andrew Jeong, and Ian Talley, "China, Finally, Clamps Down on North Korea Trade—And the Impact Is Stinging," *Wall Street Journal*, 2 March 2018.

25 The full quotation from the report is: "Although the PLAN seeks to achieve maritime superiority within the first island chain and to deter a third party from intervening in a Taiwan campaign, there is no indication that it is significantly expanding its landing ship force necessary for an amphibious assault on Taiwan." See *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2018*, 100.

the status quo, and not be a revisionist one as seen in the case of SCS.<sup>26</sup>

Yet, in the long run, changing situations within the Korean Peninsula and Taiwan can drive the US and China down the road to conflict. Concerning North Korea's nuclear weapons program, the following pattern has been repeatedly observed over the past decades: as North Korea continues to develop its nuclear and missile capabilities, the US has increasingly felt an urgent need to take actions to prevent its further advancement. Washington has tried to persuade Beijing to exert more influence over Pyongyang, but China has not been very cooperative. Rather, some observes suspect China uses North Korea as a bargaining chip in its overall diplomacy with the US.<sup>27</sup> In Taiwan's case, there is a growing sense of alienation from China among the people of Taiwan. The younger generation in Taiwan increasingly view themselves as Taiwanese, as separate from the Chinese living on the mainland. This self-identification of Taiwanese, not Chinese, has not translated into a popular movement for Taiwan's independence yet, but is still taken as a serious sign of change from Beijing's perspective.<sup>28</sup> If China threatens Taiwan militarily, like it did with missile exercises in 1996, the US may need to consider intervening to protect Taiwan, like it did by dispatching two Carrier Strike Groups and an amphibious task force to the vicinity of the Taiwan Strait. It is in this way the geopolitics of the Korean Peninsula and the Taiwan Strait can escalate tensions between the US and China, possibly dragging them into conflict if tensions spiral out of control.

### **Illiberal Economic Statecraft**

As noted above, China has been utilizing economic tools to influence US allies and partners in the region. In this regard, China challenges the liberal order of free trade and market capitalism that the US has tried to promote in the region for decades.<sup>29</sup> In Northeast Asia, China punishes US allies by manipulating their economic dependence on the Chinese market and resources. While the Chinese government can command private firms, not to mention state-owned enterprises, to

26 The recent defeat of DPP and the KMT revival in the 2018 local election was welcomed by Beijing, which signals that China may soften its approach. Therefore, it can be argued that China largely aims to maintain the status-quo with some variance in hardening or softening its approach toward Taiwan. See Charissa Yong, "US, Taiwan to Grow Closer Amid China Tensions: Experts," *Straits Times*, 11 April 2019.

27 Andrew Kydd, "Pulling the Plug: Can There Be a Deal with China on Korean Unification?" *Washington Quarterly* 38, no. 2 (May 2015): 68.

28 Jie Dalei, "Three Big Takeaways from Xi Jinping's Taiwan Speech," *Washington Post*, 10 January 2010.

29 Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, Massachusetts: Harvard University Press, 2016): 2.

follow its directives for strategic purposes, the private sectors in Japan, South Korea, and Taiwan press their governments to resolve the strategic issues with China in order to minimize their economic losses.<sup>30</sup> This is a part of the bigger contest between the model of state-led capitalism, as represented by China, and the liberal market economy nurtured by the US globally.<sup>31</sup> Yet the US did not show sufficiently visible support for its allies when they were faced with the coercive power of China's economic statecraft. In Southeast Asia and South Asia's cases, China has extended a considerable amount of economic support for the developing countries as part of its "charm offensive" strategy. Yet the Chinese-style support, which imitates China's own investment-led growth model with heavy emphasis on building infrastructure, appears to actually be hurting the local economies with shoddy construction, environmental degradation, and inefficient use of resources caused by corruption.<sup>32</sup> China's "debt diplomacy" with developing countries not only erodes US influence, but also challenges the principle of a liberal market economy that the US has strived to promote in these regions.

### **POLICY RECOMMENDATIONS: TIT-FOR-TAT STRATEGY**

Two problems have made the execution of US policy in the Indo-Pacific region largely ineffective: an impulsive reaction to China's military expansion and lack of action to cope with it. First, US policymakers appear to have a hard time accepting the reality that China's military rise has been the natural outcome of its stunning economic growth and that the US is no longer a sole dominant power in East Asia.<sup>33</sup> To be sure, this does not mean China will replace the US as the world's only superpower. China's overall national power is still far from challenging the US at the global level.<sup>34</sup> Yet China has already developed sufficient military capabilities to disrupt US military operations at the regional level as far as the Indo-Pacific is concerned. Thus there exists a structural gap between the

30 On the overall account of China's use of economic tools for diplomatic purposes, see William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (New York: Cornell University Press, 2016).

31 For more information on this topic, please see Barry Naughton, Kellee Tsai ed., *State Capitalism, Institutional Adaptation, and the Chinese Miracle* (Cambridge University Press, 2015); Yukon Huang, *Cracking the China Conundrum: Why Conventional Economic Wisdom is Wrong* (Oxford University Press, 2017); Ian Bremmer, "State Capitalism Comes of Age," *Foreign Affairs* (May/June 2009 Issue); "The Rise of State Capitalism" *The Economist*, January 19, 2012

32 Miller, *China's Asian Dream*, 23.

33 Robert Kaplan, "Opinion: How President Trump Is Helping Beijing Win in the South China Sea," *Washington Post*, 9 October 2018.

34 Michael Beckley, *Unrivaled: Why America Will Remain the World's Sole Superpower* (New York: Cornell University Press, 2018).

emerging bipolarity at the regional level and the unipolarity at the global level. A problem occurs when policymakers do not see clearly through the difference and inflate the regional bipolarity to the global level. The exaggerated fear that China can and will quickly challenge the US to “rule the world” as a global hegemon creates an unnecessarily heightened sense of urgency that the US should do everything to stop China from rising as a regional power in the first place.<sup>35</sup> The failure to acknowledge the fact of China’s rise as a peer-competitor at the regional level, strangely combined with the exaggerated fear that China will replace the US as global superpower, tends to reduce the strategic flexibility and narrow the range of options that the US can develop vis-à-vis China in the medium and longer term.

The second problem is that the US has not sufficiently taken effective action to check China’s expansion of influence in the region, despite its impressive rhetoric of the “Pivot to Asia.” The lack of action is odd given the heightened threat perception of China, and tough talk by high-ranking US officials in recent years.<sup>36</sup> For example, the US did not conduct naval patrols in support of its allies and partners with sufficient frequency when China started to take over the disputed islands in the SCS.<sup>37</sup> Understandably, the US strategic focus on the Indo-Pacific region was distracted by the chaotic situations in the Middle East and Europe. It is also reasonable that the US tries to avoid an unintended conflict with China over a bunch of small islands located far from the US mainland. As a result, while the US was distracted and hesitant, China could push the envelope and persistently advance its national interests in the region.<sup>38</sup> China continued to protect North Korea, threaten Taiwan, and militarize the islands, while ignoring the US show of force and the international ruling against China’s maritime claims in the SCS. The combination of an impulsive rejection of China’s rising power and

35 For instance, see Peter W. Navarro and Greg Autry, *Death by China: Confronting the Dragon - A Global Call to Action* (New Jersey: Pearson FT Press, 2011); Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order*, 2nd ed. (New York: Penguin Books, 2012); Michael Pillsbury, *Hundred-Year Marathon: China’s Secret Strategy to Replace America as the Global Superpower* (New York: St. Martin’s Press, 2016).

36 Thomas Maresca, “Mike Pence Challenges China at Asia-Pacific Economic Summit,” *USA Today*, 17 November 2018.

37 For example, the US declined to send naval ships in support of the Philippines, a defense treaty ally, to an area that international law has designated as within the Philippines’ exclusive economic zone, when China started to take over the islands of the Scarborough Shoal. Dr. Alexander Vuying, a leading scholar on the South China Sea issue, commented, “The U.S. failure to support its ally in the Scarborough standoff also demonstrated to people like Duterte that he had no other option than to kowtow to China.” See Hannah Beech, “China’s Sea Control Is a Done Deal, ‘Short of War with the U.S.’,” *New York Times*, 20 September 2018.

38 Kurt M. Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs* 97, no. 2 (March/April 2018).

the lack of actions to counter it generates the adversarial outcome that Kurt Campbell and Ely Ratner have summarized as Washington being confrontational without being competitive while Beijing is increasingly competitive without being confrontational.<sup>39</sup>

A new policy direction should be sought reversing the logic of these two problems: accept the hard reality and take action. First, US policymakers should recognize the complex reality that China has already emerged as a peer competitor at the regional level, but still lags far behind US power at the global level. While acknowledging China's desire for military rise as a natural outcome of economic development, US policymakers can focus on shaping China's foreign policy behavior to comply with the rule-based order, instead of impulsively reacting to China's rise.<sup>40</sup> US policymakers need to realize China's power is far from reaching parity with the US at the global level, despite its impressive military capabilities at the regional level, and the US has the time and resources to influence China's foreign policy behavior. The US goal in the region should be, then, to integrate China into the rule-based order, not contain it, and establish a new norm of cooperation between the US and China.<sup>41</sup> The question comes down to: how can the US motivate China to be more cooperative and responsible when engagement was tried in the past without much fruitful outcome?

In his analysis of the evolution of cooperation, political scientist Robert Axelrod argues that Tit-for-Tat is the best strategy to promote cooperation among selfish players without central authority.<sup>42</sup> Based on the principle of reciprocity, the US should adopt the Tit-for-Tat strategy to motivate China to be more cooperative on regional politics. Here is the logic: the US and China are in a situation similar to the prisoner's dilemma. In the analogy of the prisoner's dilemma, the two players know that they both will be better off by cooperating with one another, but

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39 Ibid.

40 On the discussion of whether the US has an ability to shape China's behavior and how to do it, see Thomas Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (W. W. Norton & Company, 2016)

41 There is near-consensus among China specialists that, since 2008, the competition has been growing and becoming primarily between the US and China, while the cooperative elements are secondary and declining. David Shambaugh, *Tangled Titans: The United States and China* (Maryland: Rowman & Littlefield Publishers; 2012): 5. Concerning the Chinese foreign policy's sudden change in 2008, some analysts argue that leaders in Beijing believed their country's accelerated economic and military ascent, together with America's focus on the Middle East as well as the debilitating economic crisis at home, created a strategic opening for China. See Wu Xinbo, "Understanding the Geopolitical Implications of the Global Financial Crisis," *Washington Quarterly* 33, no.4 (October 2010): 155-163; Bonnie S. Glaser and Lyle Morris, "Chinese Perceptions of U.S. Decline and Power," *China Brief* 9, no.14 (9 July 2009): 1-6.

42 Robert Axelrod, *The Evolution of Cooperation*, rev. ed. (New York: Basic Books, 2006).

mutual cooperation does not guarantee the maximum benefits one can gain individually by defecting first while the other side stays cooperative. Thus, both players have incentives to defect first, which would only result in a suboptimal outcome where both players become worse off had they cooperated. In this circumstance, Tit-for-Tat is the best strategy to restore cooperation as it combines the tactics of retaliation, forgiveness, and clarity.<sup>43</sup> You should not be the one to defect first, but when the other side defects, you are entitled to defect as a way to communicate the principle of reciprocity to the other side.<sup>44</sup> In the case of contemporary US-China relations, China is deemed to have defected from cooperation first with its assertive turn in foreign policy in 2008.<sup>45</sup> Therefore, as part of the Tit-for-Tat strategy, now it is the US's turn to defect as much as China has defected, but with the willingness to cooperate once China commits to doing so.

At the policy level, the US perceives China as having made the biggest defection from cooperation in the SCS.<sup>46</sup> Beyond tough talk and shows of force, the US needs to take concrete action to counter China's salami-slicing tactics. The challenge is how to communicate that US actions are temporary policy measures intended not to permanently retaliate for China's past deeds of defection, but meant to temporarily match China's own actions in a commensurate manner, in order to convince them to return to cooperation based on the principle of reciprocity. Certainly, this is a difficult task to achieve. An attempt by US naval warships to physically repel Chinese vessels—including its naval assets—or to destroy Chinese military installations on disputed islands by military means, may be the fastest way to go to war with China. Short of this, what other measures can the US take to push back against China without the danger of massive conflict? Actions speak louder than words, but how can the US still signal the benign intent to play a reciprocal game in the long run, while trying to repel Chinese influence at the same time?

The answer lies in the broad and deep military network that the US already has established in the Indo-Pacific region. According to the

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43 Ibid., 54.

44 Ibid., 23.

45 To be fair, the Chinese would not agree with the description that China has defected from cooperation first, thus disagreeing with the logic that other countries are entitled to take punitive measures against China. Whether China agrees or not, however, what matters is that China's behaviors have been increasingly perceived by other states as threatening and destabilizing since 2008.

46 China should worry about the contingency regarding Taiwan and the Korean Peninsula for the near and medium term, but the South China Sea beckons as the key to China's geostrategic future at the strategic level, in the long run. Kaplan, *Asia's Cauldron*, 20.

recent study by Michael Beckley, political scientist at Tufts University, many countries in the region already have developed sufficient A2AD capabilities that can effectively deny China's dominance. Because China's power projection forces are more expensive and more difficult to develop than their A2AD capabilities and China's economic growth is slowing down, the future trend is not in China's favor.<sup>47</sup> Moreover, countries in the region are also starting to reinforce their own military cooperation ties.<sup>48</sup> The US should support balancing efforts among its allies and partners to cope with China's expansion of influence. The US can augment these countries' own efforts to practice Tit-for-Tat strategy vis-à-vis China, through bolstering their defense capabilities, providing them with loans, arms, training, and intelligence, while signaling the US intent to use military force to defend these countries from China.<sup>49</sup> The US also can increase economic support for countries, such as Pakistan, Bangladesh, Sri Lanka, Laos, Cambodia and Burma that are starting to realize they are entrapped in the web of debt to China through their participation in OBOR projects.<sup>50</sup> Local populaces have lamented the corruption and pollution that Chinese influence brings to their countries, and these grievances create a strategic opportunity for the US to refocus its efforts in engaging with these countries.<sup>51</sup>

From this strategic discussion, the following courses of actions are proposed:

- Upgrade military cooperation with Vietnam and the Philippines; augment their maritime capabilities with a focus on visible, robust, and mobile A2AD capabilities and support their maritime patrolling and militarizing the disputed islands adjacent to their coastlines.
- Redesign US defense policies for engaging with Pakistan, Bangladesh, Sri Lanka, Cambodia, and Burma. Rather than cutting military engagement as punishment, use military engagement to highlight areas of common interest.

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47 Also, homeland security operations consume large shares of China's military resources. See Beckley, "The Emerging Military Balance in East Asia."

48 Joshua Kurlantzick, "Philippines and Vietnam Rapidly Building Strategic Partnership," *Asia Unbound*, Council on Foreign Relations, 24 April 2015, <https://www.cfr.org/blog/philippines-and-vietnam-rapidly-building-strategic-partnership>, accessed 14 January 2019; Prashanth Parameswaran, "What's Next for Vietnam-Philippines Defense Ties?" *Diplomat*, 11 August 2018, <https://thediplomat.com/2018/08/whats-next-for-vietnam-philippines-defense-ties/>, accessed 14 January 2019.

49 Mastro, "The Stealth Superpower"; Beckley, "The Emerging Military Balance in East Asia."

50 Kaplan, *Asia's Cauldron*, 40; John Pomfret, "China's Debt Traps around the World Are a Trademark of Its Imperialist Ambitions," *Washington Post*, 27 August 2018.

51 Miller, *China's Asian Dream*, 47, 120-123, 130-133.

- Encourage and support ASEAN unity to resist PRC advocacy of a toothless Code of Conduct for the South China Sea. Support ASEAN member countries' efforts to defend their legitimate maritime claims under existing international law.
- Reinforce and enlarge current efforts to team with Japan and Australia to fund infra-structure projects in the Indo-Pacific region. Frame it as a positive competition with China to provide multiple options of funding for the developing countries in the region.
- Support Japan, South Korea, and Taiwan's initiatives in supporting and investing in the development of Southeast Asian countries.
- Strengthen the connectivity and deepening ties between Northeast Asia and Southeast Asia.
- Integrate US government messaging to highlight the benefits of a Free and Open Indo-Pacific to all regional states. Explicitly draw a distinction between the PRC's coercive economic statecraft and the liberal international trading system.
- Expand the number and type of concrete cooperative structures in the Indo-Pacific. Leverage the Partnerships with a Purpose concept to build mini-coalitions around a range of interests that demonstrate the value of cooperative security and the commitment of the US to mutually beneficial regional solutions.<sup>52</sup>

Last but not least, it is important to note that all these measures are proposed with the long-term goal of restoring the culture of cooperation with China. Despite the similarity in contents with hawkish policy recommendations that call for tougher actions against China, I argue that the Tit-for-Tat strategy is distinguished by its focus on reversing the current trend of intensifying competition to the mode of cooperation. Taking endless competition with China as the “new normal” is detrimental to US interests in the stable management of regional order in East Asia, which requires the stable management of the bilateral relationship with China as essential. Therefore, while taking the competitive actions listed above, it is equally important for US officials and practitioners to develop and share the ideas of how the US plans to address the Chinese concerns

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52 For an excellent discussion about the idea of forming mini-coalitions on a range of common interests, see Scott D. McDonald, “Wanted: A Strategy for the Indo-Pacific Region,” *National Interest*, 7 August 2018, <https://nationalinterest.org/feature/wanted-strategy-indo-pacific-region-28182?page=0%2C1>, accessed 20 June 2019.

such as the security of sea routes for trade, and the stability of countries in China's periphery where China's own stability is also at stake.<sup>53</sup> Tit-for-Tat strategy is all about reciprocity, and the US should increase contacts with China, rather than decrease, to signal that the US will be ready to cooperate, as long as China stops defecting from cooperation and complies with international norms and standards as a prerequisite to meaningful cooperation.

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53 Similarly, Thomas Christensen argues that the US can still use the common desire for stability, but also with a clear projection of US strength combined, to encourage cooperative behavior by China in East Asia. See Thomas Christensen, "Did America Get China Wrong?: The Engagement Debate: Don't Abandon Ship," *Foreign Affairs* 97, no. 4 (July/August 2018).