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China: Rise or Demise?

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EXECUTIVE SUMMARY

Policymakers increasingly view China's rapidly growing wealth as a threat. China currently ranks second, or perhaps even first, in the world in gross domestic product (although 78th in per capita GDP), and the fear is that China will acquire military prowess commensurate with its wealth and feel impelled to carry out undesirable military adventures.

However, even if it continues to rise, China does not present much of a security threat to the United States. China does not harbor Hitler-style ambitions of extensive conquest, and the Chinese government depends on the world economy for development and the consequent acquiescence of the Chinese people. Armed conflict would be extremely—even overwhelmingly—costly to the country and, in particular, to the regime in charge. Indeed, there is a danger of making China into a threat by treating it as such and by engaging in so-called balancing efforts against it.

Rather than rising to anything that could be conceived to be “dominance,” China could decline into substantial economic stagnation. It faces many problems, including endemic (and perhaps intractable) corruption, environmental devastation, slowing growth, a rapidly aging population, enormous overproduction, increasing debt, and restive minorities in its west and in Hong Kong. At a time when it should be liberalizing its economy, Xi Jinping's

China increasingly restricts speech and privileges control by the antiquated and kleptocratic Communist Party over economic growth. And entrenched elites are well placed to block reform.

That said, China's standard of living is now the highest in its history, and it's very easy to envision conditions that are a great deal worse than life under a stable, if increasingly authoritarian, kleptocracy. As a result, the Chinese people may be willing to ride with, and ride out, economic stagnation should that come about—although this might be accompanied by increasing dismay and disgruntlement.

In either case—rise or demise—there is little the United States or other countries can or should do to affect China's economically foolish authoritarian drive except to issue declarations of disapproval and to deal more warily. As former ambassador Chas Freeman puts it, “There is no military answer to a grand strategy built on a non-violent expansion of commerce and navigation.” And Chinese leaders have plenty of problems to consume their attention. They scarcely need war or foreign military adventurism to enhance the mix.

The problem is not so much that China is a threat but that it is deeply insecure. Policies of threat, balance, sanction, boycott, and critique are more likely to reinforce that condition than change it. The alternative is to wait, and to profit from China's economic size to the degree possible, until someday China feels secure enough to reform itself.

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INTRODUCTION

The remarkable decline of international war for three-quarters of a century (and counting) strongly suggests that international politics may have profoundly and perhaps permanently changed.¹ Leading countries certainly continue to have disputes and differences over boundaries and fisheries, for example, and they frequently intervene in civil wars abroad. But it really seems that, reversing the course of several millennia, they no longer envision major or direct war as a sensible method for resolving their disputes.²

Some suggest, however, that this agreeable condition may someday be punctured by the rise of China as a major U.S. rival. In 2018, the U.S. Department of Defense, then under the command of retired Marine Corps General James Mattis, issued its *National Defense Strategy*, which espied an “increasingly complex security environment” and an “ever more lethal and disruptive battlefield.” In response, it advocated “a consistent, multiyear investment to restore warfighting readiness and field a lethal force.” (That is, in its view, the U.S. military had allowed itself to become insufficiently lethal.) The report deemed the rise of China, along with the assertiveness of Russia, to be the “central challenge to U.S. prosperity and security.”³ In 2019, U.S. Secretary of State Mike Pompeo proclaimed the Chinese Communist Party to be “a Marxist-Leninist party focused on struggle and international domination.”⁴ And in 2020, Secretary of the Navy Kenneth Braithwaite said that he believed with all his “heart and soul” that China presented “an unbelievable threat to our way of life,” one “beyond any comparison ever in the history of our country,” while Director of National Intelligence John Ratcliffe called China not only the “greatest threat to America today” but also “the greatest threat to democracy and freedom world-wide since World War II.”⁵

This paper assesses this new “China syndrome.” It argues first that China, even if it rises, does not present much of a security threat to the United States. And second, rather than rising to anything that could be conceived to

be dominance, China faces many problems and might even be declining into an extended period of stagnation. Especially under Xi Jinping, China has strongly privileged the maintenance of control by the antiquated and kleptocratic Communist Party over economic growth, and it has become increasingly authoritarian. In either case—rise or demise—there is little the United States can or should do to affect the outcome.

CHINA’S RISE

The Cold War between the United States and the Soviet Union came to an end in the late 1980s. By that time, the cold war between the United States and China had long dissipated.⁶

Despite deep enmity over the Vietnam War and other issues, the United States made several efforts in the 1960s to open a dialogue with China as China’s dispute with the Soviet Union heated up. But Mao Zedong’s China was unwilling to discuss even such modest proposals as the exchange of journalists unless the United States made a major concession first: abandoning its support for the regime on Taiwan. In the context of Sino-Soviet border clashes in 1969, however, things began to change profoundly. The new Nixon administration let it be known that it favored improvement of relations, a policy that did not, as national security adviser Henry Kissinger has acknowledged, “differ substantially” from that of previous administrations. But, unlike its predecessors, the Nixon administration found glimmers of responsiveness from China, and relations then improved with impressive speed. By 1972, the Chinese had allowed the Taiwan issue to be finessed—using a U.S. Department of State formula devised in the 1950s—and President Richard Nixon capped off the rapprochement with a visit to China.

American leaders have extensively congratulated themselves for this remarkable development. But the true transformer was China’s premier, Zhou Enlai, who was jockeying for position with Mao’s heir-designate, the fanatical Lin Biao. With the triumph of Zhou’s

approach, and with Mao's assent, China continued to improve relations with the United States and began to show a decreasing interest in the distant insurgencies that had been such an all-consuming passion a few years earlier. After Zhou died in 1976, this process continued under his protégé and successor, Deng Xiaoping. Reagan adviser Richard Pipes observed in 1985 that the Cold War was not so much about communism but about efforts to export the system: "China has turned inward and ceased being aggressive, and so we are friendly toward China, just as we are toward Yugoslavia. We may deplore their Communist regimes, but these countries are not trying to export their systems and therefore do not represent a threat to our national security."⁷ China had essentially dropped out of the Cold War.

Hopes for democratization were not fulfilled, although there clearly was liberalization from the totalitarian days of Mao—the emergence of semi-competitive democratic elections at the village level, the growth of a viable legal system, and some liberalization of the media. Economic change, however, was extensive: Deng freed up increasingly large portions of the economy, something that led to a remarkable period of economic growth. In result, China has come to rank second or perhaps even first in the world in gross domestic product (GDP)—a condition that,

due to its huge population, it had previously held for much the better part of two millennia, as Table 1 shows.⁸ In per capita GDP, however, China registers in 78th place—about the same as the Dominican Republic. At that rate, suggests Stanford University's Thomas Fingar, "China still has a long way to go to attain developed-country status."⁹ Indeed, the World Bank estimates that a quarter of the Chinese people live on less than \$5.50 per day.¹⁰ Moreover, Tufts University's Michael Beckley notes that "dozens of studies have shown that Chinese officials systematically inflate China's numbers"—perhaps even to the point of doubling the country's true economic growth rate.¹¹ If China's GDP is actually only half the published number, it would still rank near the top in GDP but about 120th in per capita GDP—a bit behind Guatemala.

A Hegemonic Threat?

In a globalized economy, it is of course better for the United States and for just about everyone if China (or Japan or Brazil or India or Russia or any other country) becomes more prosperous. For one thing, a wealthier China means the Chinese can buy more foreign goods and services—and debt.¹² However, eschewing such economic logic, observers often perceive a threat in China's rapidly increasing wealth.

“There has been a notable tendency to perceive a threat in China's rapidly increasing wealth.”

Table 1

Top six in GDP (PPP), selected years

	1 AD	1000	1500	1600	1700	1820	1870	1913	1950	1973	2003	Rank, GDP per capita, 2019
1	India	India	China	China	India	China	China	United States	United States	United States	United States	8
2	China	China	India	India	China	India	India	China	USSR	Japan	China	78
3	Italy	Japan	Italy	France	France	USSR	UK	Germany	UK	Germany	Japan	29
4	France	USSR	France	Italy	USSR	UK	United States	USSR	Germany	China	India	126
5	Spain	France	USSR	Germany	Japan	France	USSR	UK	China	France	Germany	15
6	USSR	Italy	Germany	USSR	Italy	Germany	Germany	India	India	UK	USSR	

Notes: "USSR" refers to countries comprising the former Soviet Union; GDP = gross domestic product; PPP = purchasing power parity.

Sources: Angus Maddison, *Contours of the World Economy, 1–2030 AD* (New York: Oxford University Press, 2007), p. 379; and World Bank.

“It is not clear that the United States really ‘dominates’ the international arena.”

For example, John Mearsheimer of the University of Chicago deems it important that the United States keep China in check, and he considers this to be one of a very few core strategic interests for which the country should use force.¹³ As he puts it bluntly, the United States “must prevent China from becoming a hegemon in Asia.”¹⁴

There is considerable literature arguing that by a string of measures the United States will remain by far the strongest country in the world for decades to come.¹⁵ Nonetheless, writing with Harvard University’s Stephen Walt, Mearsheimer argues that the chief concern is the rise of a hegemon that would dominate its region, much as the United States dominates the Western Hemisphere. Such a state would have abundant economic clout, the ability to develop sophisticated weaponry, the potential to project power around the globe, and perhaps the wherewithal to outspend the United States in an arms race. It might even ally with countries in the Western Hemisphere and interfere close to U.S. soil. Thus, the United States’ principal aim “should be to maintain the regional balance of power so that the most powerful state in each region . . . remains too worried about its neighbors to roam into the Western Hemisphere.”¹⁶

Actually, it is not clear what the word “hegemon” even means. Sorting through various definitions, political scientists Simon Reich and Richard Ned Lebow array several that seem to capture the essence of the concept: domination, controlling leadership, or the ability to shape international rules according to the hegemon’s own interests. “Hegemony,” then, is an extreme word suggesting supremacy, mastery, preponderant influence, and full control. Hegemons force others to bend to their will whether they like it or not.¹⁷

However, it is not clear that the United States really “dominates” the international arena. Despite all its strength, notes historian David Bell, “the United States seems frustratingly unable to impose its will on the rest of the world.”¹⁸ This can be seen, in particular, in the Western Hemisphere, where the

United States supposedly reigns as a “hegemon.” The United States can’t stop the inflow of drugs from its south or of guns going the other way. And, as the Cato Institute’s Doug Bandow notes, “the world’s greatest power has proven incapable even of replacing the hostile government of a small island almost within sight of its coast.”¹⁹

Moreover, the country’s neighbors do not seem to quake in fear of America’s nuclear weapons or of the prowess of its Marines—whose record at invading and occupying selected countries in Latin America early in the last century was less than impressive because the invaded countries reverted to form after the foreign troops left.²⁰ But their attention can be arrested if the United States credibly threatens to stop buying their sugar, coffee, oil, bananas, or beer. It is in that sense that an economically expanding China may someday come to “dominate” Asia. As commentator Fareed Zakaria puts it, China’s “greatest advantage in the global trading system” comes “from its sheer size.”²¹ As Table 1 documents, this is scarcely a new phenomenon, but the massive growth of international trade in the modern era gives economic size much greater significance.

For example, China sometimes demands that foreign companies turn over company secrets as the price for being allowed to operate in China.²² The demand, which is unlikely to endear China to foreign firms and may well be unwise from a long-term Chinese perspective, is sometimes complied with because the value of being able to enter the huge Chinese market is so great. Thus the National Basketball Association (NBA) was reduced to self-interested groveling in 2019 when China, offended by a tweet by an NBA manager, pulled some NBA games from Chinese television.²³ In many respects, the phenomenon is comparable to the effects of secondary sanctions applied by the United States to Iran and North Korea, in which companies are persuaded to abandon trade with the sanctioned countries not because they agree with the policy but because they would otherwise be denied access to the huge American market.

It is a capacity, sometimes seen to be bullying, that comes with economic size.

More ominously, however, the fear is that China, as it becomes ever wealthier, will invest a considerable amount in military hardware and will consequently feel impelled to target the United States or to carry out undesirable military adventures somewhere, perhaps even in the Western Hemisphere, where America supposedly possesses hegemony.²⁴ The clear implication of this perspective is that American military force should be applied to keep that from happening. “If China continues its impressive rise,” Mearsheimer and Walt argue, “it is likely to seek hegemony in Asia,” and the United States “should undertake a major effort to prevent it from succeeding.” This would include “deploying enough firepower to the region to shift the balance in its favor” while “recognizing that it is sometimes necessary to come onshore.”²⁵ Or, as Walt puts it, if some country seems “likely to dominate” an area deemed to be of vital significance to the United States, the United States should intervene “with military force” to keep that from happening.²⁶

Princeton University’s Aaron Friedberg is also quite concerned about the necessity of “balancing” against China, an enterprise he grandly labels the “Struggle for Mastery in Asia.” He warns rather extravagantly (and without much specificity) that if an illiberal China were to displace the United States as the preponderant player in this region, there would be grave dangers to American interests and values throughout the world and that if Beijing comes to believe that it can destroy U.S. forces and bases in the Western Pacific in a first strike using only conventional weapons, there is a chance that it might someday try to do so. However, even he concludes that China is unlikely to engage in outright military conquest, and he notes that it is important to remember that both China’s political elites and its military establishment would approach the prospect of war with the United States with even more than the usual burden of doubt and uncertainty, that the present generation of

party leaders has no experience of war, revolution, or military service, and that the Chinese army has no recent history of actual combat. Moreover, even if China could somehow reduce its reliance on imported resources, the vitality of its economy will continue to depend on its ability to import and export manufactured products by sea—something that an armed conflict (or even the nearness of one) would greatly disrupt.²⁷

This line of thought has something of a precedent. Japan’s impressive economic rise in the late 1980s led to similar alarmism, culminating in the decidedly non-prescient 1991 book, *The Coming War with Japan*.²⁸ Those of the then-fashionable America-in-decline school included Harvard’s Samuel Huntington, who assured us that a need had suddenly arisen to fear not “missile vulnerability” but “semiconductor vulnerability.” And “economics,” he warned, “is the continuation of war by other means.”²⁹ He espied danger signals, for example, when Japan became the largest provider of foreign aid and when it shockingly endowed professorships at Harvard and the Massachusetts Institute of Technology.³⁰ Some analysts at the time confidently insisted that Japan by natural impulse would soon come to yearn for nuclear weapons even though the Japanese themselves seemed to remain uninterested in them.³¹

Now, applying something like the same thought processes to China, the alarmists effectively suggest that it is better for developed countries if China were to continue to wallow in comparative poverty and that the United States should use military force if necessary to make sure that happens.

From time to time, China may be emboldened to throw its weight around in its presumed area of influence. Such weight-throwing is unpleasant to watch as well as counterproductive to China’s economic goals to the degree that it inspires hostility in the region, making the neighbors wary and pushing them closer to the United States.³² But, as even Friedberg and Walt acknowledge, China does not seem to harbor extensive conquest ambitions.³³

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Above all, China has become almost the quintessential trading state.³⁴ Its integration into the world economy and its increasing dependence on it for economic development and the consequent acquiescence of the Chinese people are crucial. Armed conflict would be extremely—even overwhelmingly—costly to the country and especially to the regime in charge. And Chinese leaders seem to realize this. As Bell puts it, “there is little reason to think that the country has any interest in seriously damaging the United States, its largest trading partner and debtor.”³⁵ The best bet is that this condition will essentially hold.

Indeed, there is a danger of making China into a threat by treating it as such, by refusing to consider the unlikelihood as well as the consequences of worst-case-scenario fantasizing, and by engaging in endless metaphysical talk about rejuggling military hardware to somehow “balance” against China. In this respect, special consideration should be given to the observation that, as China expert Susan Shirk notes, provocative balancing talk, especially if military showmanship accompanies it, has the potential to be wildly counterproductive: “historically, rising powers cause war not necessarily because they are innately belligerent, but because the reigning powers mishandle those who challenge the status quo.”³⁶

Similarly, Columbia University’s Richard Betts warns: “No evidence suggests that Chinese leaders will have an interest in naked conquest. . . . The most likely danger lies in the situation in which action China sees as defensive and legitimate appears aggressive to Washington.”³⁷ “Unfortunately,” observes China scholar Thomas Christensen, “exaggerated rhetoric” from the United States has “seemingly confirmed nationalist Chinese narratives about U.S. efforts to encircle and contain China.”³⁸ Historian Odd Arne Westad points out that China continually complains that “the United States is planning to undermine China’s rise through external aggression and internal subversion.”³⁹ And after going over hundreds of relevant Chinese-language articles, Lyle Goldstein, research professor in

the China Maritime Studies Institute at the U.S. Naval War College, finds “a plainly evident common theme.” Chinese specialists “are convinced that Washington seeks to contain and even derail China’s rise.”⁴⁰

This seems a prime example of conditions in which the “security dilemma” is updated and perpetuated. It was in operation in the Cold War: neither contestant had the slightest interest or desire to go to war with the other, but each took the other’s buildup to be threatening, requiring each to amass ever more armaments in order to deter the nonexistent threat.⁴¹ As President Dwight Eisenhower put it in exasperation at a 1956 National Security Council meeting: “We are piling up armaments because we do not know what else to do to provide for our security.”⁴²

Robert Jervis characterizes the security dilemma as “tragic.”⁴³ But surely because it results primarily in massively unnecessary expenditure and planning and in frantic, if fundamentally insignificant, sound and fury, the theatrical form it most resembles is farce—or perhaps theater of the absurd.

And we are back at it. Former secretary of state Mike Pompeo seriously warned that China “spends more on its military than it needs for its own defense” without noting that China is not exactly unique in that regard. Moreover, self-interest is not absent from the process: as Zakaria notes, “The Pentagon could raise large budgets by conjuring the specter of a war against a rich, sophisticated military with cutting-edge technology.”⁴⁴ And analyst Richard Hanania suggests that China “poses a major threat to the American political establishment, how it justifies its own power, and its understanding of the U.S. role in the world.”⁴⁵

A Chinese Sphere of Influence?

Many commentators have raised concerns about China’s often-expressed desire to have more “influence” in the world. They point, in particular, to an elaborate Chinese scheme—the Belt and Road Initiative—to establish sea and land lanes to maintain and

enhance China's ability to trade with the rest of the world. Unsurprisingly, many in the United States envision this as a key part of a diabolical plot by the Chinese to "rule the world."⁴⁶

However, it is absurd to obsess over something like the vacuous, if venerable, sphere of influence concept. The notion that world affairs are a process in which countries scamper around the world seeking to establish spheres of influence is at best decidedly unhelpful and at worst utterly misguided.⁴⁷ But the concept continues to be embraced in some quarters as if it had some palpable meaning. For example, in 2017, the National Intelligence Council opined that "geopolitical competition is on the rise as China and Russia seek to exert more sway over their neighboring regions and promote an order in which U.S. influence does not dominate."⁴⁸

However, it is difficult to see whether American "influence" could be said to "dominate" anywhere. For example, on December 21, 2017, when the United States sought to alter the status of Jerusalem, the United Nations General Assembly repudiated the U.S. stand in a nearly unanimous vote that included many U.S. allies. That's influence?⁴⁹ Indeed, it is impressive that the hegemon, endowed with what Reich and Lebow aptly call a grossly disproportionate military capacity, has had such a miserable record of military achievement since 1945.⁵⁰ The militarized application of American primacy and hegemony to order the world has often been a fiasco.⁵¹

The same holds for China's efforts. As Fingar notes, "muscular displays of Chinese military power may have been intended to dissuade neighboring countries from lending support to imputed U.S. military planning, but they seriously undercut efforts to reassure other countries that they had no reason to fear China's 'peaceful rise.'"⁵² Westad points out that the efforts "have all backfired: East Asia is much warier of Chinese aims today than it was a decade ago," and he cites a Pew Research Center poll that shows the percentage of South Koreans who viewed China's rise favorably fell from 66 percent in 2002 to 34 percent in 2017.⁵³

The Spread of Chinese Ideology

H. R. McMaster, a national security adviser in the Trump administration, warned in 2020 that "China has become a threat because its leaders are promoting a closed, authoritarian model as an alternative to democratic governance and free-market economics."⁵⁴ However, concerns that China is bent on spreading some sort of dangerous alternative ideology seem to be singularly misplaced. Not only are authoritarianism, dictatorships, and kleptocracy far from new, but they can scarcely be said to constitute an ideology.⁵⁵ And insofar as they can, most of the countries so "influenced" are unlikely to need much guidance: they are already masters of the form.⁵⁶ Moreover, as Harvard's Alistair Ian Johnston notes, it is not all that clear that China is even trying to export or promote its system: in Latin America, for instance, it has closer economic and institutional ties with democratic Costa Rica and Chile than with authoritarian Venezuela and Cuba.⁵⁷

Actually, any comparative advantage the Chinese derive may stem less from their own efforts at image projection than from the destructive and appalling failures of American foreign and particularly military policy over the past few decades, most notably in the Middle East.⁵⁸ China may also derive some reputational benefit from its comparatively successful handling of the COVID-19 pandemic—although mainly from those who ignore the successes of far less authoritarian regimes in the area, such as Singapore, Taiwan, and South Korea.

The Contest to Police the Global Commons

China does seem to be more assertive about controlling piles of rocks, sometimes known as islands, in the South China Sea and establishing a greater presence in that area. As Ambassador Chas Freeman points out, "China has not expanded its maritime territorial claims, which date back to at least the early 20th century," but it disputes the occupation of some of those claims by Malaysia, the

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Philippines, and Vietnam that started in the 1970s. In the meantime, it has “transformed its tenuous holdings in the South China Sea into an impressive array of artificial islands and installations from which no other claimants can hope to dislodge it.”⁵⁹

China’s concerns seem to be two-fold. First, the sea lanes are crucial to the country—fully two-thirds of the commerce that flows through that waterway originates in or is destined for China. Thus, China is likely to be worried occasionally about whether it can count on the continuous benevolence of the U.S. Navy, which has unilaterally presented itself to be the policing agency for what it likes to call “the global commons”—a fancy term for oceans.⁶⁰ After all, policing agencies in cities not only keep the streets open and the traffic flowing but also deem it necessary to close off some avenues from time to time. Second, as China has become more prosperous, the demand at home for fish has dramatically increased, a phenomenon unlikely to taper off as the country continues to develop. Consequently, disputes with its neighbors over fishing areas have increased.⁶¹

To deem these developments to constitute some sort of global threat is excessive. Should China come to imagine that it controls that body of water, it will still have an intense interest in the free flow of ships through it. Even if China blocked passage, ships could take other routes with only fairly minor inconvenience and expense.⁶² Zakaria notes a similarity with the Monroe Doctrine of 1823 when the United States, then a rising country, “declared the entire Western Hemisphere off-limits to the great powers of Europe.”⁶³ Moreover, fishing disputes have been around forever and are more nearly the inspiration for farce than for cosmic *sturm und drang*.

China has dismissed the Permanent Court of Arbitration’s tribunal ruling that went against its claims in the South China Sea. (The United States has yet to ratify the UN Convention on the Law of the Sea at all.) However, Fingar notes that this “remains the only such instance of outright rejection” while

suggesting that “Beijing is quietly complying with a number of the tribunal’s judgments.”⁶⁴

Spying and Stealing

There are also complaints that China has committed what McMaster calls “economic aggression”—it has not always played within the rules of international trading and has often engaged in unfair practices, including the peddling of goods created by state-nurtured zombie firms and the theft of intellectual property.⁶⁵ The concerns are justified—and, as Zakaria notes, are similar to those leveled against Japan before 1993.⁶⁶ Or, one might add, similar to those leveled against the United States as it was expanding in the 19th century when, for example, American agents routinely stole technology from European factories. And it was scarcely new then: centuries earlier, two Nestorian monks smuggled silkworms out of the Far East to help the Byzantine Empire break China’s monopoly on the production of silk.⁶⁷

In modern times, perhaps the most extensive application of industrial espionage was by East Germany, focused on its nearby western neighbor. The efforts did help close the economic gap between the two, but they also cannibalized long-term investment in research and development (R&D). “It’s R&D on cocaine,” says one student of the phenomenon, “Maybe you can have a little bit of fun with it, but it’s not good for you in the long run.” Says another: “It’s a way to keep up,” but “it’s not a strategy to become a world leader.”⁶⁸

International spying and stealing have been standard forever, and they are likely to become ever more extensive as the relevant technology improves. That is, as Hanania puts it, “most of the indictment against China involves things that every country does.”⁶⁹ As Johnston points out, “the United States has been the only major power to make a clear, normative distinction between the legitimacy of cyber-enabled political-military espionage and the illegitimacy of cyber-enabled commercial espionage.” China, then, is following “the dominant behavioral norm on cyber commercial espionage,” and it is the United States that is the outlier. He

also notes that American businesses in China find forced technology transfers to be much less of a problem than issues like the lack of transparency in the Chinese regulatory system.⁷⁰

The Issue of Taiwan

There are also concerns about China's well-seasoned and oft-stated desire to incorporate (or re-incorporate) Taiwan into its territory, an issue that has waxed and waned in intensity over the years.⁷¹ World leaders should sensibly keep their eyes on this because it could conceivably lead to armed conflict for which American military forces might appear to be relevant. But it is also conceivable, and far more likely, that the whole problem will be worked out without armed conflict.

The Chinese have often stressed that their perspective on this issue is very long term, that they have a historic sense of patience, and that they have reached agreement with Russia and other neighbors, giving up some territory on which they had historical claims. Indeed, tallies Massachusetts Institute of Technology's Taylor Fravel, China has had 23 unique territorial disputes with its neighbors since 1949, and thus far, all but six have been resolved through diplomatic negotiations, most of which involved Chinese concessions.⁷²

Though scarcely a short-term prospect, it seems possible that some sort of legalistic face-saving agreement might eventually be worked out with Taiwan.⁷³ For most of the post-Cold War period, Taiwan has not shown signs of alarm and has generally underspent on defense.⁷⁴ That may change in the wake of China's actions in 2020 in Hong Kong. However, China's problems with unrest in Hong Kong in the past two years may well deflate any enthusiasm for extending Beijing's control over another potentially restive population, particularly one that is much farther away. The experience may also help to deflate explicit calls in Taiwan for independence.

One worst-case scenario that alarmists offer concerns an invasion of Taiwan by China (after it builds up its navy). But it is unlikely that China would carry out such an economically

self-destructive act. Moreover, Russia's comparatively minor Ukraine gambit in 2014 proved to be quite costly economically, and the lessons of this experience are unlikely to be lost on the Chinese.⁷⁵ In addition, the analyses of Michael Beckley certainly suggest that Taiwan has the conventional military capacity to concentrate the mind of any would-be attackers. It has "spent decades preparing for this exact contingency," has an advanced early warning system, can call into action massed forces to defend fortified positions with precision-guided munitions, and has supply dumps, booby traps, a wide array of mobile missile launchers, artillery, and minelayers. In addition, there are only 14 locations that can support amphibious landing, and these are, not surprisingly, well-fortified by the defenders.⁷⁶

The United States may not necessarily be able to deter or stop a military attack on Taiwan.⁷⁷ However, in the unlikely event that such an attack were to take place, the most likely American response would not be to wage major war over the issue but to carry out a campaign of economic and military (including naval) harassment and to support local—or partisan—resistance as it did in Afghanistan after the Soviet invasion there in 1979.⁷⁸

CHINA'S DECLINE: PROBLEMS AND PROSPECTS

Concerns about the security implications of China's rise are not particularly justified. Moreover, China faces many problems. As Freeman puts it, "China has its hands full." Among the problems: "environmental devastation, slowing growth, a rapidly aging population and shrinking labor force, enormous levels of industrial overproduction, accumulating local debt, a still-inadequate social safety network, and an increasingly oppressive political system. . . . It has an unfinished civil war with Taiwan and uneasy relations with fifty-five ethnic minority groups—8½ percent of its population—at least two of which are in a near state of rebellion."⁷⁹

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Although China might eventually be able to handle these and other problems, they will arrest the attention of its leaders for a long time. And, in total, they might be taken to suggest that descent or at least prolonged stagnation might come about, rather than a continued rise.

The Environment

As Thomas Fingar and Jean Oi point out, China’s decision to accord a “higher priority to growth and job creation than to environmental protection has had highly negative and increasingly resented impacts on health and quality of life.”⁸⁰ The current result: air pollution kills over a million and a half Chinese each year.⁸¹ Barry Naughton of the University of California at San Diego points out that although China has 19 percent of the world’s population, it incurs 30 percent of the health costs, and this might increase as the population ages.⁸²

Corruption

There is also a problem with endemic corruption characterized by collusive economic looting and privilege seeking by officials, businessmen, and gangsters. China’s railway minister, for example, was found to have amassed over a hundred million dollars in cash alone, acquired 350 apartments, and maintained 18 mistresses.⁸³ The courts, too, are corrupt. Bribes influence judgments, while extortion, excessive fees, and the leaking of confidential information is common. Moreover, the judiciary is not independent of the Communist Party: courts and prosecutors report to it, and it controls judicial budgets, appointments, and promotions.⁸⁴

Under Xi Jinping, who became president in 2013 and may enjoy lifetime tenure in office, China has escalated its attack against its monumental corruption problem, going after not only those at the bottom but also those at the top. The anti-corruption campaign, which has charged hundreds of thousands of party cadres, is far too vast to be simply an effort to root out factional opposition.⁸⁵ However, as Claremont College’s Minxin Pei notes, the anti-corruption campaign has sometimes

been used to purge party officials who are suspected of disloyalty to President Xi.⁸⁶ For example, a man who Elizabeth Economy of the Council on Foreign Relations considers to have been “a rising political star” was purged in 2017 at first on grounds of corruption and then of conspiring to “usurp party and state power” and was sentenced to life imprisonment.⁸⁷

To a degree, corrupt officials have little incentive to mend their ways because being corrupt may not be the reason officials are being arrested for corruption. New rules (not new incentive structures) have been instituted but, notes Duke University’s Melanie Manion, these “may have some public relations appeal, but officials will undoubtedly find ‘workarounds’ that, when exposed, will feed public cynicism.”⁸⁸

Andrew Wedeman, a prominent student of the issue who heads the China Studies Program at Georgia State University, suggests that, in all, “corruption may be an intractable problem” as long as “people remain subject to temptation, and conditions and incentives make it possible and profitable to ignore regulations, accept bribes to expedite projects, or in other ways pursue acceptable goals through unsanctioned means.” Moreover, “it has the potential to erode public confidence in the regime and the legitimacy of party rule” even as it “tarnishes China’s image abroad and sometimes distorts and impedes efforts to meet critical challenges.” His essay on the subject is provocatively titled “Anticorruption Forever?”⁸⁹

In his study of China’s crony capitalism, economist Minxin Pei argues that the process not only wastes “precious resources that could have been invested more productively” but also diverts energies and talents into sectors “that are unlikely to be the growth engines needed to upgrade the Chinese economy.” The result, he suggests, is likely to be “long-term economic stagnation.”⁹⁰

The Belt and Road Initiative

On top of all this, there is trouble with China’s (or President Xi Jinping’s) elaborate,

even grandiose, Belt and Road Initiative (BRI)—a project, notes Zakaria, whose budget at some \$1.5 trillion is about the same as that for the United States' F-35 fighter jet program.⁹¹ From the beginning there was commentary from Chinese scholars and business leaders questioning the economic rationale for many of the investments.⁹² In fact, notes Naughton, the idea was in part economically misguided:

Transport is already much cheaper by sea than by land, and the economic centers of Asia (including China) are all on the coast. The overland portion of BRI will create expensive land connections to relatively small nearby economies that already have alternative transportation links. While such investments will make a modest contribution, on a case-by-case basis, to the neighboring economy, they are unlikely in the aggregate to have a high payback to the Chinese economy.⁹³

As it happens, the BRI is increasingly showing signs of being not only a case of overreach but one of “strategic disfunction” in the words of analyst Tanner Green. An expenditure of hundreds of billions on the project has so far failed to deliver either returns for investors (including state-run banks) or political returns for China. It “persists only because it is the favored brainchild of an authoritarian leader living in an echo chamber”—for other Chinese to attack BRI is “to attack the legitimacy of the party itself.”⁹⁴ By 2019, BRI lending by China had fallen from a peak of \$75 billion in 2016 (at a time when Xi was touting BRI as “a project of the century”) to \$4 billion. And by the end of 2020, reports were noting that the money had been doled out “with a combination of hubris, ambition, and naivete” and used descriptors like “unravelling,” “fallen off a cliff,” and “ill-conceived” while observing that China was now “mired in debt renegotiations with a host of countries.”⁹⁵

In fact, note Fingar and Oi, “China’s relationship with more or less all countries is

more fraught today than it was before Xi launched the BRI and China began to flex its economic and military muscles in ways neighbors found worrisome.”⁹⁶ Elizabeth Economy also points out that there has been a backlash and that “stories of Chinese corruption and scandals with infrastructure projects are contributing to rising Sinophobia.”⁹⁷ McMaster acknowledges that “China’s behavior is galvanizing opposition among countries that do not want to be vassal states.”⁹⁸ And David Shambaugh, a China specialist at George Washington University, agrees: “If Beijing is trying to recreate a twenty-first-century version of the imperial ‘tribute system,’ it will inevitably fail, as other sovereign Asian nations do not desire to fall into such a patron-client relationship with China again.”⁹⁹

Similarly, Ho-fung Hung of John Hopkins University points out that, although “China’s economic influence in many countries in the Global South has been rising,” this rise “has brought China a set of challenges including loan delinquencies and increasing security risks to its personnel and property overseas. . . . As others have learned, there are no easy solutions to these challenges and there is little reason to judge that China will succeed where others have stumbled.” In Michael Beckley’s estimation, the scheme “will probably exacerbate China’s woes” because it “funds hundreds of financially dubious projects in unstable countries, more than half of which have credit ratings below investment-grade.” Concludes Hung: “China is still far from becoming a hegemonic power, even in Asia.”¹⁰⁰

Restive Populations

China’s massive effort to deal with Muslim identity and with possible secession in its vast western province known as the Xinjiang Uyghur Autonomous Region has been especially brutal and is potentially counterproductive in the deep and lasting resentments it may engender.

Chinese concerns about the problems in the province have been evident for decades.¹⁰¹ However, officials were particularly

“The Belt and Road Initiative is increasingly showing signs of being a case of overreach.”

“China’s massive effort to suppress the Uyghurs has been especially brutal.”

alarmed by terrorism by rebellious Uyghurs that killed dozens between 2008 and 2014. There were also days of battling in 2009 between rioters, counter-rioters, and police in Xinjiang’s capital, Urumqi, that may have killed 200 people. Accordingly, as part of an ongoing campaign against the “three evil forces” of terrorism, separatism, and extremism, China launched a crackdown against local Uyghurs—Muslims who number some 10 or 20 million and make up about half the population of Xinjiang. By the end of 2015, authorities deemed the terrorism situation to be under control, and they focused on building coercive capacity through technological and human surveillance. While there were some efforts at detention and re-education at the time, they remained targeted, selective, and brief.¹⁰²

Beginning the next year, however, there was a shift in policy, and it seems to have been motivated by a fear of emerging contacts between Uyghurs and Islamic militant organizations in Southeast Asia and the Middle East.¹⁰³ Among these organizations was a radical Islamist group, the Turkistan Islamic Party, whose leader in 2016 said, “The soldiers of Islam must be willing to return to China to emancipate the Western province of Xinjiang from the communist invaders.” And the Islamic State, or ISIS, which had exploded onto the scene in 2014 in Iraq and Syria and which had some Uyghur fighters, incorporated Xinjiang into its transnational jihadist ideology. In a major speech in July 2014, its leader had listed China first in a list of places “where Muslims’ rights are forcibly seized.” China, then, saw the threat in Xinjiang to be something of an existential one, and it envisioned that the huge province might become “China’s Libya” or “China’s Syria.” As much as a third of Xinjiang’s population was deemed to be vulnerable to extremist influence.¹⁰⁴

To counter this threat, the Chinese targeted diaspora networks to cut off a pathway by which terrorist threats could reenter China, and they established a wide array of detention centers in Xinjiang devoted to re-education, seeking to inoculate the population from “infection.”¹⁰⁵

Similar thinking was behind an extensive project to import selected ethnic Chinese—perhaps over a million—to live within Uyghur families. There has also been a program to allow, or force, Uyghurs to learn Chinese-preferred trades. These bizarre, gargantuan exercises were sometimes justified in medical terms as “a re-education hospital” that would “cleanse the virus from their brain and restore their normal mind” or would “make them into people who are politically qualified.”¹⁰⁶ Information is limited, but it appears that detainees spend endless hours singing patriotic Chinese songs, watching TV programs about President Xi Jinping, and memorizing passages from books about him. From time to time, they are tested for their progress at memorization, and those who fail are subjected to different levels of punishment according to the degree of their failure, including food deprivation and beatings.¹⁰⁷

The effort might prove to be counterproductive.¹⁰⁸ The Chinese somehow came to believe that they could concentrate perhaps a million potential separatist Muslims in “re-education” camps, letting them bond and potentially plot in between mandatory sessions in which they are told how wonderful the Chinese are. They may have succeeded in terrorizing the Uyghur population with their effective and draconian policing, but they also may have instilled a strong and lingering resentment and alienation.¹⁰⁹

The threat from Islamist extremism, and particularly from ISIS, has diminished even as outside criticism of the inhumanity of the hundreds of concentration camps in Xinjiang has increased. Meanwhile, enthusiasm for maintaining the expensive and visible archipelago of detention centers seems to have waned in China, and the regime claims to have closed the camps and released the detainees at the end of 2019.¹¹⁰ As the principal at one of the camps put it, “All the students have graduated. They are all finished now. Our work is done here. . . . They have all been deradicalised and completed their studies. Nobody in this area is in further need of the training.”¹¹¹ However, there is some evidence that this is

not true and that camps have been extended.¹¹² The Chinese contend that the region, and the country, have been free from terrorism since 2014. In the meantime, other methods of surveillance and population control, less obvious and likely less expensive, have been maintained and further developed.

It seems highly likely that Chinese officials have overreacted to the terrorist threat.¹¹³ However, alarm over the rise of ISIS and its international ambitions was worldwide. For example, the ISIS phenomenon transfixed the American public: a poll conducted in the spring of 2016 asked the 83 percent of its respondents who said they closely followed news stories about ISIS whether the group presented “a serious threat to the existence or survival of the US.” Fully 77 percent agreed, more than two-thirds of them strongly.¹¹⁴ Although it should not be taken in any sense to excuse the human rights violations in Xinjiang, an unpleasant comparison might be made. The 9/11 terrorist attacks, although dramatic and horrible, did not nearly present an existential threat to the United States in the way that the potential violent secession of its largest province did to China. Yet the United States massively overreacted.¹¹⁵ And it did so by launching a set of foreign wars that resulted in the deaths of hundreds of thousands.

China has problems with restive populations elsewhere as well. In Tibet, some 200 perished in violent protests and riots in 2008 that, like those in Urumqi a year later, targeted Chinese-owned businesses. Thereafter, there were 140 self-immolations protesting Chinese rule.¹¹⁶

Policing costs have been extensive. Even before the institution of the archipelago of self-education centers in Xinjiang in 2016, China’s total annual spending on domestic security is estimated to have surpassed the amount it was spending on external defense—more than \$100 billion in U.S. dollars—and it was the largest for any country in the world. At the same time, financial transfers from Beijing were funding 63 percent of the budget in Xinjiang and 90 percent in Tibet.¹¹⁷

More recently and most importantly, there were massive protests in Hong Kong in 2019 to a new security law imposed by China that would potentially subject Hong Kong residents to the mercies of corrupt courts in China that are dominated by the Communist Party. The new law was withdrawn, but the demonstrators escalated their demands, and some of them committed violence and physical damage, including the ransacking of Hong Kong’s Legislative Council building and the disruption of operations at the airport for a while.

Then in 2020, China essentially abrogated the 1997 international agreement by which the British turned over its imperial possession to China with a promise that a condition of “one country, two systems” would be maintained for 50 years. Opposition has now been overpowered at a considerable cost in local and international resentment. In the process, the Communist Party imposed a sweeping national security law. It bans four major offenses—separatism, subversion, terrorism, and collusion with foreign countries. Anyone advocating or engaging in any of these, as interpreted by the authorities, would be subject to arrest, which means, as is the norm for national security suspects in the rest of the country, being locked up for as long as six months, subject to torture and coerced confession, while being denied access to counsel, family, or friends. Successful prosecution for these rather vague offenses carries a maximum penalty of life imprisonment. Beijing repeatedly blames the unrest on foreigners, particularly the United States, who are, it says, plotting to sow chaos and to topple the Communist Party.¹¹⁸

Alienation of Foreign Firms

Fingar and Oi point to another development that “bodes ill for China’s future”: it has alienated foreign firms. It has done so by stealing intellectual property, demanding transfers of technology as a condition for operating in China, and “generally failing to honor contracts and trade commitments.” As a result, they note, rather than building facilities in China, foreign companies have increasingly

“China has problems with restive populations in Tibet and Hong Kong as well.”

“From an economic standpoint, China is pretty much doing everything wrong.”

sought better opportunities in other countries.¹¹⁹ Notes Doug Bandow, “Even corporate America, long the strongest supporter of the Sino-American relationship, has grown frustrated, viewing the Chinese market as almost irredeemably biased against foreign firms.”¹²⁰

Meanwhile, China’s authoritarian crack-down in Hong Kong, a region that once sported an attractive openness and a court system that was not corrupt, is scarcely likely to encourage international confidence and investment.¹²¹ Transparency International routinely ranks countries for perceived corruption. Its rankings from least to most for 179 countries in 2019 found that for what might be called “Chinese entities,” Singapore ranked at 4, Hong Kong at 16, Taiwan at 28, and China at 80. (The United States, for comparison, ranks at 23.) The Hong Kong ranking seems likely to change. And that could have substantial economic consequences. As one business executive puts it, “Businesses will inevitably change their perceptions of Hong Kong as a gateway to China that is protected by rule of law. . . . There will be foreign companies that say ‘we’ll just enter China directly, I’ve got no one-up going via Hong Kong,’ or they’ll just exit China completely.”¹²²

The new national security law is unlikely to charm foreigners—including those in the vast Chinese diaspora—because China has applied it to anyone living anywhere on the planet. Thus, it appears that foreigners who, for example, call for independence for Hong Kong or advocate sanctions against China are subject to arrest and life imprisonment if the Chinese government can get its hands on them.¹²³

Increasing Illiberalism

Zhao Ziyang, who was ousted as general secretary of the Communist Party in 1989 and put under house arrest for the rest of his life for opposing the use of force to end the occupation of Tiananmen Square by pro-democracy and anti-corruption demonstrators, concluded that “our biggest problem is that everything is owned by the state.” And he argued that “if a country wishes to modernize, not

only should it implement a market economy, it must also adopt a parliamentary democracy as its political system. Otherwise, this nation will not be able to have a market economy that is healthy and modern, nor can it become a modern society with a rule of law.” To reach that goal, he suggested, “two breakthroughs” were necessary. First, the ruling Communist Party needed to allow competing parties to emerge along with freedom of the press. And second, the party needed to “use democratic means to reform itself,” allowing “the existence of legitimate differences of opinion” while reforming the legal system and creating “an independent judiciary.”¹²⁴

To say the least, this is not the direction in which China is heading. China’s own plans have stressed the need to accelerate a transition to consumption-led demand, to restructure or close inefficient state-owned companies (which comprise fully a third of the economy), to promote innovation and entrepreneurship, and to avoid unsustainable levels of debt.¹²⁵ From an economic standpoint, however, China under the leadership of Xi is pretty much doing everything wrong. Naughton observes that, although “China’s technological potential is enormous,” obtaining “overall developmental success will require that policymakers step back and take a more open and market-based approach,” something, he points out, that “is not currently in evidence.”¹²⁶

For example, although state-owned enterprises (SOEs) receive preferential interest rates when they borrow money, enjoy lower tax rates, and have privileged access to resources including land, they are notorious for underperforming relative to private firms. A case in point: their productivity per person of aluminum is one-seventh that of a private competitor.¹²⁷ There have been efforts to reform SOEs over the last decades, but as Fingar and Oi point out, these “were incomplete and remain so today.”¹²⁸ In fact, the importance of SOEs is being elevated.¹²⁹ Notes Naughton, “The large gap in profitability between SOEs and non-SOEs which had almost disappeared in the mid-2000s, now

appears entrenched.” And, he continues, although SOEs get their capital from state-owned banks, those banks “have neither the capability nor a clear mandate to aggressively monitor enterprise performance.”¹³⁰

There is also a remarkable system of something that might be called state-favored enterprises. In this, the party and government play the role of a venture capitalist and subsidize enterprises they deem promising through direct investment, tax breaks, special funding, and abundant bank loans. Some of these ventures have been successful, but many of them have failed to deliver. The problem is that the benefactors of the low-performing failures, unlike ordinary venture capitalists, do not cut them off as they prove inadequate. Instead, they engage in regulatory forbearance and supply ad hoc bailouts rather than letting them succumb to well-deserved bankruptcy. They are thus kept alive—a corporate species of the living dead or what Naughton and others call “zombie firms,” a term also applied to SOEs. And the whole process is laced with corruption—or as Naughton puts it, “cordial relationships.” In all, concludes Naughton, “In the end, China is spending trillions of dollars with little serious scrutiny of the value of the investment.”¹³¹

The primary result of this system has been increasing debt and an almost comical epidemic of overproduction. In fact, notes Beckley, China’s debt is the largest ever recorded for a developing country, and it has quadrupled over the past decade or so.¹³² Meanwhile, zombie firms, including SOEs, continue to produce material—including huge ships—even when market demand slackens, and the whole concept of bankruptcy seems to be unthinkable. Notes one economist, “For private companies in overcapacity industries, after several years of losses there’s no way to continue. The owner will shut them down or sell them off, but at SOEs they can keep getting bank loans or government support.” There was a determined effort to change this between 1997 and 2005, but the global financial crisis that began in 2008 reversed that effort. And under Xi, the stress has been on strengthening the ruling

party’s grip on state assets while seeking to make them more competitive.¹³³

Moreover, under the deepening conviction that markets and private entrepreneurs are unpredictable and not to be fully trusted, there has been an effort under Xi to bring China’s huge private sector to heel by implanting watchful (and potentially bribe-accepting) Communist Party officials on the boards of private firms. There they “study the spirit” of government policies to integrate Communist Party building (deemed to be “good for corporate development”) into the company’s culture. At least partially as a result, the amount of manufacturing and infrastructure investment generated by private companies, once the essential engine of economic growth in China, peaked in 2015 and has been declining ever since. Not incidentally, the capital needed to generate one unit of economic growth has doubled since 2012. In the meantime, market reformers have been moved out of the way.¹³⁴

Central to these developments, according to Gabriel Wildau of the *Financial Times*, has been a fear of instability, concerns that “mass layoffs . . . could lead to social unrest.”¹³⁵ Nicholas Lardy, a specialist on the Chinese economy, strongly agrees and elaborates: Xi fears “that reforms could trigger social unrest, unemployment, financial instability, and loss of support among crucial vested interests—particularly local party and government officials and top managers in China’s state-owned enterprises.” Lardy finds the concerns about social unrest to be a bit puzzling, pointing out that reforms in the 1990s caused a loss of 37 million jobs but did not lead to massive labor unrest.¹³⁶

Moreover, at a time when it should be liberalizing its economy, Xi Jinping’s China increasingly demands ideological conformity and restricts speech. In total, its vast Orwellian enterprise may be “the most extensive effort to selectively censor human expression ever implemented,” as Gary King and his Harvard colleagues put it.¹³⁷ Of course, systematic efforts to get, for example, credit histories before loaning money are universal

“Xi Jinping’s China increasingly demands ideological conformity and restricts speech. Its vast Orwellian enterprise may be ‘the most extensive effort to selectively censor human expression ever implemented.’”

“The size of China’s labor force will shrink as the population ages.”

even as surveillance technology is developing everywhere—as in London where surveillance cameras are legion. The problem is with a national security law that allows for speech to be criminalized: one lawyer who documented and publicized the plight of residents of Wuhan at the beginning of China’s COVID-19 outbreak received a four-year sentence for “picking quarrels and provoking trouble,” which China bizarrely considers to be a crime.¹³⁸

This development has not only political but also economic consequences.¹³⁹ Elizabeth Economy notes that Xi has moved to reverse the trend of greater flows of information between China and the outside world and has sought to restrict the ability of professors to use Western social science textbooks or to discuss Western ideas of governance and economics in the classroom. And, she stresses:

By enhancing the role of the state and diminishing the role of the market in the political and economic system, as well as by seeking to limit the influence of foreign ideas and economic competition, the leadership has deprived itself of important feedback mechanisms from the market, civil society, and international actors.¹⁴⁰

As part of this process, which journalist James Fallows calls “walling itself off,” the country maintains a massive program, employing some two million people, to censor the internet.¹⁴¹ However, suggests Stanford’s Xueguang Zhou, this effort may prove to be futile: “despite extensive manipulation by governmental authorities, the distributive network of social media is resilient and able to resist manipulation.” Before the internet, “authoritarian states could aspire to total control of all sources of information,” but “the likelihood of achieving that goal now is much smaller and declining.”¹⁴²

The Difficulties of Reform and the Prospect of Stagnation and Decline

Especially under Xi, China has strongly privileged the maintenance of control by the

antiquated and kleptocratic Communist Party over economic growth. As the University of Toronto’s Jon Lindsay observes, “economic openness promotes growth, but China sees political openness as a threat to its legitimacy.”¹⁴³ It may, accordingly, be on the path to economic stagnation.

Although they readily concede that China’s accomplishments over the past four decades are “impressive by any standard,” Fingar and Oi note that these advances were achieved in highly favorable conditions that no longer exist. These included strong support from the United States for modernization, the eagerness of West European countries and Japan to forge economic ties, the absence of competition from developing countries, abundant direct foreign investment, a vast reserve of low-skilled workers, a strong consensus among party leaders in support of economic modernization, and perhaps most importantly, an absence of entrenched elites capable of blocking reform.¹⁴⁴

The country may come out of the COVID-19 pandemic looking fairly good. A study in the journal *The Lancet* concluded that China “has managed to control the pandemic rapidly and effectively.”¹⁴⁵ However, as Stanford’s Alice Miller puts it, “the prospect looms of a stagnant central leadership sustaining a system of excessively centralized party domination and presiding precariously over a society chafing at the consequences of stalled or incomplete reforms.”¹⁴⁶ Indeed, Pei finds it “inconceivable” that the ruling Chinese Communist Party can reform economic and political institutions because “these are the very foundations of the regime’s monopoly of power.”¹⁴⁷ Although “a major policy reorientation” is required, notes Naughton, this is “in the short run politically extremely unlikely.” And he and Michael Beckley point out that time is not on China’s side because the size of its labor force will shrink as the population ages. The current ratio is about eight working people for every elderly one. By the end of this decade, it will be four to one, and by 2050, it will be two to one.¹⁴⁸

In some respects, as Pei notes, the situation in China resembles the gathering and self-perpetuating stagnation of Soviet Communism that led to the USSR's eventual collapse.¹⁴⁹ Stagnation (and then collapse) followed an impressive and long period of economic growth. In the 1960s, in fact, prominent economists were predicting that Soviet national income would surpass that of the United States by the 1980s or 1990s.¹⁵⁰ And, extrapolating from CIA statistics of the time, one government estimate concluded that the Soviet Union's GDP might be triple that of the United States by the year 2000.¹⁵¹ By the 1970s, however, economic growth in the Soviet Union had all but stopped.¹⁵²

That history also suggests that reform in such conditions is difficult at best.¹⁵³ Mikhail Gorbachev tried to change the Soviet system while maintaining party control, but his changes seem largely to have made things worse—because privileged apparatchiks were often adept enough to co-opt the reforms and make them work to their benefit. Harvard's Daron Acemoglu and James Robinson attribute Soviet stagnation to “the lack of economic incentives and resistance by elites.”¹⁵⁴ That pattern could readily reappear in China where “entrenched elites,” as Fingar and Oi call them, are fully up to the task.¹⁵⁵ For example, local officials, given GDP targets, routinely report that they have met their goal even when underlying, but less scrutinized, data about electricity consumption and volume of rail cargo strongly suggest otherwise.¹⁵⁶

After a wildly misguided and incompetent coup attempt against Gorbachev in August 1991, the Soviet Union split into its 15 constituent parts. There were fears at the time that such a split would turn violent—as was to happen with Yugoslavia when it began to break up in that same year. The deeply concerned president of the United States, George H. W. Bush, even traveled to the Soviet Union earlier in 1991 to try to persuade secessionist elements that it was best for all if the USSR remained whole.¹⁵⁷ The monumental breakup took place anyway, but it was remarkably

peaceful, a result greeted by some as a sort of miracle at the time.¹⁵⁸

A similar breakup of China doesn't seem to be in the cards, however. As Pei points out, ethnic minorities constitute a far smaller portion of the population in China than they did in the Soviet Union.¹⁵⁹ And, unlike the Soviet Union, the country for the most part is not divided into republics that are more or less ethnically defined.

The lesson Xi apparently draws from the Soviet collapse is, as he put it in a 2012 speech, that it was “the consequence of the failure of strong leaders to stand up in the face of the challenges of their time.”¹⁶⁰ His determination to “stand up” to such challenges, no matter the costs, is evidenced in his response to the seeming threats to splinter the country in Xinjiang after 2014 and in Hong Kong in 2019 and 2020.

Another comparison might be with Japan, which went into long-term economic stagnation in 1993.¹⁶¹ It took the hit well and emerged stronger than ever. However, Japan was rich when it went into stagnation—it ranked about 10th in per capita GDP at the time. China—at 78th—is not remotely in that well-cushioned condition. Moreover, Japan remained a free and open society.¹⁶²

Helping Xi, however, are two issues. First, China's standard of living, at least by the pre-pandemic year of 2019, is now the highest it's ever been—although that holds as well for all but perhaps a dozen countries in the world. Indeed, over the past 40 years, household incomes in China have doubled each decade.¹⁶³ There is, accordingly, a great deal to lose.

Second, it's very easy for the Chinese people to envision conditions that are a great deal worse than life under a stable, if increasingly authoritarian, kleptocracy.¹⁶⁴ Fordham Law School's Carl Minzner sets out a post-Communist scenario in which “long-suppressed struggles over religion, national identity, allocation of wealth, and the desired relationship of state and society” play “themselves out not within the structures of an organized state, but rather in the ruins of a collapsed one.”

“Over the past 40 years, household incomes in China have doubled each decade.”

“If China descends into protracted stagnation, the world economy will suffer.”

He envisions a “widespread sense of insecurity” that “fuels an inexorable slide toward extremism” with “increasing violence, eradication of rivals, organization of military forces, and the search for outside support.”¹⁶⁵ With such prospects, “reform” may sound too much like “revolution,” a word that many Chinese may have become wary of.

Thus, the Chinese, like the Japanese, may be willing to ride with, and ride out, slower growth or even economic stagnation. Moreover, decline may be very slow. Writing in the pre-COVID-19 era, Lardy estimates that China’s economic growth rate might be 1 or 2 percentage points higher if economic reforms were to be instituted. However, this means that without reform, growth rates would still be in the 5–8 percent range—hardly a catastrophe.¹⁶⁶

There might well be increasing dismay and disgruntlement among the populace, however. “The connection between the rise of a middle class and demands for greater political openness,” notes Fareed Zakaria, “is real.”¹⁶⁷ As Stanford’s Andrew Walder puts it, “the urban population will have less tolerance of inequality and official corruption,” and they “will be less optimistic about their life prospects and more demanding when it comes to social policy.”¹⁶⁸ The results of a Pew Research Center poll conducted in China in 2015 may be instructive in this regard. It arrayed a set of problems and asked its respondents how big they thought each problem was. The top problem was “corrupt officials,” which 84 percent judged to be a very big or a moderately big problem. “Air pollution” was next at 76 percent, followed closely by “water pollution” and “the gap between rich and poor,” both at 75 percent. Whether much progress will be made on these issues is questionable. At the time, notes the Pew report, its respondents said they expected there would be progress over the next five years—indeed, 63 percent of the respondents said they anticipated improvement on the corruption issue.¹⁶⁹ However, as Wedeman points out in a 2020 essay, although China is far from being the most corrupt country in the world (as noted, it ranks 80 out of 179 in the 2019

estimation of Transparency International), it is not at all clear that current anti-corruption efforts will be more successful than earlier ones.¹⁷⁰ Thus, the prospect for public disillusionment on this issue (as well as on pollution and other issues) is real.

If China descends into protracted stagnation, the world economy will suffer—though some countries may be successful at capitalizing on China’s decline.¹⁷¹ But while worldwide economic growth may take a hit, it can survive a China-induced slowdown. And even if its economy stagnates or declines, China’s will remain big.

However, decline, much less collapse, is anything but certain. For example, Westad suggests that “China has enough of an untapped domestic market to fuel the country’s economic rise for years to come.”¹⁷² Indeed, Xi’s policy of “Made in China 2025” is devoted in part to expanding and relying more fully on the domestic market. And predictions about the demise of China, or at least of the Chinese Communist Party, have been made in the past. In his 2001 book, *The Coming Collapse of China*, Gordon Chang titled his foreword “The Final Chapter” and asserted in it that China was “in long-term decline and even on the verge of collapse,” that it “couldn’t afford to spend at the current pace for much longer,” and that it had “about five years to put things straight.”¹⁷³

In 2012, Acemoglu and Robinson published their monumental and wide-ranging book, *Why Nations Fail*. Looking at a very broad historical record, they survey many countries that, like China, have had what they call “extractive political institutions”—ones “which concentrate power in the hands of a narrow elite and place few constraints on the exercise of this power.” They argue that “as in the Soviet Union, the Chinese experience of growth under extractive political institutions is greatly facilitated because there is a lot of catching up to do.” However, “growth under extractive political institutions, as in China, will not bring sustained growth, and is likely to run out of steam.” This is because “many elements of the economy are still under the party’s command

and protection,” because “Chinese growth is based on the adoption of existing technologies and rapid investment, not creative destruction,” because “property rights are not entirely secure,” because “labor mobility is tightly regulated,” and because only a few people in business “would even venture into any activity without the support of the local party cadre, or, even more important, Beijing.” And, they note, “businesses supported by the party receive contracts on favorable terms, can evict ordinary people to expropriate their land, and violate laws and regulation with impunity.”¹⁷⁴

Unlike Chang, however, they do not see collapse in the immediate or near future. They suggest that the “most likely scenario may be for the Chinese Communist Party and the increasingly powerful Chinese economic elite to manage to maintain their very tight grip on power in the next several decades” and that “the growth process based on catch-up, import of foreign technology, and export of low-end manufacturing products is likely to continue for a while.” Nevertheless, they prophesy that “Chinese growth is also likely to come to an end, particularly once China reaches the standards of living level of a middle-income country.” Thus, “creative destruction and true innovation will not arrive, and the spectacular growth rates in China will slowly evaporate.”¹⁷⁵

However, even under conditions of extended stagnation, regime collapse may not occur. As Minzner points out, “The Qing dynasty continued on for decades after its peak, even as problems of elite governance and social unrest steadily worsened. And other countries facing far worse challenges—say, Pakistan—somehow continued to struggle on.”¹⁷⁶ It is easy to find other regimes that lingered long after they had become ineffective—the Ottoman empire for example, or Czarist Russia. It is not obvious, in fact, that collapse was inevitable in the Soviet Union. Leaders other than Gorbachev, faced with the same dilemmas, might have stuck to the faith while suffering gradual decline and by adopting more modest reforms to maintain the essential quality of the system and the privileges of its well-entrenched elite.

As Myron Rush notes, had the Soviet Union done nothing about its political and economic problems, “its survival to the end of the century would have been likely,” and “by cutting defense spending sharply . . . a prudent conservative leader in 1985 could have improved the Soviet economy markedly.”¹⁷⁷

POLICY TOWARD CHINA

Perhaps the Communist era in China will eventually simply go down as yet another dynasty: thriving and expanding for a while and then gradually creaking to a close. None of this should be taken to suggest that China’s leadership is irrational. Rather, as Fingar and Oi point out, it has made a key decision: “Order, equated with the preservation of party control, has supplanted growth as the top priority.”¹⁷⁸ In all, however, the country’s many problems suggest that Paul Kennedy’s estimation of 2010 still likely holds: “As to a rising China becoming a new global hegemon, I have the most serious doubts; its internal weaknesses are immense, and, externally, it is likely to trip over its own shoelaces.”¹⁷⁹

But for present concerns, it is clear that Chinese leaders have plenty of problems to consume their attention. They scarcely need war or foreign military adventurism to enhance the mix.

Confronting China

It certainly seems that, although China may present some challenges to U.S. policy as it continues to grow, there is little to suggest a need to balance against or contain China—particularly through military means—to keep it in line. In fact, the chief problem may not stem from China’s quest for influence, as Washington’s alarmists would have it, but from the fact that a kleptocratic and increasingly authoritarian China may be descending into stagnation or perhaps even into something like demise. That’s, of course, not good news for China; but it is also not necessarily good news for the United States or the rest of the world either. Indeed, in 2016,

“Perhaps the Communist era in China will eventually simply go down as yet another dynasty.”

“If China yearns for self-absorbed pretensions about being a big player, that should be of little concern.”

President Barack Obama suggested that “we have more to fear from a weakened, threatened China than a successful, rising China.”¹⁸⁰

As for the challenges provided by China, an observation by Chas Freeman is pertinent. He stresses that “China’s rise is a real, not imaginary, challenge to the status quo and to U.S. leadership” but adds that the rise “is mainly economic, not military and it can be peaceful or not, as our interaction with it determines.” China does not seem to have territorial ambitions (beyond integrating Taiwan at some point), and it does not have the wherewithal or, it seems, the ambition, to “run the world.” As Freeman continues, “History has given the Chinese a healthy apprehension about the damage war can do to their homeland. China is not in search of monsters to destroy beyond its still partially unsettled borders.”¹⁸¹ Fingar concludes that although China expects to play a more influential role in shaping the global order, “it does not (yet) aspire to lead it.”¹⁸² Or as Fu Ying, chairperson of the Foreign Affairs Committee of China’s National People’s Congress, puts it more bluntly, “China views the U.S.-dominated world order as a mess and this is why it does not want to take over. Why should China repeat the mistakes which the U.S. did?”¹⁸³

The Cato Institute’s Colin Grabow suggests that China may eventually become “the responsible stakeholder that many have long urged it to be.” At any rate, “rather than reflexively viewing China’s economic initiatives as an affront to U.S. interests,” efforts should be made to “harness China’s emerging taste for global economic leadership.” And through cooperation, the two countries “could become successful partners in the promotion of trade and prosperity.”¹⁸⁴ This seems a sensible course even if it might entail scaling back American claims to “leadership” in China’s neighborhood and ceding some of that role (such as it is) to Beijing.¹⁸⁵

China’s Xi Jinping is shrewd, determined, and authoritarian and seems to be quite intelligent, and he is fully in charge and potentially appears to have essentially unlimited tenure in office. Moreover, he, like Hitler in the

1930s, enjoys some popular support due to his success in establishing a stable political and economic environment and for his desire for his country to play a larger role on the world stage. However, although he continues to make claims for Taiwan, Xi already presides over a vast contiguous empire of the kind that Hitler fought to fabricate, and unlike Hitler, who wanted his empire to be autarkic, Xi knows China must remain a trading state and needs a stable and essentially congenial international environment to flourish.

Most importantly, Xi wants to overcome what he and other Chinese view as past humiliations—ones going back to the opium war of 1839. Primarily, the Chinese want to be treated with respect and deference.¹⁸⁶ That scarcely seems to present a threat, and to a considerable degree, it seems sensible for other countries, including the United States, to accept, and even service, such vaporous and cosmetic goals. The United States, after all, continually declares itself to be the one indispensable nation. If the United States can wallow in such self-important, childish, essentially meaningless, and decidedly fatuous proclamations, why should other nations be denied the opportunity to emit similar inconsequential rattlings? If China yearns for self-absorbed pretensions about being a big player, that should be of little concern—and its success rate is unlikely to be any better than that of the United States. A sardonic crack by Yun Jiang, a researcher at the Australian National University, may put the issue in perspective: “China wants what other great powers do. It wants to follow international rules and norms when it is in its interest, and disregard rules and norms when the circumstances suit it.”¹⁸⁷

However, China actually has had a reasonably good record of complying with complaints brought against it in the World Trade Organization, a trajectory that can be encouraged by wise policy.¹⁸⁸ It has also abandoned undervaluing its currency to boost growth while reducing its weighted mean tariff rate from 30 percent in 1992 to less than 4 percent in 2017.¹⁸⁹ Notes Fingar, “In the early years,

acquiescence to the rules of the liberal order was grudging at best, but pragmatic as accommodation became more common as maintaining access and relationships became ever more critical for China's sustained growth. . . . China is more prosperous, more powerful, more influential. But it is also more deeply enmeshed in and dependent on the rules-based international order, more vulnerable to developments and decisions beyond its borders, and more constrained by citizen expectations and demands."¹⁹⁰ Suggests Ho-fung Hung, "China is far from becoming a subversive power that will transform the existing neoliberal order because China itself is one of the biggest beneficiaries of this order."¹⁹¹ Similarly, Shambaugh points out that

China has become a better "global citizen" in almost all areas of global governance (in many cases halting its previously noncompliant behavior). China has become much more deeply involved in UN peacekeeping operations, international disaster relief, anti-piracy operations in the Gulf of Aden, global public health, counterterrorism, law enforcement, non-proliferation, climate change and environmental cooperation, global economic governance, overseas development assistance (ODA), financial contributions to the UN operating budget, and other areas.¹⁹²

In some of his recent writings, Minxin Pei seems to suggest that U.S. policy should seek to exacerbate China's mostly self-inflicted pain.¹⁹³ However, that does not seem particularly wise or necessary. As the Brookings Institution's Strobe Talbott put it for the Soviet Union, the system there went "into meltdown because of inadequacies and defects at its core, not because of anything the outside world had done or threatened to do." Cold War historian Westad agrees: it came about primarily "because of weaknesses and contradictions in the Soviet system itself."¹⁹⁴ One maxim often attributed to Napoleon was

"never interrupt your enemy when he's making a mistake." It is not at all clear that it is sensible to think of China as an "enemy."¹⁹⁵ However, the arresting dictum does seem to have some bearing on the case.

At the same time, fulminations that seem to suggest a desire for "regime change" in China are unlikely to be either wise or effective, not the least because, as Lyle Goldstein points out, they can be used against genuine indigenous efforts to promote human rights, and they founder on the fact that "the United States manages to quietly and yet very actively cooperate with states that have even worse human rights records, such as Saudi Arabia."¹⁹⁶

Overall, in fact, the record suggests that the United States, in part because it has often supported countries with appalling human rights records, has not been very successful at influencing foreign regimes on the treatment of their own citizens. After 1975, democracy did grow remarkably in Latin America, but the United States mostly stood back, watching and encouraging, and perhaps leading by example. It did use force successfully to reimpose democracy when it lapsed in Grenada and Panama. But it seems more reasonable to suggest that the efforts struck a responsive chord rather than that the United States created one. Thus, American-armed efforts to install, or re-install, democracy in those two countries lasted, while similar ventures earlier had failed to do so after the American troops left. The impressive advance in democracy (and capitalism) in countries in East Central Europe that escaped the Soviet embrace after 1989 did not require much participation by the United States. The chief role model, as had been the case for Spain and Portugal in the mid-1970s, was that supplied by the open, productive, and prosperous countries in Western Europe, not by the United States. The newly liberated countries were attracted to the European Union and NATO—two clubs they could join if they came up to standards. For the most part, they were quite willing to try.¹⁹⁷

Nor is a policy of "containment" likely to be successful. It is commonly argued that containment worked against the Soviet Union. In the

“A policy of containment is unlikely to be successful.”

“One useful measure might be to increase the number of Chinese students accepted in the West.”

long run, policymakers hoped that the Soviets, frustrated in their expansionist drive, would become less hostile and more accommodating. In the end, however, the problem that containment was designed to deal with went away only when the policy itself lapsed—a development that helped Communism to self-destruct and that led directly to the end of the Cold War when an exhausted and much overextended Soviet Union abandoned its expansionist ideology.¹⁹⁸ In 1975, three countries—Cambodia, South Vietnam, and Laos—abruptly toppled into the Communist camp. Then, partly out of fear of repeating the Vietnam experience, the United States went into a sort of containment funk: it simply watched from the sidelines as the Soviet Union opportunistically gathered a set of Third World countries into its imperial embrace: Angola in 1976, Mozambique and Ethiopia in 1977, South Yemen and Afghanistan in 1978, and Grenada and Nicaragua in 1979. The Soviets at first were quite gleeful about these acquisitions—the “correlation of forces,” as they called it, had decisively and most agreeably shifted in their direction. However, almost all the acquisitions soon became economic and political basket cases, fraught with dissension, financial mismanagement, and civil warfare, and turned expectantly to the Soviet Union for maternal warmth and sustenance. Most disastrous for the Soviet Union was its experience in Afghanistan, where it engaged in a long, enervating war. Meanwhile, the Soviet empire in Eastern Europe had also become a severe economic drain and a political liability for Moscow. In the end, the economic bill to the Soviet Union for maintaining its growing collection of dependencies around the world rose dramatically.¹⁹⁹ It soon came to realize that it would have been better off contained.

Thus, it is far from clear what the United States and the rest of the world can do about China’s economically foolish authoritarian drive except to issue declarations of disapproval and to deal more warily. That’s pretty much what it did under the regime of Mao Zedong during China’s massively self-destructive periods of the Great Leap Forward of 1958–62 and

of the Great Proletarian Cultural Revolution of 1965–75.²⁰⁰ Both of these were eventually altered by policy change within the Communist Party rather than by internal rebellion or by outside pressure. As Bandow points out, “No combination of lectures, sanctions, and threats is likely to force a nationalistic regime to abandon policies that it views as essential for its political control.”²⁰¹

Interestingly, current policy prescriptions for dealing with the China problem mostly array rather mild, even pabulum-like, measures. They include working with allies and with other countries in Asia, strengthening the capacity to understand China, applying diplomatic pressure, bargaining carefully, compromising, and cooperating on common interests such as pollution, climate change, and North Korea. Proposals additionally recommend avoiding effectively collaborating with China’s repressive policies, countering China’s efforts potentially to control communication networks, encouraging transparency, maximizing positive interactions with the Chinese people and with the Chinese diaspora, maintaining competitiveness and our values, abandoning domestic discord, and indulging in postures of balancing.²⁰² None of these proposals seem very radical, although balancing, as discussed earlier, is problematic and very likely unnecessary. One useful measure might be to increase the number of Chinese students accepted in the West. There already is a considerable brain drain from China ranging well into hundreds of thousands of people.²⁰³ Facilitating that process seems a winner for host countries, and those students who go back are likely to have a broader perspective.

However, it is important to stress that, as former Ambassador Freeman puts it crisply, “there is no military answer to a grand strategy built on a non-violent expansion of commerce and navigation.”²⁰⁴

In a 2007 book, Susan Shirk noted that “although China looks like a powerhouse from the outside, to its leaders it looks fragile, poor, and overwhelmed by internal problems.”²⁰⁵ That condition does not seem to have changed. The

subtitle of Shirk's provocative and informed book is *Fragile Superpower*, but those two words may not be the best descriptors of China. It is not clear that the word "superpower" is all that helpful, but insofar as it conveys much meaning, it suggests the possession of a large nuclear arsenal and the military capacity to intervene anywhere on the globe—although interventions by the Soviets in Afghanistan and by the United States in Vietnam, Afghanistan, Iraq, and Libya proved to be costly fiascos for the intervening superpowers. China doesn't appear to be in that class. It does have some border issues, wants to have a presence on the seas (aka the global commons), and lusts after Taiwan. But it does not seem to have much interest in military intervention more broadly beyond being a major contributor to United Nations peacekeeping missions.²⁰⁶ And its nuclear arsenal has been capped for decades at a few hundred warheads, a full order of magnitude below that of the United States, which continues to spend billions to upgrade its vast arsenal.

The word "fragile" might also be at least a bit off-kilter because it implies susceptibility to abrupt shattering. China does not seem to be in that condition—even if it goes into economic decline, it could hang around in its present form for decades. A more appropriate adjective might be "insecure," a word Shirk uses multiple times in her text. Similarly, McMaster was impressed when he visited China by the "profound insecurity" he found there.²⁰⁷ And David Shambaugh points to a "deep insecurity" in a "profoundly paranoid Chinese party-state" in which the country's "rulers fundamentally fear political subversion by outside actors."²⁰⁸

Some of that quality can be seen in China's excessive fear that layoffs from failed state enterprises will result in social unrest, in its massive efforts to wall itself off by policing the internet and criminalizing suspicious contact with foreigners, and in its bizarre program to shield private firms from risk by inserting Communist Party controllers into their management. It can also be seen in its desperate, even draconian, policies to counter terrorism in Xinjiang and mainly peaceful demonstrations

in Hong Kong—even to the point of grandly promulgating a national security law in which it preposterously puts everyone on the planet on notice that any comments that are offensive to China are subject to punishment by life imprisonment. And its criminalization of "picking quarrels and provoking trouble" is not only an instance of self-parody, but it also strongly suggests deep insecurity.

There is insecurity as well in regime practices that appear to be designed to create a zombie citizenry to accompany its zombie enterprises. Westad characterizes the educational system as one in which "conformist mediocrity is rewarded above unsettling brilliance."²⁰⁹ And, as Shambaugh discusses, the population is routinely bombarded with repetitive slogans that the recipients are supposed to repeat back verbatim while bewildered (or beguiled) foreigners who do so are deemed to be "friends of China." He also notes that "Chinese officials tend to reflexively parrot whatever the slogan of the week or month is, and they regularly denounce foreign parties for 'hurting the feelings of the Chinese people.'" Practices like that, he suggests, "do not reflect a mature, confident, and secure power." Nor does "Chinese officialdom's zero tolerance for criticism and inability to apologize for—or even explicitly recognize—mistakes."²¹⁰ An example of that robotic insensitivity is in its response in 2021 to a BBC report asserting that guards had committed rape in Xinjiang re-education camps. Rather than seeking to investigate the validity and scope of the allegations and to discipline any perpetrators, officials instantly proclaimed that the report was "wholly without factual basis" and that the women interviewed were "actors disseminating false information."²¹¹

The insecurity is scarcely new. Even before the rise of Xi Jinping, China was assiduously working worldwide to counter the subversive threat presented by Falun Gong, a tiny religious sect rooted in a Buddhist tradition that advocates self-improvement, gentle exercises, and meditation. The violent suppression of protest at Beijing's Tiananmen Square took place in 1989 during the reign of the great

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“The United States was strongly inclined during the Cold War to massively inflate the threat.”

reformer, Deng Xiaoping, while the importance of combatting the “three evils” of terrorism, separatism, and extremism was first declared in 1998.²¹²

This brings to mind Broadway star Carol Channing’s quip about Al Jolson’s practice of turning up his dressing room radio to drown out the applause for other acts: “Now *that’s* insecurity!” From a policy perspective, the problem with China is not that it is so much of a direct threat but that it is deeply insecure. Policies of threat, balance, sanction, boycott, and critique are more likely to reinforce that condition than to change it. The alternative is to wait, and to profit from China’s economic size to the degree possible, until someday it feels secure enough to reform itself.²¹³

Are We in a New Cold War?

The current concern about China, and the hostility toward it, are sometimes said

to constitute “a new Cold War.” There are, of course, considerable differences. In particular, during the Cold War, the Soviet Union—indeed the whole international Communist movement—was under the sway of a Marxist theory that explicitly and determinedly advocated the destruction of capitalism and probably of democracy, by revolutionary violence if necessary. China today does not harbor such cosmic goals, nor is it enamored of such destructive methods.²¹⁴

However, the United States was strongly inclined during the Cold War to massively inflate the threat it imagined the Communist adversary to present, particularly militarily.²¹⁵ The current “new Cold War” is thus in an important respect quite a bit like the old one: it is an expensive, substantially militarized, and often hysterical campaign to deal with threats that do not exist or may, in the long term, possibly even self-destruct.

NOTES

1. For early examinations of this proposition, see John Mueller, *Retreat from Doomsday: The Obsolescence of Major War* (New York: Basic Books, 1989); and James Lee Ray, “The Abolition of Slavery and the End of International War,” *International Organization* 43, no. 3 (Summer 1989): 405–39.

2. See also Christopher J. Fettweis, *Dangerous Times? The International Politics of Great Power Peace* (Washington: Georgetown University Press, 2010); Steven Pinker, *The Better Angels of Our Nature: Why Violence Has Declined* (New York: Viking, 2011); John Mueller, “‘Pax Americana’ Is a Myth: Aversion to War Drives Peace and Order,” *Washington Quarterly* 43, no. 3 (Fall 2020): 115–36; Richard Hanania, “‘Great Power Competition’ as an Anachronism,” *Defense Priorities*, November 2020; and John Mueller, *The Stupidity of War: American Foreign Policy and the Case for Complacency* (New York: Cambridge University Press, 2021), pp. 1–14. On border disputes, see Dan Altman, “The Evolution of Territorial Conquest after 1945 and the Limits of the Territorial Integrity Norm,” *International Organization* 74, no. 3 (Summer 2020): 490–522.

3. Office of the Secretary of Defense, *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military’s Competitive Edge* (Washington: Department of Defense, 2018).

4. Fareed Zakaria, “The New China Scare: Why America Shouldn’t Panic about Its Latest Challenger,” *Foreign Affairs* 99, no. 1 (January/February 2020): 52–69.

5. Gina Harkins, “SecNav Says China Poses ‘Threat Beyond Any Comparison’ to American Way of Life,” *Military.com*, October 28, 2020; and John Ratcliffe, “China Is National Security Threat No. 1,” *Wall Street Journal*, December 3, 2020.

6. For a more extensive discussion of this development, see Mueller, *Retreat from Doomsday*, pp. 184–86; and John Mueller, *Capitalism, Democracy, and Ralph’s Pretty Good Grocery* (Princeton, NJ: Princeton University Press, 1999), pp. 223–24.

7. “Beyond Containment? The Future of U.S.-Soviet Relations,” *Policy Review* no. 31 (Winter 1985): 33. The quintessential Cold Warrior John Foster Dulles once put it this way: “The basic change we need to look forward to isn’t necessarily a change from communism to another form of government. The question is whether you can have communism in one country or whether it has to be for the world. If the Soviets had national communism we could do business with their government.” John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy* (New York: Oxford University Press, 1982), p. 143. For a broader discussion of the issue, see John Mueller, *War and Ideas:*

Selected Essays (New York: Routledge, 2011), ch. 5.

8. Susan L. Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2007), p. 4.

9. Thomas Fingar, "Sources and Shapers of Chinese Foreign Policy," in *Fateful Decisions: Choices That Will Shape China's Future*, eds. Thomas Fingar and Jean C. Oi (Stanford, CA: Stanford University Press, 2020), p. 245.

10. The rate is for 2016. "Poverty Headcount Ratio at \$5.50 a Day (2011 PPP) (% of Population)," World Bank, <https://data.worldbank.org/indicator/SI.POV.UMIC>. More recently, however, Chinese Premier Li Keqiang acknowledged that 42 percent of Chinese still live on an income of less than \$5 per day. Matthew Chitwood, "For China, Ending Poverty Is Just the Beginning: Making Good on Its Promise Won't Be Enough," *Foreign Affairs*, November 19, 2020. See also Michael Beckley, *Unrivaled: Why America Will Remain the World's Sole Superpower* (Ithaca, NY: Cornell University Press, 2018), p. 130.

11. Beckley, *Unrivaled*, p. 34.

12. On this issue, see Charles Kenny, *The Upside of Down: Why the Rise of the Rest Is Good for the West* (New York: Basic Books, 2013).

13. John J. Mearsheimer, "America Unhinged," *National Interest*, January/February 2014, pp. 12, 26, 30.

14. John J. Mearsheimer, *The Great Delusion: Liberal Dreams and International Realities* (New Haven, CT: Yale University Press, 2018), p. 228.

15. For example, Stephen G. Brooks and William G. Wohlforth, *World Out of Balance: International Relations and the Challenge of American Primacy* (Princeton, NJ: Princeton University Press, 2008); and Beckley, *Unrivaled*.

16. John J. Mearsheimer and Stephen M. Walt, "The Case for Offshore Balancing: A Superior U.S. Grand Strategy," *Foreign Affairs* 95, no. 4 (July/August 2016): 70–83.

17. Simon F. Reich and Richard Ned Lebow, *Good-Bye Hegemony! Power and Influence in the Global System* (Princeton, NJ: Princeton University Press, 2014), p. 2. Reich and Lebow also include a mellowed designation applied by John Ikenberry and Charles Kupchan in which a hegemon is defined as an entity that can establish a set of norms that others willingly embrace. G. John

Ikenberry and Charles A. Kupchan, "Socialization and Hegemonic Power," *International Organization* 44, no. 3 (Summer 1993): 283–315. But this really seems to constitute an extreme watering down of the word and suggests opinion leadership or entrepreneurship and success at persuasion, not hegemony.

18. David A. Bell, "The Sound of Munich," *National Interest*, May/June 2016, p. 41.

19. Doug Bandow, "Blame America Too for Our Ruptured Relations with the Chinese," *American Conservative*, July 4, 2019.

20. Laurence Whitehead, "International Aspects of Democratization," in *Transitions from Authoritarian Rule: Comparative Perspectives*, eds. Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore, MD: Johns Hopkins University Press, 1986), pp. 3–46.

21. Zakaria, "New China Scare."

22. Fingar, "Sources and Shapers of Chinese Foreign Policy," p. 241.

23. Robin Shepherd, *China vs. Democracy: The Greatest Game—A Handbook for Democracies* (Washington: Halifax International Security Forum, November 2020), p. 28; and H. R. McMaster, *Battlegrounds: The Fight to Defend the Free World* (New York: Harper, 2020), p. 119.

24. John J. Mearsheimer, "Imperial by Design," *National Interest*, January/February 2011, p. 33; and Stephen M. Walt, "Explaining Obama's Asia Policy," *Foreign Policy*, November 18, 2011.

25. Mearsheimer and Walt, "The Case for Offshore Balancing." For a critique, see David C. Kang, *American Grand Strategy and East Asian Security in the Twenty-First Century* (New York: Cambridge University Press, 2017), pp. 193–98.

26. Stephen M. Walt, *The Hell of Good Intentions: America's Foreign Policy Elite and the Decline of U.S. Primacy* (New York: Farrar, Straus, and Giroux, 2018), p. 267.

27. Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: Norton, 2011), pp. 7–8, 275, 279. See also Lyle J. Goldstein, *Meeting China Halfway: How to Defuse the Emerging US-China Rivalry* (Washington: Georgetown University Press, 2015), pp. 6–7. Friedberg was also among those in the 1990s who worried that Northeast Asia

would become “a cockpit of great power conflict.” Aaron L. Friedberg, “Ripe for Rivalry: Prospects for Peace in a Multipolar Asia,” *International Security* 18, no. 3 (Winter 1993/94): 7; and Aaron Friedberg, “Will Europe’s Past Be Asia’s Future?,” *Survival* 42, no. 3 (Autumn 2000): 147–59. But such ardent prophecies of international instability in East Asia have proven to be essentially empty. Jong Kun Choi, “Predictions of Tragedy vs. Tragedy of Predictions in Northeast Asian Security,” *Korean Journal of Defense Analysis* 18, no. 1 (Spring 2006): 7–33; and Kang, *American Grand Strategy and East Asian Security*, especially pp. 3–4 including notes 3 and 4.

28. George Friedman and Meredith LeBard, *The Coming War with Japan* (New York: St Martin’s, 1991). One of the authors later became head of a prominent forecasting firm. On this issue, see also John Mueller, *Overblown: How Politicians and the Terrorism Industry Inflate National Security Threats, and Why We Believe Them* (New York: Free Press, 2006), pp. 109–11; and Zakaria, “New China Scare.”

29. Samuel P. Huntington, “America’s Changing Strategic Interests,” *Survival* 33, no. 1 (January/February 1991): 8, 10. The concept of economic war comes close to being oxymoronic. There are times when it may make some sense—as when the world coordinated to embargo Iraq in 1990—but war is substantially zero (or negative) sum while economic exchange, although not always fully fair or equal, is generally positive sum—both parties gain. See Robert Jervis, “International Primacy: Is the Game Worth the Candle?,” *International Security* 17, no. 4 (Spring 1993): 57–58.

30. Samuel P. Huntington, “Why International Primacy Matters,” *International Security* 17, no. 4 (Spring 1993): 77, 80. When Japan went into a sort of economic stagnation in 1993, Huntington shifted his focus to civil warfare in the Balkans, extrapolating to promulgate the view that the big problem in world affairs now centered around a “clash of civilizations” even though the United States and most Christian countries supported the Muslim side in Bosnia. For a discussion, see John Mueller, *The Remnants of War* (Ithaca, NY: Cornell University Press, 2004): 145–46.

31. Christopher Layne, “The Unipolar Illusion: Why New Great Powers Will Rise,” *International Security* 17, no. 4 (Spring 1993): 37; and for those uninterested, see Thomas U. Berger, “From Sword to Chrysanthemum: Japan’s Culture of Anti-Militarism,” *International Security* 17, no. 4 (Spring 1993): 119–50; and Peter J. Katzenstein and Nobuo Okawara, “Japan’s National Security:

Structures, Norms, and Policies,” *International Security* 17, no. 4 (Spring 1993): 115–16.

32. See also Doug Bandow, “The Ultimate Irony: Is China the ‘America’ of Asia?,” *National Interest*, May 27, 2015.

33. Friedberg, *A Contest for Supremacy*, p. 7; Stephen M. Walt, “Be Afraid of the World, Be Very Afraid,” *Foreign Policy*, May 20, 2019; Robert S. Ross, “Chinese Nationalism and Its Discontents,” *National Interest*, November/December 2011; Shirk, *China: Fragile Superpower*, p. 190; Alastair Iain Johnston, “How New and Assertive Is China’s New Assertiveness?,” *International Security* 37, no. 4 (Spring 2013): 7–48; and Andrew Scobell, Ely Ratner, and Michael Beckley, *China’s Strategy toward South and Central Asia: An Empty Fortress* (Santa Monica, CA: RAND Corporation Research Report, 2014).

34. Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986).

35. Bell, “The Sound of Munich,” p. 37. See also Charles Kenny, *Close the Pentagon: Rethinking National Security for a Positive-Sum World* (Washington: Center for Global Development, 2020), ch. 4.

36. Shirk, *China: Fragile Superpower*, p. 261. See also Benjamin H. Friedman and Justin Logan, “Why the U.S. Military Budget Is ‘Foolish and Sustainable,’” *Orbis* 56, no. 2 (Spring 2012): 181–82; and Richard Ned Lebow and Benjamin Valentino, “Lost in Transition: A Critical Analysis of Power Transition Theory,” *International Relations* 23, no. 3 (September 2009): 389–410.

37. Richard K. Betts, *American Force: Dangers, Delusions, and Dilemmas in National Security* (New York: Columbia University Press, 2012), p. 181. See also Jonathan Kirshner, “The Tragedy of Offensive Realism: Classical Realism and the Rise of China,” *European Journal of International Relations* 18, no. 1 (2012): 53–75.

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about influence. They care about getting rich. (As Japan and Germany have found, however, influence, status, and prestige tend to accompany the accumulation of wealth, but this is just an ancillary effect.) Suppose the president of a company could choose between two stories to tell the stockholders. One message would be, “We enjoy great influence in the industry. When we talk everybody listens. Our profits are nil.” The other would be, “No one in the industry pays the slightest attention to us or ever asks our advice. We are, in fact, the butt of jokes in the trade. We are making money hand over fist.” There is no doubt about which story would most thoroughly warm the stockholders’ hearts.

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52. Fingar, “Sources and Shapers of Chinese Foreign Policy,” p. 239.

53. Westad, “Sources of Chinese Conduct,” p. 89.

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66. Zakaria, “New China Scare.”
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213. See also Salvatore Babones, "China Is Losing Influence—and That Makes It Dangerous," *Foreign Policy*, March 3, 2021. David Shambaugh speculates that "were Xi to be removed from office, China's domestic politics—and thus its foreign affairs—could move in a radically different direction" toward a more "soft authoritarianism" domestically accompanied by efforts "to ease tensions and strains [with] its neighbors and with the EU and United States." He also relays a rumor that Xi has Parkinson's disease. Shambaugh, "China and the World: Future Challenges," pp. 350–51.
214. Westad, "Sources of Chinese Conduct," p. 91.
215. Mueller, *Stupidity of War*, chs. 1–2; and Raymond L. Garthoff, *A Journey through the Cold War: A Memoir of Containment and Coexistence* (Washington: Brookings Institution Press, 2001), p. 389.

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