

**Testimony before the Senate Committee on Armed Services  
Hearing on U.S. Policy and Strategy in the Asia-Pacific Region  
April 25, 2017**

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Chairman McCain, Senator Reed, members of the committee: thank you very much for inviting me to testify and for giving me the opportunity to share my views on issues of great importance to our country.

In the time available I would like to make three main points:

First: the United States does not now have a coherent, integrated national strategy for the Asia-Pacific region and, in particular, it lacks a strategy for dealing with an increasingly powerful and assertive China. What we have instead are the remnants of a strategy first put into place over two decades ago; some aspirational goals and a set of policies and programs intended to achieve them that are now in varying states of disrepair and which are, in any event, largely disconnected from one another.

Second: China, for its part, *does* have a strategy, not only for the Asia-Pacific but for all of eastern Eurasia, including the continental domain along its land frontiers. That strategy, in turn, is part of its larger approach to dealing with the United States, which China's leaders continue to regard as the greatest threat to their security, and even survival, and the most important obstacle to their ambitions.

Third: just because Beijing has a strategy does not mean that it will necessarily succeed in achieving its objectives. China has many vulnerabilities and liabilities and the United States and its allies have considerable strengths. But these should not be a cause for complacency. We need to reconsider our goals, review our strategy, and adjust our policies accordingly. The start of a new administration provides a window in which to undertake such a review, but it will not remain open indefinitely

1. U.S. strategy

Regarding our "legacy strategy":

At the end of the Cold War the United States set out to expand the scope of the Western liberal economic and institutional order by integrating the constituent parts of the former Soviet Union and the former Soviet empire, and by accelerating the integration of China, a process that had actually begun with the Nixon and Kissinger "opening" and the completion of the formal process of recognition during the 1970s.

After a brief period of hesitation following the Tiananmen Square Massacre of 1989, the U.S. pressed ahead with efforts to broaden and deepen engagement with China across all fronts: diplomatic, cultural, scientific and above all economic. The goals of this policy of engagement were essentially to “tame” and ultimately to transform China: to encourage its leaders to see their interests as lying in the maintenance and strengthening of the existing international order (which happened, not coincidentally, to be built and led by the United States) and to encourage processes within China that would lead to the liberalization of its political and economic systems and its eventual transformation into something resembling a liberal democracy. As in Europe, so also in Asia, the ultimate aim of U.S. policy was to build a region “whole and free:” filled with democracies, tied together by trade, investment, and regional institutions, and integrated into a global system built along similar lines: an open, liberal region in an open, liberal world.

In addition to engaging China, from the mid-1990s onwards successive Republican and Democratic administrations also worked to maintain a favorable balance of power in the Asia-Pacific region. Towards this end the U.S. maintained and strengthened its own forward-based forces, bolstered its traditional alliances with Japan, South Korea and Australia, among others, and it also built new, quasi-alliance relationships with nations like Singapore and India to whom it did not extend security guarantees but who shared with it a concern about the implications for their security of China’s growing wealth and power.

Since the turn of the century it has become increasingly apparent that this two-part strategy of combining engagement with balancing has not worked, at least not yet. China has obviously become far richer and stronger, but in recent years its political system has become more, rather than less repressive (by some accounts more repressive than at any time since the Cultural Revolution). Meanwhile, instead of evolving towards a truly market-based economy, China continues to pursue, and in certain respects has expanded an array of state-directed, mercantilist policies that bend and sometimes break the rules of the international trading system and exploit the openness of the Western economies. Finally, China’s external behavior has become more assertive, and even aggressive, especially in the maritime domain, where it is using its growing air and naval capabilities to try to assert its territorial claims against its neighbors. Along its land borders China has also unveiled a hugely ambitious set of infrastructure development plans, the so-called One Belt One Road initiative, which aims to transform the economic and strategic geography of much of Eurasia.

Instead of taking its place happily in the region, and world, that American policymakers envisioned, China is now trying to build a new Eurasian order that better serves its interests and better reflects the values of its present, one party authoritarian regime.

What accounts for the recent shift in Chinese behavior?

## 2. China’s strategy

The short answer to this question is that Beijing's increased assertiveness is driven by a mix of ambition, even arrogance, and deep insecurity.

For roughly the first 15 years after the end of the Cold War (so, until the early 2000s) China's rulers followed the wisdom of Deng Xiaoping, who in 1991 advised that the nation should "hide its capabilities and bide its time." China generally sought to avoid confrontation, especially with other major powers, and it embraced the opportunity to enter more deeply into the global economy, most notably by joining the WTO in 2001.

Even as China's leaders "opened the window," as Deng put it, they took care to deal with any "flies" that might enter, in the form of dangerous Western ideas about human rights, the virtues of democracy, and so on. They did this by refining the techniques of information control and targeted repression, but also by promulgating a new, nationalist ideology that emphasized the sufferings and indignities inflicted on the Chinese people by hostile foreign powers and the Communist Party's vital role in defending against them. The aims of Chinese strategy were to preserve the CCP's exclusive grip on domestic political power, to build up all elements of the nation's "comprehensive national power," to expand its influence and to move it towards the day when it could eventually resume its rightful place as the preponderant power in Eastern Eurasia.

Things began to change in 2008, with the onset of the global financial crisis, and those changes accelerated, and became more firmly institutionalized, in 2013 with the accession of Xi Jinping to the top positions in the party and the state.

The financial crisis caused Chinese strategists to revise their assessment of the relative trajectories of China and the United States. Basically, they concluded that the U.S. was declining more rapidly than they had expected, while China was rising more quickly than they had hoped. It was time for China to step up, to become clearer in defining its "core interests" and more assertive in pursuing them. At the same time, the financial crisis and its aftermath also deepened the Chinese leadership's concerns about the continued adequacy of their own investment and export-driven economic growth model and thus about their prospects for sustaining rapid material progress and preserving social stability.

China is behaving more assertively both because its leaders want to seize the opportunities presented to them by what they see as a more favorable external situation and because they feel the need to bolster their own legitimacy and to rally domestic support by courting controlled confrontations in which they can present themselves as standing up to "hostile foreign forces."

The fundamentals of Chinese strategy have not changed, but under Xi's leadership there has been a clarification of ends and an intensification of means. Xi and his colleagues have begun to articulate their vision for a new Eurasian order – a system of infrastructure networks, free trade areas, new "rules" written in Beijing, and mechanisms for political consultation – all with China at the center and the United States pushed to the periphery, if not out of the region all

together. In this new order America's alliances would either be dissolved or drained of their substance. Asia's remaining maritime democracies would be isolated from one another and, to varying degrees, dependent for their continued prosperity and security on China. And the authoritarian regimes around its land periphery and across Eurasia would be stable, reasonably prosperous, and reliably friendly.

If America's goal in the 20th century was to make the world safe for democracy, Beijing's goal in the 21<sup>st</sup> is to make eastern Eurasia safe for continued CCP rule. Towards this end it is attempting to coordinate and apply all the instruments of national power ("combining hard and soft," as Chinese strategists put it):

- The modernization and expansion of China's nuclear forces, and the continuing development of its so-called "anti-access/area denial" capabilities are meant to raise the potential costs to the United States of projecting power into the Western Pacific, and, in the process, to raise questions about its ability to uphold its alliances and defend its interests. (Because North Korean nuclear-armed ICBMs could have similar effects their development may not be entirely unwelcome from Beijing's perspective.)
- As it seeks to strengthen its ability to deter U.S. intervention, Beijing is developing a variety of tools and techniques (including the use of "lawfare," island construction and its Maritime Marine Forces) in order to assert its territorial claims without engaging in major armed conflict. These "salami-slicing" tactics too are meant to raise questions about American capabilities, endurance and resolve.
- On the "soft" side of the ledger, China is using the growing mass and the sheer gravitational pull of its economy to draw others more closely into its orbit. In addition, albeit with mixed results to date, it has become increasingly open in its use of economic threats and inducements to try to modify the behavior of other regional players, including U.S. allies like the Philippines and South Korea.
- Beijing has also become more sophisticated and more ambitious in its use of "political warfare;" employing a variety of techniques to shape the perceptions of both leaders and elites by conveying the message that China's growing wealth and power present an opportunity rather than a threat to its neighbors, while raising questions about the continued reliability and leadership capacity of the United States. And, of course, Beijing is also waging "political warfare" against the U.S.; holding out the prospect of more favorable economic relations, or closer cooperation in dealing with North Korea, even as it continues to work at weakening the foundations of the American position in East Asia.

### 3. The need for a reassessment

How should the United States respond to these initiatives?

As stated at the outset, I think the time has come for a fundamental reexamination of our strategy towards China, and towards the Asia-Pacific (and the entire eastern Eurasian domain), more broadly. A serious effort along these lines would look at all of the relevant instruments or

areas of policy – economic, military, diplomatic, and so on – and would consider the ways in which they might be better integrated with one another. It would also weigh the possible costs and benefits of alternative strategies. A useful model here would be the so-called Solarium Project, a review of possible approaches for dealing with the Soviet Union undertaken in 1953 during the opening months of the Eisenhower administration. To my knowledge there has never been such an exercise regarding our policies towards Asia, and China. We are running on the fumes of a strategy put into place over 25 years ago.

Without claiming to have engaged in such an exercise myself, I would like to close with some thoughts about the questions it ought to explore and the conclusions at which it might arrive.

- First, regarding our objectives: if an “Asia whole and free” is out of reach, at least for now, and if a region reshaped according to Beijing’s vision would be threatening to our interests and our values, as I think it would be, how should we define our strategic goals? The answer here is likely to be that we will need, first of all, to rededicate ourselves to defending a partial Asian regional system that remains open and liberal, including the countries that make it up, the rules to which they adhere and the commons that connects them.
- This has implications for our diplomacy: instead of simply haranguing our allies about their defense contributions, or merely shoring up the bi-lateral ties that comprise our long-standing “hub and spokes” system, we should be looking for ways to promote greater cooperation among our regional friends and allies. Various links have already been formed, between India and Australia, for example, and Japan and India. We should encourage these efforts and seek to knit them together more closely. We should also be looking for ways to involve those of our European allies who share our concerns, including about freedom of navigation. If the democracies pool their resources and coordinate their efforts, there is no reason why they cannot maintain a favorable balance of power, even as China grows stronger.
- In the economic domain, if we don’t want others in the region to be drawn ever more closely into a Chinese dominated “co-prosperity sphere” we need to provide them with the greatest possible opportunity to remain engaged in mutually beneficial trade and investment with us and with one another. Whatever its economic merits, TPP had significant strategic benefits in this regard. It is not yet clear what, if anything, will take its place.
- The time is also right for a reexamination of the *strategic* implications of our bilateral economic relationship with China, as well as its impact on jobs and growth. Because of our commitment to integrating China into the global economy we continue to treat it as a normal trading partner, albeit one with some bad mercantilist habits, rather than as a potential military opponent. Among other problems, this has made it more difficult to prevent Chinese entities, some with close ties to the state, from gaining access to technologies that can be used to improve their military capabilities and to erode the qualitative advantages that U.S. and allied weapons systems continue to enjoy.
- As regards our military strategy: a great deal of energy has been devoted recently to figuring out how best to respond to Chinese initiatives in the “grey zone.” As important

as this problem is, it is subordinate to the larger question of how we and our allies can counter China's evolving A2/AD capabilities. Having raised the issue in a very visible way back in 2011 with the creation of the AirSea Battle office, the Defense Department seems now to have backed away from it. While there is obviously a limit to what should be said in public, we need to be able to explain to our allies, our possible adversaries and to ourselves how we fight and win a war in Asia, should that ever become necessary.

- Finally, there is the delicate issue of "political warfare." What is our counter to the narrative that the Chinese are now pushing across much of Asia, in which we are portrayed as internally divided, unable to solve our domestic problems, inward-turning, unreliable and potentially dangerous and they are the wave of the future – economically dynamic, efficient, unthreatening, non-judgmental, loaded with cash, and eager to do business? This is obviously a very large and complex topic. Let me close with three thoughts. First, no matter what we say, others will judge us in large part by what we do and how we are perceived to behave. The more we are, in fact, paralyzed by political division and the more we seem to be turning our backs on the alliances and the open international economic system that we did so much to build, the more effective China's political warfare campaign will be and the more its influence will grow. Second, despite its undeniable successes, China is, in fact, plagued by deep, structural problems – including pervasive corruption and an unsustainable economic growth model – that it is extremely unlikely to be able to address under its present system of government. A third, related point: it would be a serious mistake, strategic as well as moral, to drop the subjects of human rights and universal values from our discussions with and about China. Our commitment to these values and our demonstrated willingness to defend them are still among our greatest assets. Being seen to abandon them in the face of China's growing wealth and power will embolden Beijing and other authoritarian regimes, discourage our allies, and demoralize those, in China and around the world, who, often at great personal risk, continue to advocate for freedom.