Introduction

On March 7, 2012, in a speech to mark the fortieth anniversary of President Nixon’s historic trip to China, Secretary of State Hillary Clinton observed that “the U.S.-China project of 2012 . . . is unprecedented in the history of nations. The United States is attempting to work with a rising power to foster its rise as an active contributor to global security, stability and prosperity while also sustaining and securing American leadership in a changing world. And we are trying to do this without entering into unhealthy competition, rivalry, or conflict.”

With these sentences, she encapsulated what may be the most consequential foreign policy challenge of the twenty-first century. While there is a wide range of views in both the United States and China on how to manage bilateral relations, few dispute the assertion of leaders on both sides that the U.S.-China relationship is the most consequential bilateral relationship of our time, as China’s spectacular economic growth, its military modernization, and its increasingly active role on the regional and global stages have focused attention on the prospects for cooperation or conflict between the United States and China in the coming decades.

China’s leaders have responded to the challenge with a formulation of their own: the call for a “new great power relationship,” implicitly endorsing Secretary Clinton’s argument that China and the United States must chart a novel approach in order to avoid the dangers of conflict that have characterized relations between established and emerging powers so often in the past.

Both are responding to commonly held views among both policymakers and many academic international relations theorists that China, as a rising power, is bound to challenge America’s regional and global hegemony and that America, the dominant power, is destined to resist.
Although the outcome of the contest is not foreordained, in this view the inevitability of it is. The immutable structure of the international system is based on states pursuing their national interest by seeking absolute or relative power dominance. For the proponents of this view, the coming contest is largely independent of the character and history of the two countries in question and of the choices made by their leaders.5

Their views find inspiration in Thucydides’ explanation of the cause of the Peloponnesian War: “What made the war inevitable was the growth of Athenian power and the fear which this caused Sparta.”6 The United States may not be fearful of China, per se, but its leaders certainly recognize the tectonic implications of the rise of the People’s Republic China (PRC) for international relations in the Asia-Pacific region and beyond. In any event, the tragic record of conflict over the centuries between rising and established powers has only reinforced Thucydides’ argument since then.7

For those who embrace this view, the policy implications are clear. On the U.S. side, proponents argue that the core goal of U.S. foreign policy should be to sustain American dominance to ward off the inevitable challenge of emerging powers. It was embodied in the U.S. National Security Strategy of 2002: “Our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing or equaling the power of the United States.”8 The concept has been further underscored by leading academic strategists.9

Their views are mirrored on the China side by academics and former officials (primarily from the People’s Liberation Army [PLA]) who share the view that conflict is inevitable and that China should not shirk from the challenge of taking on American interests.10

Others are less deterministic, but not much less pessimistic. Although conflict between China and the United States is not inevitable, they argue, it is highly likely. These analysts draw their pessimistic forecasts from a number of factors. Some point to the difficulty of achieving cooperation and avoiding conflict under uncertainty. Drawing on insights from game theory, they note that rational actors often compete even when they would be better off cooperating because they cannot “trust” the other side to keep any bargain between them rather than defect, as the game theory lexicon would phrase it.11 Others point to the problems of misperception—what appears to one side as a legitimate strategy of self-defense may look
to the other as preparations for offensive actions (the so-called security dilemma). A third group focuses more on the specific traditions and cultures of the two countries themselves, each of which has a strong sense of unique mission and superior values. In the case of the United States and China, this can be depicted as the City on the Hill versus the Middle Kingdom. These self-images give each a legitimate claim, at least in its own eyes, to act as the dominant power—not only for its own narrow self-interest but for the greater good.

Of course, these are not the only views. Practitioners tend to reject deterministic accounts, not least because adopting such a view implies that the choices made by individual leaders are irrelevant to the future course of events. They are supported by historians who look at periods where power shifts have not been accompanied by war. They are further buttressed by theorists who argue that the so-called iron laws of state-to-state relations are really context dependent (with contemporary factors such as nuclear deterrence clearly being relevant) and finally by those who argue that in the globalized world of increasing interdependence, power shifts need not lead to zero-sum competition.

This book proceeds from the premise that the future is not fully determined by factors beyond the control of policymakers in both countries; otherwise there would be little point in considering policy options at all. This is a modest assumption; our analysis does not depend on adherence to a particular school of international relations theory. As a number of academics have noted, even adherents of the so-called realist school have argued in favor of an optimistic view of the future of U.S.-China relations, while some liberal internationalists find a potential cause for pessimism from the application of their theory to the Sino-American case. Our core contention is that the outcome is contingent. It is contingent on a variety of both external developments and domestic factors in both countries—and in other places, particularly those in the Asia-Pacific region. To a large degree, the outcome of those interacting forces will be shaped by the conscious policy decisions of each country.

This debate has enormous consequences for the United States, for China, for East Asia, and for world as a whole. If the pessimists are right, we are doomed to a rivalry that will at a minimum produce a costly and dangerous arms race and strategic competition that will imperil the prosperity and security of both nations and could even lead to war. If the optimists
have the better argument, we have a chance to manage our relations to achieve important degrees of cooperation in common interests from promoting global economic prosperity to combating common challenges such as terrorism, international crime, climate change, and pandemic disease while mitigating the risks that come from areas of inevitable competition.

In our view, the pessimistic outcome is not inevitable. But there are powerful forces that make it quite possible, and perhaps even likely, in the absence of a comprehensive strategy by both countries to resist them. This book sets out an approach that seeks to bound the competition and reinforce the cooperative dimensions of our bilateral relationship.

Competition is inevitable in the U.S.-China relationship, just as it is in any relationship among states. The goal cannot realistically be a Kantian peace. The United States competes and occasionally has serious disagreements with even its closest allies—including those in Europe, as well as Japan and Canada. But few worry that these competitive dimensions of our relationship will lead to outright conflict. It may be too much to aspire to an equally cooperative relationship with China. Yet it is entirely plausible that the competition can be limited in ways to avoid the worst outcomes, particularly armed conflict, and to provide space for an important degree of cooperation on issues of common concern. Given the potential benefits of such cooperation and the costs of failing to work together on issues that no one country can solve by itself, there are powerful reasons to work toward this outcome.

To achieve this, China and the United States must directly address the most dangerous areas where competition can produce conflict: the military and strategic spheres. In this book we focus on core strategic areas—nuclear, conventional military, space, cyber, and maritime issues—that could trigger destabilizing arms races, foster crises, and eventually lead to conflict. This focus is not intended to shortchange the importance of other elements of competition and rivalry, particularly in the economic sphere as well as differences in values. These can both contribute to mistrust and provide their own sources of potential conflict, especially given the powerful political impact of economic concerns in both countries. Managing the strategic interaction is a necessary but not fully sufficient requirement for stable U.S.-China relations.

Much of the contemporary discussion concerning U.S.-China relations focuses on building mutual trust. Indeed, this is the formula adopted by
President Obama and former Chinese President Hu. Trust of course is valuable. From Kissinger’s extraordinary conversations with Zhou En Lai in 1971 and Nixon’s subsequent dialogue with Mao to Scowcroft’s secret visit to Beijing following Tiananmen in 1989 to President Clinton’s unprecedented eight-day trip to China in 1998, candid high-level discussions and personal diplomacy have played a critical role in shaping Sino-American relations. But trust building of this kind suffers from important limits—both horizontal (among diverse constituencies) and vertical (over time). Even if the two countries’ leaders develop personal trust from repeated mutual interactions, as President Obama and President Xi have sought in their summit in Sunnylands, California, in June 2013 and elsewhere, it is far more challenging to extend that trust to all those who shape national policy. These various actors range from political critics of incumbents to the two nations’ militaries to their publics at large. It is noteworthy that despite the personal relationship developed between Presidents Clinton and Jiang during their repeated interactions, the Chinese leadership as a whole (and especially the PLA) was reluctant to accept Clinton’s personal assurances concerning the accidental bombing of the Chinese Embassy in Kosovo in 1999. In addition, active media in both countries tend to magnify disagreements—a factor especially important today, when public opinion in both countries exerts powerful constraints on the actions of policymakers. And even if there is contemporary trust, it is hard for today’s leaders to bind the actions of their successors. The persistent anxiety in America over the true meaning of Deng Xiaoping’s famous “hide and bide” exhortation of a generation ago—suggesting to some that China intended to conceal its strategic ambitions until powerful enough to pursue them effectively—is emblematic of this problem. This concern is mirrored on the Chinese side by those who point to past presidential campaigns and contemporary congressional actions to question the long-term reliability of current assurances that the United States does not seek to contain China. Put more bluntly, achieving true trust is a high bar and may not be attainable in a comprehensive sense.

For this reason, there is deep insight behind President Reagan’s admonition to “trust but verify.” The core concept in this book, which we call strategic reassurance, is to identify concrete measures that each side can take to allay the other’s concerns about its strategic intentions. At its core, the goal of strategic reassurance is twofold: first, to give credibility to each side’s profession of good intentions by reducing as
much as possible the ambiguity and uncertainty associated with unilateral security policies; and second, to provide timely indicators and warnings of any less benign intentions to allow each side adequate time to adjust its own policies to reflect a new reality.

The concept has its root in theoretical work developed in the context of the Cold War, which led to concrete measures to achieve stability (both arms race stability and crisis stability) in the otherwise conflictual U.S.-Soviet relationship. It took many forms, ranging from agreements on transparency and information exchange to limits on certain military modernization efforts and deployments. In each case the goal was both to provide credibility to claims of good intentions and to protect against “breakout” should those professed intentions prove false or change over time.

Some may argue that an approach that has its roots in the Cold War is both inapposite and inappropriate for a bilateral relationship that is less rooted in ideology. We disagree. If ideological adversaries like the United States and the USSR could find ways to stabilize their security competition, then surely the United States and China should be able to agree on steps to avoid the worst consequences of the security dilemma—and in doing so, to pave the way for a more constructive relationship beyond the “peaceful coexistence” of the Cold War era. At the same time, it is important to recognize the many ways in which the strategic interaction between China and the United States differs from the Cold War paradigm. Some of these (e.g., the absence of a global ideological competition, the degree of economic interdependence) facilitate strategic reassurance. Other factors (China’s growing economic clout, the complex geopolitics of the Western Pacific, including the historic U.S. relationship with Taiwan) complicate the challenge.

There are a number of tools available to the United States and China that can contribute to strategic reassurance.

**Restraint**

Neither the United States nor China can be expected to weaken its commitment to what each country sees as its fundamental national interests. Nor do we advocate that the United States exercise restraint by pulling back from a region of the world, the Asia-Pacific region, where it has important interests and allies. But there is still much that can be done.
By forgoing potentially threatening security options each side can help reinforce the credibility of its intentions. Restraint can take the form of agreed limitations or voluntary moves communicated either explicitly or implicitly to the counterpart. The credibility of restraint is greatest when it comes in response to explicit expressions of concern by the other side, though for political reasons (the danger of appearing to provide “concessions”) it is often based instead on an implicit understanding of the other’s needs.

Restraint is a particularly powerful tool given that the U.S.-China relationship is a “multimove” strategic interaction. If voluntary restraint produces reciprocal response, trust is built; if instead the other side seeks to take advantage of restraint, its counterpart can adjust expectations accordingly. Similarly, the failure to exercise restraint in the face of explicit or implicit requests can justify more pessimistic conclusions about intent. Each side’s reactions (or lack thereof) to the other’s restraint can be seen as an opportunity for “learning,” an important feature of managing U.S.-Soviet relations during the Cold War.

In each of the sensitive areas discussed in this book, leaders on both sides should take into account the likely reaction of the other side before acting and weigh it against the anticipated benefits, keeping in mind that the relationship is a multimove strategic interaction rather than a one-move “game.”

The history of the relationship shows both sides implicitly adopting elements of restraint. For example, in considering both national and regional missile defense architectures, the United States has adopted a conscious, if implicit, approach that is neither designed to nor capable of seriously degrading China’s nuclear capacity. It recognizes both the serious political consequences of any approach that would provide the United States with an effective first-strike nuclear option against China and the likely military consequences of such a move (Chinese expansion of its nuclear arsenal, greater focus on technologies that would evade interception, and asymmetric threats to the missile defense architecture such as antisatellite and anti–radar attack capabilities).

Another important example of restraint is Washington’s approach concerning arms sales to Taiwan. Over the decades, the U.S. government, drawing on the 1979 Taiwan Relations Act, has carefully modulated arms sales, focusing on Taiwan’s defensive needs (such as Patriot missile defense systems and mine-clearing ships) and seeking to avoid systems, such as
surface-to-surface ballistic missiles, which, although arguably valuable to Taiwan's defense, could also represent an offensive threat to the mainland.

China, too, appears to have exercised some restraint in its own military modernization. Two notable examples are its limited deployment of strategic nuclear missiles and its apparent caution in developing comprehensive amphibious assault capabilities that would pose a threat of land occupation of Taiwan—perhaps in recognition that such a move might serve only to inflame anti-unification sentiment on the island and induce greater U.S. military sales to Taiwan.

Unlike the case with U.S.-Soviet relations, however, mutually agreed restraint has on balance played only a modest role in the U.S.-China context. There are a few other exceptions, such as the nuclear detargeting agreement announced in connection with President Clinton’s visit to China in 1998 (a very modest step given the lack of verification measures associated with the verbal pledge). But such examples are few. The lack of formal agreements can be attributed in part to the lack of parity between the two sides in most areas, which makes a bargain more difficult to achieve, and to both sides’ desire to avoid Cold War parallels in building the bilateral relationship.

Instances of voluntary restraint remain relatively rare, and both sides have been disinclined to draw explicit attention to such moves out of fear that they will be criticized as unilateral concessions. But as we will see throughout this book, unilateral restraint offers a number of advantages over negotiated agreements: measures adopted unilaterally are more easily revised if circumstances warrant, are more easily established without complex and time-consuming negotiations (which sometimes exacerbate tensions rather than building confidence), and do not require intricate verification procedures.

Reinforcement

Closely related to restraint is the opportunity to provide the other reassurance through reinforcement by deliberately taking measures that are the logical outgrowth of benign intent and that give credibility to declaratory assurances.

This approach includes U.S. actions that are seen as consistent with the “one China” policy, particularly with respect to Taiwan and Tibet, such as
votes that oppose Taiwanese membership in international organizations that require statehood as condition of membership. On the Chinese side, the policy of not mating strategic missiles and nuclear warheads can be seen as reinforcing the credibility of its declaratory policy of no first use of nuclear weapons.

Of course the opposite effect can occur as well. In Chinese eyes, the failure of the United States to end arms sales to Taiwan and the continued interaction between American presidents and the Dalai Lama are seen as undercutting the credibility of U.S. assurances on “one China.” For the United States, provocative actions by the PLA (such as the behavior of the pilot who collided with the U.S. EP-3 in 2001 and the shadowing of U.S. warships in China’s exclusive economic zone more recently) raise questions as to whether China genuinely “welcomes” the U.S. military presence in the Western Pacific, as it officially claims.

**Transparency**

Greater understanding of each other’s capabilities is another tool that helps dispel misperception and limits the dangers of worst-case planning. Although transparency can never be complete (you don’t know what you don’t know, and each side will have compelling reasons to guard some vital secrets), experiences such as the open skies regimes during the Cold War and beyond illustrate how transparency can modulate strategic competition. Ship visits, officer exchanges, and the like, as well as publishing defense budgets and holding strategic dialogues, are examples of transparency.

**Resilience**

Resilience is an important adjunct to strategic reassurance because it allows both sides greater leeway to exercise restraint without putting at risk vital national interests. In other words, it lowers the cost of being wrong about the other’s intentions. It also increases the opportunity to make timely adjustments if reassurance is not forthcoming and therefore reduces the need for premature and potentially counterproductive “hedging.” Given
the inherently competitive nature of the relationship and the inevitability of uncertainty and misperception, efforts by each side to strengthen resilience to attack are generally stabilizing and desirable. They increase the opportunity to defuse crises while reducing the dangers of escalation, or preempt, or mistaken attribution of the source of an attack. Increasing the survivability of nuclear systems, including command and control, as well as the redundancy and defensive capabilities of cyber systems, particularly those connected to critical infrastructure, can help manage the tensions in each side’s development of intelligence tools and offensive cyber capability.

Resilience also includes avoidance of dependence on the other’s goodwill for critical needs. For example, in the case of the United States, this philosophy suggests developing alternative sources of supply for critical rare Earth metals, while for China it counsels diversifying sources of imported energy to reduce hypothetical vulnerability to disruption by the United States.

Resolve

The fifth element of the approach is, in some ways, the flip side of the previous four—each of which is designed to allay misplaced fears of hostile intent by signaling what each side does not intend to do. By resolve we mean making clear what interests each side believes are “worth fighting for” both figuratively and in some cases literally. Like the other elements of the strategy, resolve involves dispelling misperceptions, in this case by making clear what actions by the other are unacceptable and will elicit a firm response. Clarity about red lines is a key element of deterrence designed to reduce the danger of miscalculation.

While the basic concept is clear, putting strategic resolve into practice is complex. It is obviously impossible to specify ex ante each and every case in which a country will respond to actions by the other—the number of possible permutations is infinite and constantly changing. Moreover, there is a real danger that any specification of red lines will lead the other side to infer that there will be no response in the case of actions not covered by the red line (what lawyers call the presumption expressio unius est exclusio alterius)—a danger illustrated dramatically in U.S.-China
relations by Acheson’s speech defining the geographic scope of U.S. strategic interests in East Asia in 1950, which some argue contributed to the Korean War because it excluded the peninsula from the list of preeminent U.S. interests.26 In addition, the need to sustain the credibility of assertions of resolve can lead to dangerous escalation—although, as we discuss at length in subsequent chapters, it is possible to design strategies that both reinforce credibility and allow for deescalation of crises. And there may be cases where a country wishes to establish a red line but where that may not require an actual threatened use of force. One example we discuss subsequently is Taiwan, where few can doubt that China sees the issue as fundamental to its interests, yet where Beijing has adequate nonmilitary means, working with other countries including the United States, to prevent any possible unilateral move by Taiwan toward independence.

For the United States, strategic resolve is itself a form of strategic reassurance—but in this case, reassurance toward its allies that the United States has the capability and will to maintain its security commitments. Done thoughtfully, this can also offer a measure of reassurance to China as well, since U.S. security commitments make a major contribution to regional stability by reducing the strategic competition between China and its neighbors.

Each of these elements—restraint, reinforcement, transparency, resilience, and resolve—addresses two of the most dangerous elements of competition that could undermine Sino-American political cooperation and ultimately lead to conflict: arms race instability and crisis instability. Arms race instability can be seen as a series of action-reaction moves as each side seeks to achieve a capabilities advantage over the other, igniting a sequence of steps that ultimately improves the security of neither. Examples of arms race competition in the U.S.-China relationship include the missile/missile-defense competition between the two in regard to China’s recent buildup of short-range conventionally armed missiles near Taiwan, and the broader interaction between China’s growing anti-access/area denial capabilities and America’s Air-Sea Battle concept.27

Crisis instability is the danger that unanticipated events could trigger actions that inadvertently lead to conflict before each side can fully consider or adopt measures short of war to defuse the conflict. “Use it or lose it” capabilities—weapons that are vulnerable to attack if not used first in a preemptive mode—can lead to crisis instability, as can actions
that provide little or no warning time (e.g., cyber attacks). The succeeding chapters discuss in detail steps that both sides should consider to help mitigate arms race competition and reduce crisis instability. These would be worthy aims in themselves, as the U.S.-Soviet relationship so clearly illustrated. But in the case of the United States and China, the potential benefit is far greater than just avoiding armed conflict. By managing the strategic relationship, the two sides will be much better positioned to pursue vital areas of common interest—from sustaining economic growth to combating common threats like nuclear proliferation, terrorism, organized crime, environmental degradation, and climate change.

Each of these strategies is based on the premise that the other side’s long-term intentions are unknown and unknowable—and indeed changeable—but that it is possible to create a strategic interaction that increases confidence nonetheless. The two countries can do so by providing adequate warning to allow for adaptive actions to be taken in timely ways without jeopardizing national security or triggering security dilemma dynamics out of premature hedging behavior. By adopting these kind of measures, the United States and China can increase the prospects of avoiding a “lose-lose” rivalry as well as unintended conflict.

In the end, the long-term success of these approaches will depend on the extent to which China and the United States mutually believe that it is possible to accommodate what the other perceives as its vital national interest in ways that are consistent with its own. Put another way, it assumes that both sides can ultimately accept compromise as superior to outright competition—that the risks of competition outweigh the potential benefits. Neither side can be expected to give up its defense of vital interests, of course, or its central values—indeed the core function of resolve in this strategy is to make clear what can be compromised and what not. But one can be resolute at the same time that one reassures, if the two sides pursue this concept simultaneously. Reassurance is doomed if in fact each side believes that security really is a zero-sum game—as in the dynamic of the early days of the Cold War before each side came to accept peaceful coexistence and put it into practice.

This is the basic insight that animated the U.S.-China Joint Statement of 2009 in which both sides pledged to try to respect the other’s “core national interest.”28 Of course, whether this approach can (or indeed should) succeed depends on how each defines which interests are core. If each
defines its core or “vital” national interests in ways that are incompatible with the other’s, confidence-building measures and crisis-avoidance steps of the kind suggested will ultimately fail to ameliorate the underlying conflict. For example, if China were to conclude that its security is incompatible with a U.S. military presence in the Western Pacific while the United States continued to believe that its alliance commitments and broader interests required such a presence, no amount of tactical reassurance or transparency could bridge the gap. Similarly, if the United States were convinced that its security was incompatible with continued Communist Party rule in mainland China or with truly voluntary unification between Taiwan and the PRC, the stage would be set for prolonged rivalry with growing risks of conflict.

There are many reasons to believe that U.S. and Chinese interests are not so fundamentally adverse as to preclude the approach we advocate here. The lack of intense ideological competition, as well as the absence of bilateral territorial disputes or imperial ambitions by either side, suggest grounds for hope. If nothing else, pursuing the approach we suggest here will help clarify whether the two sides’ concepts of vital interests can be reconciled. As we discuss in the next chapter, there are also important forces that could lead to a more zero-sum calculus. Only by understanding the potential sources of conflict can we develop strategies to mitigate the dangers they pose.

Nothing in the history of U.S.-PRC relations illustrates the challenges—or the opportunities—of strategic reassurance more dramatically than the issue of Taiwan. Following the outbreak of the Korean War, the emphasis of U.S. policy was on resolve, embodied in the U.S.-Taiwan Mutual Defense Treaty of 1954 backed up by American military capabilities. But even in the early years, reassurance was a factor in shaping U.S. restraint on the KMT’s ambitions to regain the mainland. Beginning with normalization in the 1970s, reassurance began to play a more prominent role: from the three communiques to President Clinton’s public reaffirmation of the three “noes” in 1998 (no U.S. support for Taiwan independence, for “one China, one Taiwan” or for “two Chinas,” or for Taiwan’s membership in international organizations whose members are sovereign states) to President George W. Bush’s criticism of Taiwan President Chen Shui-bian’s proposed referenda on constitutional reform in 2003. But throughout this period, reassurance was matched with resolve—from the Taiwan
Relations Act of 1979 and President Reagan’s “six assurances” to Taiwan in 1982, through President Clinton’s decision to send two aircraft carriers to Taiwan’s vicinity following China’s missile firings in 1996, to President Obama’s authorizing continued U.S. arms sales to Taiwan in January 2010. Notwithstanding China’s “core” interest in achieving unification with Taiwan, Washington’s skillful blending of reassurance and resolve has not only avoided a military conflict between Beijing and Taipei but has managed to prevent the Taiwan issue from undermining U.S.-China relations and paved the way for more constructive Taiwan-PRC engagement.

Our concept of strategic reassurance leads us to more than twenty policy recommendations for both the United States and China in the chapters that follow. Some would be formal accords. Most would be more informal guides to action for each side or suggestions for unilateral but reciprocating steps of restraint, reinforcement, and transparency each might take. But as much as the specific recommendations themselves, it is the commitment by both sides to view strategic reassurance as a central organizing policy tool that counts. If this objective is prioritized just as much as each side’s commitment to the traditional defense of key national interests, that bodes well for the future of the relationship. Indeed, our policy agenda is illustrative, limited by the opportunities and challenges facing the two sides in 2014. Adoption of a paradigm of strategic reassurance should impel policymakers and scholars in both countries to look continually for additional means of pursuing that goal. They must do so even as each country will naturally seek to remain resolute in defense of its fundamental interests. Strategic reassurance is a way of interacting, and of thinking, as much as it is any specific set of policies or accords. But before developing these recommendations, it is important to focus squarely on the dynamics, and possible dangers, in the U.S.-China relationship today.