

Beijing, Washington, and the Shifting Balance of Prestige  
Remarks to the China Maritime Studies Institute  
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10 May 2011, Newport, Rhode Island

The organizers of this conference recruited me to address it because I am a sort of living fossil. As a certified antique, exhumed from the diplomatic strata of the past, they thought I could not avoid having an historical perspective on things. While you were pondering naval matters today, they were sure that I would be contemplating my navel and reminiscing about ancient events. I don't want to disappoint them, so bear with me as I speak of things as they were forty years ago today – on Monday, the tenth of May 1971.

I had then just returned from training in Mandarin and Taiwanese. In the inscrutable wisdom of government personnel systems, this was thought somehow to qualify me to become, among other things, the officer-in-charge of the United States' virtually non-existent economic interaction with the China mainland. (In all of 1971, bilateral trade came to less than \$5 million. We do more trade with China in a single hour now.) Instead of focusing on that not very demanding aspect of my job, on that Monday, forty years ago, I was busy at other things. Like a few other colleagues in the State Department's Office of Asian Communist Affairs, I was writing papers in support of Henry Kissinger's secret visit to "Pei-p'ing," as political correctness then demanded we call it. The United States had spent more than two decades trying to destabilize and overthrow the People's Republic, championing the lost cause

of its defeated rival in the Chinese civil war, and excluding it from participation in international councils.

This was hardly an auspicious basis on which to enlist China in our then quarter-century-old grand strategy of containment of the Soviet Union. The shift from antagonism to attempted cooperation reflected realistic judgments about our international circumstances and the trajectory we were then on as a country. President Nixon recognized that our interests would be best served by abandoning failed policies and preconceptions. He boldly sought to seize previously unimagined strategic advantages for our country. To the surprise of many, he brought this off.

To reach an accommodation with China, the United States had to choose between our longstanding politico-military commitment to Taipei and the imperatives of our national interests as affected by the Cold War. Then, as now, the Taiwan issue constrained our relations with Beijing. It threatened an eventual, bloody rendezvous between Chinese nationalism and American military power. Then, as now, war would have been disastrous for both sides. Washington and Beijing crafted our rapprochement by deferring to later resolution the casus belli between us – the question of Taiwan’s relationship with the rest of China. Both this issue and the American role in it remain unresolved. Neither Chinese nationalism nor the Taiwan issue has gone away.

China has been patient for four decades, but it is now actively pondering how best to remove the United States from what is –

from its point of view – our very unhelpful residual military role in cross-Strait relations so that Beijing’s negotiators can settle the Taiwan issue with their counterparts in Taipei. That, I take it, is a principal focus of the national review of policy toward the United States that China is reportedly poised to launch. Americans cannot safely assume that China’s recent objections to U.S. arms sales to Taiwan or other military actions on our part are pro forma or “just more of the same.” It’s at least as likely that we will soon once again confront the necessity to choose between the self-imposed shackles of longstanding policy and the imperatives of our long-term strategic interests.

The underlying issue today is at root the same as forty years ago – the contradiction between U.S. policies designed to frustrate China’s achievement of its core objective of national unity and our need to reduce enmity and increase cooperation with China. But the context in which we must wrestle with this contradiction today is radically different. The balance of prestige, if not yet the balance of power, between the United States and China has shifted.

In international affairs, prestige is the shadow cast by the power of states to shape systems, attitudes, trends, and events. It is generated by the perceived decisiveness of a nation’s political system, its economic strength, and the vision and wisdom of its leadership, as well as its military prowess. Prestige is a major determinant of the ability of a nation to preserve the privileges of the past or frame the freedoms of the future. Current trends in this regard do not favor the United States over China.

It is not just that China and others are regaining the regional preeminence they enjoyed before the now defunct era of Western colonialism. It is also that America's fractious politics are now dispiriting rather than inspiring to foreigners and citizens alike. The financial system and economic model of the United States have been discredited in the world's eyes. Few look to us for leadership on either global or regional issues, whatever their nature. Only our military power is fully respected. But, as we have shown the world in Afghanistan, Iraq, and now Libya, there are limits to what military power alone can accomplish. China is widely seen as having its act together. The United States is universally viewed as in big trouble on a dismaying range of issues and not doing much, if anything, about any of them, other than more of the same.

Our fiscal situation is a central element of this perception. Total federal revenue, from all sources (income, corporate, excise, social security, and medicare taxes) is now \$2.2 trillion annually. Total federal transfer payments to individuals for unemployment, pensions, medical care, and the like come to \$2.4 trillion. The United States government is out of cash; it has to borrow \$200 billion even before it begins to fund its operations. The \$1.3 trillion it costs to run the government is, in effect, all borrowed, much of it from foreigners. About \$700 billion is for the defense budget. Another \$300 billion or more is military-related but in other budgets. Total U.S. military spending comes to well over \$1 trillion. Most of our politicians remain in denial, but growing numbers of them have begun to realize that America can't afford to continue anything like this level of outlays for our armed forces.

To our creditors, America now looks like a huge, insolvent insurance company with a mostly military workforce living on credit rollovers. Washington can't even pass a budget, let alone devise a credible plan to pay down our debt. Increasingly, America's creditors see the United States as a bad bet, not a safe haven for their money. This is not good. And it is not smart, in such circumstances, to enter a race with the People's Liberation Army, as we did with Soviet armed forces, to see who can spend whom into the ground.

Unlike the Soviet Union, China has a highly successful economy that is widely seen as a model combination of industrial policy with market economics. Not everybody likes China, but it has a reputation for coherent strategic vision. China does not operate an empire of captive satellite nations, have a history of global power projection, seek to export an ideology, or propose to expand beyond its traditional frontiers. It has not configured its forces for an attack on our homeland, even if it has made provision for retaliation against us in the event we strike its homeland. China has begun, however, to object to American naval operations in its near seas that it considers hostile to it. By its attempts to deny our right to carry out such operations, China jeopardizes our exercise of at least a portion of the global hegemony to which we have recently become accustomed. And the Chinese seem bent on developing defenses we cannot easily overwhelm. These are threats to our omnipotence even if they are not threats to our homeland.

China is also beginning to show a capacity to innovate militarily in ways that challenge American ingenuity. The good news is that China thus stimulates expensive new U.S. research and development projects as well as procurement and a conference or two. It is becoming a justification for “military Keynesianism.” But, as the numbers show, even without China as a major driver, military spending is already an unaffordable burden on the U.S. economy. In marked contrast, China’s defense budget is neither a significant strain on its economy nor likely to become one. With a GDP that seems destined to dwarf that of the United States in the foreseeable future, China does not anticipate resource constraints as it seeks to counter and outmatch the threat to it from America.

The United States is now fiscally hollow. Yet we are entering a long-term military rivalry with China on terms that are easily bearable by China but fiscally ruinous for us. This rivalry is all the more disadvantageous because China is competing in notably cost-effective ways, and we are not.

Aggressive reconnaissance in cyberspace is a less expensive and fatiguing way than naval and air patrols by which to probe military capabilities and map targets in other nations. Ballistic and submarine-launched cruise missiles can kill capital ships like aircraft carriers at a fraction of what it costs to build them. It’s much cheaper to shatter or blind satellites than to launch, maintain, or protect them. Defensive measures are less demanding of human and material resources than power projection against them.

This should give us pause. In some disturbing ways, Sino-American competition is beginning to parallel the contest between us and the Soviet Union in the Cold War. This time, however, the United States is in the fiscally precarious position of the USSR, while China plays the economically robust role we once did. The political and economic weaknesses of the USSR made it unable to compete with us on any terms other than military. The huge expense of a military contest with an economically fitter enemy ultimately bankrupted the Soviet state and brought it down. Moscow's conviction that the best defense is an overwhelmingly strong offense locked it into a military competition that, in retrospect, was as unnecessary as it was ultimately fatal.

Based on parallel logic, we have come to spend as much as the rest of the world combined on capabilities for military coercion. Our current force structure and global military posture are not dedicated to the defense of our homeland but to sustaining a credible capacity to overwhelm other nations' ability to defend their homelands and adjacent areas, including their near seas. Americans do not worry that foreigners will impose their will on us. Our armed forces exist to impose our will on those who challenge or resist it. In this context, China's improving defenses are only part of what drives our military strategy. Still, they loom ever larger in its sights.

As their strong preference for asymmetric counters to the instruments of American power projection illustrate, the Chinese are not just seeking security, but affordable security. Perhaps, given the state of our finances, we should do so too. But it's

hard to see how an objective of affordable security for the United States could be compatible with maintaining the assured ability to overpower China's constantly improving defenses.

The subject you are discussing – China's strategy for its near seas – is very relevant. The Chinese have begun to make it clear that they will not be prepared indefinitely to tolerate the long-term menace of provocative foreign naval operations near their homeland's coasts. So it is in its near seas that China's determination to carve out an exception to America's global dominion is finding its clearest expression. This determination does not make China a threat to the United States, but it reinforces the point that China is a threat to U.S. military supremacy in Asia and possibly beyond it.

In this context as in others, it would seem wise to minimize activities that increase rather than diminish China's perceived need to prepare itself for future combat with the United States. To the extent that the U.S. and PLA navies come to confront each other in China's near seas, the stimulus for China to focus on ridding these seas of foreign threats simply increases. There is, after all, an ineluctable asymmetry at play. The United States can cease to patrol China's near seas if it chooses, but China cannot cease to abut them.

The U.S. Navy insists on the right to conduct all sorts of operations in exclusive economic zones – EEZs – as an essential legal underpinning of our national interest in maintaining a dominant naval presence around the world. China sees its maritime perimeter through its experience of national humiliation

by repeated assaults from the sea. What is a legal principle for Americans is a defense imperative for China. Such differences are unlikely to be resolved anytime soon. Nor can we assume that bringing them to a head would necessarily resolve them in our favor.

The United States is not a party to the U.N. Convention on the Law of the Sea (UNCLOS) and so not in a position to avail ourselves of the Convention's dispute resolution mechanisms. International law evolves to reflect changes in military preoccupations, technologies, and balances. Hence, the worldwide move – which the U.S. Navy stoutly resisted – from a three to a twelve-mile limit. Hence the subsequent creation, also initially opposed by the United States, of a two-hundred-mile EEZ. It's hard to argue that American views enjoy greater international deference today than they did thirty or forty years ago.

There are many countries concerned, like China, to secure themselves from potential attack from the sea. In the post Cold War era, there are not many nations interested in preserving conditions conducive to global power projection or worldwide naval operations. If push came to shove, a majority of UNCLOS member states might support China's views over ours. If the Chinese were to mount their own aggressive reconnaissance operations off Guam, Pearl Harbor, San Diego, and Puget Sound, even our own politicians might object to their right to do this. In a world of more than one large and competent navy, the application of the golden rule to naval operations is an ever-present, if perhaps novel and unwelcome, possibility.

In sum, having a legal right to do something does not make it wise to rub others' noses in it. Lurking offshore to satisfy a prurient interest in the military preparedness of other nations to defend themselves can clearly be useful. Possibly, in some circumstances, it could be essential. But the best way to preserve the right to do it may be to refrain from doing it too obviously, too frequently, or too intrusively.

Antagonistic encounters in China's near seas are a significant factor in worsening Sino-American military relations but they do not have the impact of U.S. moves to shore up Taiwan's resistance to reunion with the mainland. The Taiwan issue is the only one with the potential to ignite a war between China and the United States. To the PLA, U.S. programs with Taiwan signal fundamental American hostility to the return of China to the status of a great power under the People's Republic. America's continuing arms sales, training, and military counsel to Taiwan's armed forces represent potent challenges to China's pride, nationalism, and rising power, as well as to its military planners. These U.S. programs appear to reflect judgments by the American elite that the Communist dictatorship on the mainland is fundamentally illegitimate and should be prevented from extending its sway to other parts of China even by peaceful means. U.S. interactions with Taiwan and Tibet belie the lip service American officials pay to the notion of "one China." The message China's civilian and military elite get from these interactions is that the United States wants "one China in name but not in fact – not now, and perhaps never, if America has

anything to say about it.” The Chinese don’t think we should have anything to say about it.

The kind of long-term relationship of friendship and cooperation China and America want with each other is incompatible with our emotionally fraught differences over the Taiwan issue. These differences propel mutual hostility and the sort of ruinous military rivalry between the two countries that has already begun. We are coming to a point at which we can no longer finesse our differences over Taiwan. We must either resolve them or live with the increasingly adverse consequences of our failure to do so.

For Chinese, the Taiwan issue presents an increasingly stark choice between national pride commensurate with rising prestige and continuing deference to America’s waning power. With Taiwan and the mainland integrating in practice, China sees the policies of the United States as the last effective barrier to the arrival of a ripe moment for the achievement of national unity under a single, internationally respected sovereignty. Dignity and unity have been and remain the core ambitions of the Chinese revolution. China may, for now, continue to emphasize the avoidance of conflict with the United States. But the political dynamics of national honor will sooner or later force Beijing to adopt less risk-averse policies than it now espouses.

For Americans, the Taiwan issue presents an unwelcome choice between potential long-term military antagonism with China and the perpetuation, despite rapid cross-Strait economic and social integration, of Taiwan’s de facto political separation from the

mainland. So far, the United States has in practice given priority to Taiwan, in what is now best described as an effort to retard the speeding tilt of the cross-Strait military balance against Taiwan. Given the huge stakes for the United States in our strategic interaction with China, this choice might well strike someone looking afresh at the situation as oddly misguided.

American priorities look all the more inverted when one considers that Beijing has offered to negotiate what amounts to purely symbolic reunification with Taiwan, forgoing any political or military presence of its own on the island. This offer cannot be dismissed as incredible. China's willingness to tolerate amazingly different politico-economic orders on what is nominally its territory has been amply demonstrated in both Hong Kong and Macau. Its proposal to Taipei offers far greater autonomy than either of these city-states enjoy. Is it worth a war with China to prevent such an outcome? If not, why are we behaving as if it were?

Both our global military posture and our approach to China seem unlikely to work out well for us. Perhaps it's once again time to throw off the intellectual shackles imposed by longstanding policy and address the imperatives of long-term strategic interests. Just something to think about as you plot a course for the U.S. Navy in China's near seas.