Washington Journal of Modern China

Spring 2018, Vol. 14

Published by the United States-China Policy Foundation

Publisher/Founder  Chi Wang, PhD

Editor  Ariane Rosen

Editorial Assistant  Emily Bulkeley

The Washington Journal of Modern China (WJMC) is a policy-oriented publication on modern Chinese culture, economics, history, politics, and United States-China relations. The journal includes pieces from scholars, policymakers, government officials, and other professionals covering all aspects of modern China and differing points of view.

The views and opinions expressed in the journal are those of the authors and do not necessarily reflect the position of the Foundation. The publishers, editors, and committee assume no responsibility for the statements of fact or opinion expressed by the contributors. The WJMC welcomes the submission of manuscripts and book reviews.

Manuscript queries should be sent to the Editor, the Washington Journal of Modern China, The U.S.-China Policy Foundation, 316 Pennsylvania Avenue SE, Suite 202, Washington, DC 20003. Telephone: 202-547-8615. Fax: 202-547-8853. For subscription inquires or for information on previous issues, visit www.uscpf.org or send an email to wjmc@uscpf.org.

The Washington Journal of Modern China is published by the U.S.-China Policy Foundation (USCPF). USCPF is a 501(c)3 non-profit organization funded through sponsorships and individual donations. If you would like to help make the publication of future issues of the WJMC possible, please consider donating. More information about donating can be found at www.uscpf.org/v3/donate.
Advisory Committee

Pieter Bottelier  
Johns Hopkins University  
(Retired)

Chas W. Freeman, Jr.  
Former U.S. Ambassador to  
Saudi Arabia

William R. Johnson  
The George Washington University  
(Retired)

David M. Lampton  
Johns Hopkins University,  
School of Advanced International  
Studies (SAIS)

Nicholas Lardy  
Peterson Institute for  
International Economics

Kenneth Lieberthal  
Brookings Institution

James Przystup  
National Defense University

J. Stapleton Roy  
Former U.S. Ambassador to China

Robert G. Sutter  
George Washington University,  
Elliott School

Richard P. Suttmeier  
University of Oregon  
(Retired)
Introduction

SPECIAL ISSUE SECTION

Reflections on 90 Years of Cultural Exchanges: the Library of Congress' Chinese Section
Chi Wang, PhD

The Chinese Section's History in Photos
From the Private Collection of Chi Wang

Remembering the 90th Anniversary of the Chinese Section
Remarks by Dr. Jim Cheng

ARTICLES

The United States and China: Game of Superpowers
Ambassador Chas W. Freeman, Jr.

Cracking the China Conundrum
Yukon Huang, PhD

Will China Rise?
Jack Goldstone, PhD

Manning Taiwan's Military: Reflections On the 2000 Defense Reorganization Acts
Bernard Cole, PhD

Understanding and Responding to China’s Belt and Road Initiative:
Developing an American Policy Response
Jordan Bushong, Katelyn DeNap, and Tracie Yang
REVIEWS

Avoiding War with China: Two Nations, One World, Amiatai Etzioni
Reviewed by Ariane Rosen 133

The Water Kingdom, Philip Ball
Reviewed by Anna Saltzman 136

Everything Under the Heavens: How the Past Helps Shape China’s Push for Global Power, Howard W. French
Reviewed by Emily Bulkeley 141

Taiwan at a Tipping Point: The Democratic Progressive Party’s Return to Power, John F. Copper
Reviewed by Ariane Rosen 144

IN MEMORIAM

Alan Romberg
(1938 - 2018) 147
Introduction

This year marks the 90th anniversary of the founding of the Chinese Section at the Library of Congress. Our president, Dr. Chi Wang, worked in this section for nearly 50 years and saw its transform over the decades into a collection that houses more than one million volumes of Chinese literature. In 1972, shortly after President Nixon's historic trip to China, Dr. Wang undertook his own journey to China as part of efforts to promote cultural and library exchanges under the newfound détente. The Chinese section has served as an important avenue for cross-cultural exchange between the U.S. and China for nine decades, and we hope leaders in both countries will help us celebrate this important anniversary.

Increasing mutual understanding between the two countries and encouraging exchanges are now more important than ever. Although many were optimistic about the state of U.S.-China relations following several successful meetings between President Trump and President Xi last year, there are still signs of animosity between the U.S. and China. These two countries have been volleying tariff announcements back and forth for most of the spring. These tit-for-tat measures have left many uneasy about escalation as China continues to transform into a formidable global power.

As economic issues continue to exasperate both sides, other issues also loom in the background. China has continued to increase its military power in the South China Sea, despite international condemnation. These actions have unsettled many in region, particularly Taiwan. The uncertainty of Taiwan is just as much a sticking point in the U.S.-China relationship as it was during the first years of détente. While this conflict will inevitably continue for many years, some are optimistic about the upcoming summit between the U.S. and North Korea. Peace on the Korean peninsula will not be won
easily, but it is heartening to see productive steps taken on all sides, especially ones that promote communication and mutual understanding.

The journal examines both the importance of mutual understanding through endeavors such as the Chinese Section at the Library of Congress and also the effects of a rising China on bilateral relations. The authors of these articles are nationally and internationally recognized China scholars currently located in the DC area. WJMC is unique in that it highlights the distinctive expertise found in the nation's capital. These leaders in their fields have strong academic backgrounds, but many also have years of experience either working in the U.S. government or advising policymakers. This gives the journal articles a balance of academic analysis and practical knowledge that enriches the arguments and advice presented.

The Washington Journal of Modern China (WJMC) is a publication affiliated with the U.S.-China Policy Foundation (USCPF), a Washington, DC based non-profit organization dedicated to improving U.S.-China mutual understanding. an undertaking that is no less important now than when it was founded over 20 years ago.
SPECIAL ISSUE SECTION
Reflections on 90 Years of Cultural Exchanges: the Library of Congress’ Chinese Section

Chi Wang

The Library of Congress’ reputation as the best library in the U.S. is well-known, drawing scholars from all over the world to its collections to search through resources they would find nowhere else. It is one of the great symbols of America, a monument to our search for knowledge and a testament to our desire to fully understand the world around us. However, less people are aware of a vital feature of the Library of Congress — its foreign language collections. During my nearly fifty years working for the Library's Chinese and Korean section, I was able to dedicate my life to a respected institution that was just as concerned as I was with improving the American public’s understanding of Chinese history and culture. The Library of Congress is more than just an American symbol — it is a global institution that promotes understanding and the sharing of knowledge between nations.

Of the many foreign language library collections within the United States, the largest and most extensive belongs to the Library of Congress. With holdings as diverse as our great nation’s citizens, materials in more than 470 languages can be found in the Library's many collections. Some of the larger foreign language collections are the most expansive collections outside their native country. This is true for the Chinese Collection, which consists of about one million volumes.

Dr. Chi Wang spent nearly fifty years working at the Library of Congress, where he oversaw the development of the Library's Chinese collection. He served as the Assistant Head of the Chinese and Korean Section from 1966 until 1975, when he was appointed Head of the Chinese and Korean Section. He served in this position until his retirement in 2004. Wang is the president of the U.S.-China Policy Foundation and has played an active role in the promotion of U.S.-China relations since the 1960s.
From humble beginnings in 1832, The Library of Congress was originally just a small legislative library. In 1896, Herbert Putnam, then superintendent of the nation's largest public library, served as a witness to Congress to advocate for the restructuring and expansion of the Library of Congress. Three years later, Putman became the Librarian of Congress, a post in which he served for forty years before stepping down. Putnam rightly believed the Library should focus on providing the highest quality of service to three main groups: the U.S. Congress, professional librarians, and the academic community. He worked tirelessly to expand the Library into a national institution and, by the time he retired, the Library of Congress had become the "world’s largest bibliographical institution."\(^1\)

One of the ways Putnam expanded the Library's scope was to support the growth of foreign language collections, particularly the Asian collections. The Chinese Collection began in 1869, when the Qing government, acting on behalf of Chinese Emperor T'ung-chih, gifted the United States with 10 rare Chinese works in 905 volumes.\(^2\) This was arranged through an international exchange system authorized by Congress a few years prior. At the time, China was still a far off and unknown place. This gift, and several subsequent gifts from the Qing government and American diplomats, provided Americans with their first chance to learn about China’s expansive history and rich culture. By the early 1900s, the Chinese Collection was large enough to warrant the creation of the Chinese Section. In 1928, Putnam and Arthur Hummel Sr., a recently returned missionary to China, managed to secure a Congressional mandate establishing the Chinese Section. Thus creating a permanent home for the Chinese Collection within the

\(^2\) Ibid.
The U.S.-China relationship has benefitted from academic and educational exchanges many times over the years. Following the Boxer Rebellion in the early 1900s, China owed the United States about $25 million in indemnities. However, most American diplomats involved in the settlement believed this sum to be excessive. In 1908, the U.S. Congress approved a bill reducing the indemnities to about $11 million and returning the balance to China. The Qing, and later the Republic of China, used the remitted funds to finance Chinese students' education in America. A preparatory school was established in Beijing to prepare students to study in the United States on scholarships. This school eventually grew into Tsinghua University, which is one of the top universities in China today. American missionaries founded several other schools in China's early stages of modernization, but Tsinghua is one of the few that survived the transition to Communism and the Cultural Revolution. The establishment of academic exchanges between the U.S. and China allowed the two countries to improve their relations and create lasting ties. The Library of Congress' Chinese Section is one of the key, lasting avenues in such educational exchanges.

The Chinese collection grew exponentially through its early years as a result of improved relations with China. By 1951, the collection contained 280,682 volumes. Many of these were gifts from prominent U.S. diplomats to China, American missionaries, and the

---

Chinese government itself. However, after the Communists declared victory and closed mainland China to the West in 1949, acquiring Chinese texts became very difficult. Most new acquisitions were made through Hong Kong or were received from various U.S. government agencies.\(^8\) Fortunately, during the post-war period, the Chinese collection, and indeed all the foreign language collections, found stalwart support from the Librarian of Congress, Luther Evens. At a time when a lack of donations or easy access could have completely stagnated the section, the dedicated Librarian allowed the collection to survive despite the slower growth.

As a prominent deputy of the previous Librarian, and later the head of the Library of Congress, Luther Evans focused on the development and growth of academic culture within the United States. Previously a professor of political science, Evans recognized the necessity of understanding the complicated post-war world and believed the Library could be "a powerful instrument of peace and progress." Evans ended his term as Librarian when he was elected Director-General of the United Nations’ Educational, Scientific and Cultural Organization (UNESCO), an organization he helped establish in 1945. Evans’ focus on improving America’s understanding of the outside world enabled the Library of Congress to contribute to the national academic community and develop into a worldwide authority.\(^9\)

While the Chinese section was not enjoying the same degree of growth it had experienced in its early years, the Library as a whole saw tremendous expansion during Laurence Quincy Mumford’s term as Librarian of Congress. The Library’s annual income alone increased nearly tenfold during the twenty years Mumford served as Librarian.

---


---

6 | Washington Journal of Modern China
The most significant development for the Chinese section was Mumford's introduction of new card-cataloguing technology. I saw this change firsthand, as I undertook the complicated assembly of an imported Japanese phototypesetting machine for the organization of Chinese-language cataloguing cards. Although challenging, my assignment was successful. The introduction of new technologies like this allowed the Chinese section to keep pace with the huge influx of materials in the years to come.

In 1969, to celebrate the Chinese collection's growth and history, we commemorated the 100th anniversary of the Library's first acquisition of Chinese books with a day-long celebration. Some of our honored guests included Senator Hiram Fong of Hawaii, the first Asian American to serve as U.S. Senator, and Ambassador Chow Shu-kai, the Republic of China's Ambassador to the U.S. The event was widely attended and heightened awareness of the Chinese collection among the American public. Due to China's isolation during the first decades of its new communist government, Chinese culture was not well understood in the United States. However, the anniversary came at a time when American interest in China was growing, particularly in Washington, DC. Only a few years later, in a whirlwind of clandestine meetings, the U.S. and China would reestablish diplomatic contact. Events like the Chinese collection's anniversary celebration would continue to expose the American public, academics, and policymakers to the rich Chinese culture.

The Chinese section was able to seize this chance to educate the public because of Mumford's strong support for foreign language collections. Under his leadership, a good portion of the revenue the Library earned was used to assist these growing collections. In the interest of

---

collecting internationally published books, twelve field offices were opened in various locations worldwide.\textsuperscript{12} This is one of the most commendable achievements under any Librarian's leadership. Although the proposed field office in Hong Kong did not work out, I was later given a unique opportunity to expand the Chinese collection myself.

During the first few years of the 1970s I worked as the Library Director at the newly established Chinese University of Hong Kong while on leave from the Library of Congress. I was there to begin building the library's collections and create a management system. While I was in a great position to further develop my collection administration skills, my circumstances also allowed me an incredible opportunity to improve U.S.-China relations. After Kissinger’s trip to China in 1971, I was invited to travel throughout mainland China and meet with Chinese librarians and booksellers. I jumped on this chance to visit my homeland, as I had not been back since I left more than twenty years earlier. Bureaucracy slowed the approval of the trip, but I set off for my two week journey on June 1, 1972. This visit would prove to be a resounding success.

During my travels through Canton, Hangzhou, Shanghai, and Beijing, I was able to acquire many new publications unavailable from our regular Hong Kong sources. However, the establishment of new relationships between the U.S. and China is arguably the trip's greatest success. I met with many university officials, academics, and several top officials from the National Library of Beijing to discuss exchanges of both books and experts. In 1973, the first Chinese library delegation visited the United States, further strengthening our ties.\textsuperscript{13} During their time in Washington, DC, the delegation met with experts at the Library of Congress and was given a special presentation on the

\textsuperscript{13} Ibid., pp. 18.
Chinese Section. Due to improved relations, the Chinese Collection was soon able to resume its incredible growth. I am truly grateful that my efforts to improve the Chinese Section were also able to contribute to the lessening of tensions during the Cold War period.

I consider the next decade, from 1975 through 1985, the most prosperous years for the Chinese collection’s contemporary holdings. Appointed as the Librarian of Congress in 1975, Daniel J. Boorstin was a great supporter of the Chinese collection. I undertook many acquisition trips to both Taiwan and the mainland in order to build better relations with academics, leaders, and officials. I accompanied Boorstin on one such trip to Taiwan, where he gave a series of lectures on American history and met with the academic community. It was heartening to have a Librarian of Congress that was willing to support the Chinese section through more than just funds.

Boorstin was also willing to aid the Chinese section in educating the American public about Chinese art and culture. Shortly after his appointment, Boorstin expressed interest in holding an exhibit featuring some of the Library's unique pieces of Chinese art. I worked with other curators and was eventually able to identify an obscure, but very beautiful series of nineteenth-century prints illustrating life in China. Held in 1978, the exhibit, "China in the 19th Century by an Unknown Russian Artist," was well attended and highly praised. Its success contributed to the American public's growing awareness of Chinese culture.

Following the establishment of official diplomatic ties with the People's Republic of China in 1979, a delegation of American librarians traveled to Beijing. During this trip the group made an agreement with the Beijing Library that significantly impacted the Chinese collection. From 1981 to 1987, Beijing agreed to send one

---

copy of each newly published work to the Library of Congress in exchange for a complete set of all U.S. government publications on China. This allowed the Chinese collection to grow from 450,000 volumes in 1975 to nearly 700,000 volumes by 1985. This agreement positively affected U.S.-China relations while greatly increasing our mutual understanding of each other’s society and culture.\(^{15}\)

Appointed in 1987, James Hadley Billington was the thirteenth Librarian of Congress.\(^{16}\) As a former director of the Woodrow Wilson Center and a scholar of Russian history during the Cold War, Billington understood that exchanges of culture and knowledge could bridge the gap between nations. Billington successfully led the Library of Congress into the 21st century. Contact and exchange with academic communities around the world increased, particularly among students pursuing careers in international studies.

Shortly after his appointment, Billington asked me to organize a panel discussion in cooperation with the Congressional Research Service. This event focused on discussing, analyzing, and disseminating the outcomes of the most recent Chinese Communist Party Congress. This Congress was an incredibly significant event for China, as it solidified policies that would transform China into the economic powerhouse it is today. I later organized similar panels and roundtables celebrating the 60th (1988) and 75th (2003) anniversaries of the Chinese section. These events allowed academics, policymakers, and China experts to come together and discuss China as it experienced a period of tremendous growth and transformation.

As we approach the 90th anniversary of its founding, I am proud to reflect on my nearly 50 years as a part of the Chinese Section.


Unfortunately, shortly after my retirement in 2004, the section was absorbed into a larger Asian section and is now managed alongside collections from East Asia, Southeast Asia, India, and Pakistan. I worry that these diverse collections are not getting the individualized support and expertise necessary to continue their growth in the best way possible. The Library of Congress must strive to provide the highest quality of resources in order to best serve the needs of scholars in America, as well as the global academic community. As Librarians of Congress, Mumford, Boorstin, and Billington were among the strongest supporters of the foreign language collections—particularly the Chinese collection. As a whole, the foreign language sections compose about two-thirds of the Library’s total collections. Maintaining their growth and integrity is crucial to the Library’s future as a part of American, and global, society.

On the occasion of this important 90th anniversary, it is a great time to reflect on the ways in which academic exchanges have aided in the improvement of ties between the U.S. and China. From the circumstances surrounding the creation of Tsinghua University, to the first exchanges following our historic rapprochement, the U.S. and China were able to use the sharing of knowledge to improve their relations. Tensions between the U.S. and China are higher than ever before and the need for understanding between our two countries is undeniable. Boorstin often used an aphorism proclaiming "the greatest enemy of knowledge is not ignorance; it is the illusion of knowledge." The more informed we are about the world around us, the better we can interact with it. In this complicated and uncertain international political climate, every bit of knowledge, understanding, and goodwill we can preserve is vital.

The current Librarian of Congress, Carla Hayden, was appointed by President Obama in 2016 near the end of his second term in office.17

Hayden has indicated little regarding her interest—or lack thereof—in foreign language collections. This is likely a new area of focus for her, as most community libraries do not have large foreign language collections. Only libraries in larger cities, such as the New York City Public Library or Washington, DC's Martin Luther King Jr. Library, have extensive academic foreign language collections. As Librarian of Congress, Hayden has the unique opportunity to use her experience in community outreach and organization for the purpose of reviving interest in the Library's foreign language collections. Doing so will surely guarantee the growth of these important sections for another ninety years and beyond.
The Chinese Section's History in Photos

Chinese book collecting in America is said to date from the 1840s when 140 volumes were donated to the American Oriental Society by Reverend William Jenks (a founder of this Society), Elijah Bridgeman (the first American Missionary in China), and Caleb Cushing (the U.S. diplomat who negotiated the Treaty of Wanghia, the first between the U.S. and China). In June 1869, the Library of Congress acquired 10 works in 933 volumes of Chinese books from the Emperor of China Tung-chih, marking the beginning of the Library's Chinese Collection. Herbert Putnam, then Librarian of Congress, and Arthur Hummel Sr., a former missionary to China, worked to create a permanent home for the Chinese Collection within the Library of Congress. They succeeded in 1928 with a congressional mandate establishing the Chinese Section.

After 1949, due to the lack of communication between Mainland China and the United States, the Library experienced difficulty in acquiring Chinese materials directly from the Mainland. From 1950 to the 1970s most PRC publications received by the Library were purchased through dealers in Hong Kong. Despite these less than ideal conditions, by 1975 the Chinese Collection numbered 411,963 volumes.

Following President Nixon's visit to the mainland China in 1972, contacts were established with libraries and distribution agencies which resulted in substantial acquisitions through exchange and direct purchase. With the normalization of diplomatic relations between the PRC and the United States in 1979, an exchange of publications was established between the National Library of China and the Library of Congress. These connections were fruitful and today the Chinese Collection numbers more than 1,000,000 volumes.

This year, 2018, is the 90th anniversary of the founding of the Chinese Section. Although the section was absorbed by the Asian Division in 2004, it is still a significant anniversary and hopefully many will take this opportunity to celebrate the Chinese Section's rich history. The following is a photographic history of the Chinese Section.

*These photos are from Dr. Chi Wang’s private collection*
100th Anniversary of the Chinese Collection - 1969

The first Chinese language books received by the Library of Congress in 1869, containing 933 volumes of traditional publications. This was a gift to the United States from the Emperor of China, Tung-chih.

In 1969, the Library of Congress and the Chinese Section hosted a celebration of the 100th anniversary of the beginning of the Chinese collection. The Librarian of Congress, Dr. Laurence Quincy Mumford, mingles with guests during the luncheon celebration.
The celebration was taped by the United States Information Agency, a U.S. government agency that promoted public diplomacy. It is now a part of the State Department.

**Left to Right:** U.S. Senator Hiram Fong of Hawaii, first Asian-American to serve as a U.S. Senator; Dr. Mumford; and Ambassador Chow Shu-kai, the Republic of China’s ambassador to the United States.
Dr. Wang's 1972 Trip to Mainland China

In 1970, Dr. Chi Wang took a leave of absence from the Chinese Section to work with the Chinese University of Hong Kong (CUHK). Dr. Wang oversaw the development of the University's library collection and the construction of the new library building.

Dr. Chi Wang (far left) and CUHK's Library staff.
Shortly after Kissinger's secret trip to China in 1971, Dr. Chi Wang was invited to visit China as a representative of the Library of Congress. In June 1972, Dr. Wang returned to his native China for a two week trip. He traveled through Canton, Hangzhou, Shanghai, and Beijing meeting with many Chinese cultural officials and university leaders. The U.S. and China negotiated a book exchange and the U.S. extended an invitation to a Chinese cultural delegation to visit the U.S. the following year.

The first meeting between China's National Library and Library of Congress officials to discuss book exchanges. **Left to Right:** Ding Yu, Beijing Library's Rare Books Director; Dr. Chi Wang, Assistant Head of the Chinese Section at the Library of Congress; Liu Qiyun, the Deputy Director of the Beijing Library; Yan Cheng, the Beijing Library's Catalogue Department Director; (far right) Mei Shaowu, the Beijing Library's Foreign Language Collection Director.
The First Chinese Cultural Delegation visited the Library of Congress in September 1973

The Director of the National Library at Beijing visits the Chinese Section at the Library of Congress. The twelve member delegation traveled to Washington, New York City, Chicago, San Francisco, and Honolulu.

Dr. Warren Tsuneishi, Chief of Orientalia Division, and Dr. K.T. Wu, the Head of the Chinese and Korean Section, address the Chinese delegation.
Dr. Warren Tsuneishi, Chief of the Orientalia Division, and Dr. K.T. Wu, the Head of the Chinese and Korean Section, address the Chinese delegation. Anne Green, the woman standing, was Director of the Committee for Scholarly Communication with the People's Republic of China. She was responsible for organizing this exchange between the Library of Congress and the National Library at Beijing. She later became a Cultural Exchange Director at the White House.
Cultural Exchanges With China

In 1985, the Chinese University of Hong Kong hosted a conference for those involved with Chinese language collections. Several staff members from the Chinese Section attended, as well as over 50 librarians from university libraries around Asia, the U.S., Canada, and Taiwan.

The conference attendees discussing Chinese Language collections.
In August 1989, only two months after the Tiananmen Square incident, a conference on the development of Chinese libraries was scheduled at the National Library in Beijing. Although not originally the leader of this delegation, the Committee on East Asian Libraries asked Dr. Wang to take on that role, as many academics were uneasy about travelling to China at that time. Here, the delegation meets with Huang Hua (1st row, Center), then Vice Chairman of the National People's Congress. He was also the first Ambassador to the UN from the PRC and a former foreign affairs minister.

Dr. Wang (Left) meeting with the Director (Center) and Deputy Director (Right) of the National Library of China.
In November 1998, Dr. Chi Wang led a delegation from the Council on East Asian Libraries to China. The Council focuses on developing East Asian library collections and promoting international cooperation.

Dr. Wang also led many acquisition trips to Hong Kong and the Mainland to purchase new publications. In this picture he is visiting the Beijing Books Centre, the Beijing Library’s Book Store.
In October 2001, the National Library at Beijing hosted a conference on rare Chinese books. The Library of Congress sent a delegation led by Dr. Wang (1st row, 5th from left).
Engaging With the Academic Community

In 1981, the publishers behind the Encyclopedia Britannica released a Chinese language version to be sold in China. The publishers presented one of the first editions to the Chinese Section. Daniel Boorstin (second from left); Richard Howard, Assistant Chief of the Asian Division (third from left); Chi Wang, Head of the Chinese Section (third from right); Warren Tsuneishi, Chief of the Asian Division (far right).

In 1987, the Chinese Section organized a luncheon with Jonathan Spence, a China scholar from the United Kingdom. Spence wrote many books on China's modern history and later became a professor of the highest rank at Yale University.
On November 18, 1988, the Chinese Section celebrated its 60th anniversary with a luncheon and panel discussions. Dr. Frederic Wakeman, a professor of Chinese history at UC Berkeley, addresses guests before a panel discussion.

Dr. K.T. Wu, former head of the Asian Division at the Library of Congress, addresses the guests of the Chinese Section’s 60th Anniversary Celebration.
Librarian of Congress James Billington delivers remarks at the luncheon celebrating the 60th anniversary of the Chinese section. **Left to Right:** K.T. Wu, Arthur Hummel Jr., Edwin G. Beal, Jr. Chi Wang, and James Billington.
In 2003, the Library of Congress and the Chinese Section hosted a celebration of the 75th anniversary of the founding of the Chinese Section. Then Secretary of Labor Elaine Chao (Left) was the keynote speaker at the day-long conference. The Librarian of Congress, James Billington (Right), welcomed the Secretary.

Before her speech, Dr. Chi Wang, the head of the Chinese Section, gave Secretary Chao a tour of the rarest materials in the Chinese collection. The volume pictured is a part of the Yongle Encyclopedia.
The Yongle Encyclopedia was created in the Ming Dynasty and was comprised of 11,095 volumes. A copy was made in 1567 and the original was mostly lost by the 1640s. By the late 1800s only about 800 volumes of the copy remained. This was further depleted during the Boxer Rebellion and the occupation of Beijing by Western soldiers. The largest collection, 221 volumes, is held by the National Library of China in Beijing. The Library of Congress has 41 volumes.

Many China scholars and policymakers joined the Chinese Section's celebration of its 75th anniversary. **Left to Right:** Ambassador James Lilley, U.S. Ambassador to China from 1989 to 1991; David Dean, Chairman and Director of the American Institute in Taiwan from 1979 to 1995; Secretary Elaine Chao; and Donald Anderson, former U.S. Consulate General in Shanghai and Hong Kong, President of the U.S.-China Business Council.
Secretary Elaine Chao delivering the keynote speech.

Roderick MacFarquhar, a China scholar and Harvard University professor, delivering remarks at the 75th anniversary celebration.
Celebratory letter from President George W. Bush

Letter from Speaker of the House J. Dennis Hastert
History of the Chinese Section

Letter from Senator Dianne Feinstein

Letter from Carla Hayden, then President of the American Library Association. Hayden was appointed the 14th Librarian of Congress by President Obama in 2016.
Remembering the 90th Anniversary of the Chinese Section

On March 20, 2018, Professor Chi Wang was joined by the Council on East Asian Libraries (CEAL) to celebrate the 90th anniversary of the founding of the Chinese Section of the Library of Congress. Librarians from across the U.S., and even abroad, gathered together to recognize the importance of this collection and its vital contribution to East Asian libraries and academic scholarship on China. Around 50 guests attended the celebration. Renowned university libraries at institutions such as Berkeley, Princeton, Harvard, Columbia, the University of Chicago, and many others were represented.

The dinner coincided with the CEAL annual meeting that took place in Washington, DC. Jim Cheng, CEAL President and Director of the C.V. Starr East Asian Library at Columbia University, gave remarks at the celebration and recognized Professor Wang's important contribution to the Chinese Section and to the overall U.S.-China Relationship. His remarks can be read on the next page.
Remarks for the Chinese Section 90th Anniversary Celebration

Jim Cheng, PhD

I am very humbled and honored by the invitation of Professor Chi Wang to give remarks during this dinner. But, as the CEAL President, I feel I should say few words to celebrate Professor Chi Wang’s dedicated and legendary career of nearly 50 years of East Asian Librarianship at the Library Congress, 45 years teaching Chinese History at Georgetown University, and many years serving as a prominent American Diplomat as co-chair and president of U.S.-China Policy Foundation.

First, 2018 is the 90th anniversary of the founding of the Chinese Section at the Library of Congress. Today, the Chinese collection at the Library of Congress is the largest outside of China, for which Professor
Wang’s nearly 50 years’ contributions are critical. Secondly, as a professor, Dr. Wang contributed to the establishment of Georgetown University’s PhD program in Asian History. Since 1972, Dr. Wang has acted as an advisor for graduate students majoring in U.S.-China relations. He has published over 10 books in both English and Chinese, including Obama’s Challenge to China in 2015 and his autobiography: A Compelling journey from Peking to Washington: Building a New Life in America (从北京到华盛顿,我的中美历史回忆).

Finally, as a Diplomat, if you have read his autobiography you will note that he was the first librarian to represent the U.S. government in 1972 to negotiate the establishment of cultural exchange projects with the Chinese Government in Beijing. He was a major player behind the scenes who pushed for the historical meeting between KMT Leader Dr. Lien Chan and CCP Leader Hu Jintao in 2005.

Under his leadership, The U.S.-China Policy Foundation has assisted a number of major American business enterprises in developing their business opportunities in China since the 1990s. Professor Wang is the first librarian I know who has successfully crossed three professional fields with great success: librarianship, professorship, and diplomacy.

Professor Chi Wang welcomes guests to the dinner.
ARTICLES
Fifty years ago, in 1968, Richard Milhous Nixon made his second run at the presidency. No one would dispute that he was a greater statesman than political personality. But, he won. He entered office with a plan to enlist China in support of the U.S. grand strategy of containment of the Soviet Union and to see whether he could also divide Beijing from Hanoi, with which Washington was then at war.

President Nixon’s diplomatic concept was nicely complemented by that of his national security advisor. Henry Kissinger was an admirer of the diplomacy of Prince Klemens von Metternich, the foreign minister and chancellor of the Austrian Empire in the first half of the 19th century. Kissinger’s superb doctoral dissertation on the classic European balance of power analyzed how Metternich had reincorporated post-Napoleonic France into the European order and made it a force for stability rather than revolution.\(^1\) In the second half of his first term as president, in 1971, Nixon used Kissinger to reach out to Beijing. In 1972, he went there himself.

China was then, as it is now, a vast country with an enormous population and an awe-inspiring history. But it was beleaguered,

---

friendless, politically perturbed, and poor. China confronted and sometimes fought the Soviet Armed Forces along its six-thousand-mile border with the USSR. The People’s Liberation Army (PLA) expected a Soviet invasion. So China positioned its nuclear weapons to strike targets on its own territory where Soviet forces might appear.

A relentless campaign of ostracism, led by the United States, had ensured that “China” was represented in the United Nations and in most international capitals by Chiang Kai-shek’s Taipei-based government, despite its defeat in the Chinese civil war. Chinese diplomats were not accepted in polite company very much anywhere. In the Communist bloc, only Albania supported Beijing against Soviet hegemony.

China was then in the midst of the anarchic “Great Proletarian Cultural Revolution”—a national nervous breakdown that ruined tens of millions of lives and thrust the country into a decade of turmoil, bloodshed, hunger, and economic stagnation. In 1972, mainland China’s GDP was only a bit larger than that of the District of Columbia today. Its 862 million people had an annual per capita income of around $132 (in current dollars).

And so, in the 1970s and ‘80s, it was China’s isolation and weakness, not its connectedness and strength, that were seen as major threats to global security that called out for an American response. As late as the 1990s, many predicted China’s collapse or denied that the rapid progress it appeared to be making could be real.

But, by early this century, China had emerged as a world economic power with an increasingly credible ability to impose its will by force in its neighborhood, should it decide to do so. This kindled a debate about whether China’s rise would produce an inevitable contest with the United States for regional and even global hegemony. Political scientists of the “offensive realist” school theorized that the peaceful rise of a great power was impossible and that U.S. conflict with China
was therefore certain. More recently, others—citing the so-called “Thucydides trap”—have argued that, while war between China and the United States may be avoidable, it is more likely than not.

Beijing’s continually growing power and an America bent on restoring itself to “greatness” are now actively testing these theses. At nominal exchange rates, China’s GDP is currently a bit short of $12 trillion. (By this measure, at $18.5 trillion, U.S. GDP is greater by half.) But, in purchasing power terms, a more realistic comparison, China has a GDP of almost $25 trillion, one-third larger than the United States. It is about to become the world’s largest consumer market. The Chinese economy is growing at twice the speed of the global economy and comprises 15.1-18.3 percent of world GDP, depending on how it is counted. China continues to grow three times as fast as the United States.

The fact is that, in some ways that are especially relevant to military power, China’s economy is already much larger than America’s. The United States has banking, insurance, real estate, health, marketing, entertainment, and other services sectors of unparalleled size, but China’s production of goods is now about half again greater than America’s. China accounts for a full fourth of the world’s industrial output. Last year, it contributed one-third of the growth in the global economy.

And China has become an exporter as well as an importer of technology. One in three of the world’s 262 “unicorns” (start-ups valued at more than $1 billion) is Chinese. About one third of the world’s patents now originate in China. It accounts for more than 40 percent of the world’s e-commerce. By 2025, China alone is expected to have a larger science, technology, engineering, and math workforce than all the countries of the Organization for Economic Co-operation
and Development (OECD)\textsuperscript{2} put together. The size of its population and the scale of its people's digital interactions make China uniquely suited to innovation in cybernetics, telecommunications, genetic engineering, medicine, marketing, and socio-political control.

China has just overtaken the United States as the world's most prolific producer of scientific articles. Since 2007, its spending on research and development has grown at double-digit rates, and now accounts for 21 percent of the world total. By 2020, China is expected to take first place internationally. At nominal exchange rates, it will be spending only slightly more annually than the United States but, converted for purchasing power parity, its outlays should buy nearly twice as much R & D.

While most Chinese innovation is civilian in nature, there are some notable exceptions: ballistic missiles with terminal guidance to kill mobile targets like aircraft carriers, quantum communications devices, robot combatants, and hypersonic glide vehicles, for example, in addition to systems paralleling our own stealth aircraft and vessels, aerial and undersea drones, directed energy weapons and rail guns, precision-guided and electromagnetic pulse munitions, and so forth. This year, China established an agency equivalent to the Defense Advanced Research Projects Agency (DARPA) to coordinate further advances in military technology.

Many of the key inventions that made modernity possible—from paper to gunpowder—were made in China. No one should be surprised to see the Chinese resuming a lead position in developing the technologies that will define the human future.

The American reaction to our progressive displacement as number

\textsuperscript{2} The 35 members of the OECD are: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, South Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.
one by China has closely followed the offensive realist script. As a nation, we are in a whiny, belligerent frame of mind. We blame Russia for the way we vote. We blame everybody but ourselves for the mess in the Middle East and for our trade and balance of payments deficits and the deindustrialization of our job market.

We are dismissive of expertise, especially that of economists, the majority of whom tell us that our problems derive from our pathetically inadequate national savings rate, our disinvestment in our human and physical infrastructure, shortcomings in the way we retrain and find employment for workers displaced by automation, a relationship between labor and management that reacts to competition by outsourcing, rising income inequality, irrational immigration policies, the misdirection of investment by a tax code designed to protect vested interests, and gridlocked government. It’s far easier to blame foreigners in China, Mexico, Canada, Germany, Korea, or Japan for our underachievement than to reexamine and change our own policies and practices.

But successful foreigners are not the ones with the savings, trade, and investment shortfalls. We are. Insisting foreigners do things our way might infect them with our problems. It will not fix those problems. Nor will declaring China or others “adversaries,” and hence active candidates to become enemies, do so.

If China and all our other major trading partners are, in fact, responsible for the socioeconomic problems in our country, we should realistically identify what they are doing that is problematic before we challenge them to do something else. To challenge China, we will need partners who agree about what the Chinese are up to and what to do about it. But interpretations of trade economics and views of China abroad differ importantly from what is being said in the alternative universe created by U.S. media babble, airhead narratives, self-interested cost-plus capitalists, bloviating
congresscritters, and the political parasites who feed on all of the above in Washington.

As the late Philip K. Dick\(^3\) once observed, “reality is what continues to exist whether you believe in it or not.” So before we decide what challenges China’s rise presents to the United States, let us first consider what Americans’ principal disagreements with China actually are:

- We do not agree with either China or its neighbors about where Chinese territory begins and ends. The Chinese do not concur that Americans have standing to take a position on this. This is not a trivial argument. Nations habitually mark the limits of their sovereignty with the graves of their warriors and the bones of those who have challenged them.

- China believes it is entitled to a role in regional and global governance commensurate with its wealth and power. The United States judges that an enhanced role for China could only come at the expense of existing U.S. influence. We have not been prepared to facilitate or accommodate any such change. At the same time, we are cutting rather than increasing our investment in global and regional institutions as well as in U.S. diplomacy.

- The United States has reluctantly accepted the reality of the People’s Republic of China but Americans do not consider the undemocratic rule of it by the Chinese Communist Party to be legitimate. Most would welcome regime change. More than a few in Congress say so. Chinese suspect that we Americans might mean what our representatives say.

The great French diplomat, Talleyrand, once remarked that “if

---

\(^3\) Philip K. Dick was a popular science fiction author active from the 1950s to the 1980s. His influential works include "The Man in the High Castle" and "Do Androids Dream of Electric Sheep?"
everyone always understood, there would be no history.” Let us now briefly consider the history and emotional divisions that underlie these disagreements.

First, the issue of China’s frontiers.

China is the only great power whose territorial extent and borders are disputed by the United States. Beijing has negotiated peaceful border settlements with Moscow, Astana, Bishkek, Dushanbe, Hanoi, Islamabad, Pyongyang, Ulaanbaatar, and Vientiane on terms that most regard as having been generous to the other claimants. The Sino-Myanmar border is disturbed by ethnic conflict but undisputed. The Sino-Indian frontier is the only Chinese land border still undemarcated and is the only Chinese land border on which military face-offs currently take place. The United States currently leans toward India, which looks to it for support against China.

In 1950, as the Korean War began, U.S. intervention effectively severed Taiwan from the rest of China. The two sides of the Taiwan Strait are still disconnected politically. The United States remains unilaterally committed to arm Taiwan and to maintain the capability to defend it if necessary.

Reunification of Taiwan with the rest of China remains a very high priority for the Chinese state. Beijing considers Washington to have violated core commitments that facilitate the peaceful management of the Taiwan issue. Each side is aware that a bloody rendezvous between the American sense of national honor and Chinese nationalism would likely result from mismanagement of the Taiwan issue. Some judge that, having long been contained, the danger of war is now rising. There is no basis on which to assume that a war fought on Chinese-claimed territory could be limited to that territory. A Sino-American war over Taiwan could be expected quickly to escalate to the trans-Pacific level. American strikes on the Chinese homeland would be answered by strikes on ours.
Both Beijing and the democratic successors to the defeated Chinese regime in Taipei claim the Senkaku islands as part of Taiwan, and both consider them to have been illegally retained by Japan after World War II. But until the Chinese mainland and Taiwan resolve their political relationship, neither is in a position to negotiate with Tokyo on behalf of the other. In these circumstances, Chinese coast guard activities in the Senkakus are intended to underscore Beijing’s view that there is a dispute over their sovereignty, something Tokyo officially denies. China objects to the United States position that Americans are obliged by treaty to defend Japan’s retention of the Senkakus. A conflict there would be hard to contain. Thankfully, all concerned seem determined to avoid one.

To the south, maritime features long claimed by China in the Spratly Islands began to be occupied and fortified by Malaysia, the Philippines, and Vietnam in the late 1970s and early ’80s. China did not respond in kind until 1987. In 2010, the United States asserted an independent interest in the dispute and objected to China’s efforts to negotiate bilaterally with other claimants. U.S. intervention effectively halted the talks then ongoing between Beijing and Hanoi. Washington proposed an ill-defined “collaborative process” for resolving claims but launched no diplomacy to support such a process.

By 2010, the claimants in the Spratly Islands had seized everything there was to seize. Vietnam had established thirty-four outposts (thirty-three of them armed), Malaysia five, and the Philippines nine. China was left with seven (not counting an island Taipei has occupied in the name of “China” since the end of World War II). At this point, what matters is less who claims what than who occupies what.

China has not expanded its maritime territorial claims, which date back to at least the early 20th century. It is belatedly asserting these

---

4 This small group of islands goes by many names, depending on which entity is claiming them. Japan - Senkaku. People’s Republic of China - Diaoyu. Republic of China (Taiwan) - Diaoyutai.
claims against others who have taken action to enforce their own: some also old, some new. Over the past four years, China has transformed its tenuous holdings in the South China Sea into an impressive array of artificial islands and installations from which no other claimant can hope to dislodge it. An American attempt to do so would ignite a war. No claimant against China wants that. Nor do China and the United States. The result is a stalemate. The United States disapproves of the Chinese installations in the Spratlys but has not sought to remove them. China demonstrates its displeasure with U.S. military operations near its island bastions, but has not tried to halt them.

Why the South China Sea has become the focus of Sino-American military rivalry is easy to explain but hard to understand. It is where the U.S. Navy comes face-to-face with the reality that it no longer has the seas off China to itself but must share them with the Chinese navy and coast guard. This is unwelcome evidence of a shift in the balance of power that is adverse to the United States. But the United States has no claims of its own, and the only issues at stake are symbolic and derived from a desire to remain at the apex of the regional pecking order.

The assertion that the face-off in the South China Sea is about “freedom of navigation” is political paralogia—“fake news” embedded in a misleading narrative that has been repeated so often that it is now an emotionally charged commitment. The Spratly Islands were long marked on charts as “dangerous ground” that ships should avoid. They are well off the shipping lanes. About two-thirds of the commerce that traverses the South China Sea is on its way to or from China, giving the Chinese a greater interest than anyone else in protecting rather than disrupting freedom of navigation there. Finally, the argument between Chinese and Americans over whether it is legal to conduct military operations in exclusive economic zones without the permission of the littoral state is over. China has quietly adopted
the U.S. legal position.

This unsung triumph of American naval lawyering has had the unintended consequence of encouraging the PLA Navy to commence reconnaissance operations off Guam and Hawaii, with all three coasts of the continental U.S. likely in its future. China has not ceased to object to U.S. warships probing its coastal approaches and their defenses, but it now does so on political rather than legal grounds. Beijing complains that U.S. naval operations near its shores and offshore islands are provocative indications of possible hostile intent that create a bad political atmosphere that complicates bilateral cooperation. It’s not impossible to imagine that our politicians will say something similar when Chinese warships turn up off Puget Sound, San Diego, Jacksonville, Hampton Roads, Patuxent, Corpus Christi, or Guantánamo.

In the end, the most explosive issue in U.S.-China relations has not changed. It remains the question of Taiwan’s relationship to the rest of China. For Chinese nationalists, Taiwan’s unresolved status symbolizes China’s fifty-year-long victimization by Japan and its impotence in the face of U.S. intervention to suspend fighting in the Chinese civil war and preclude a complete Communist victory in it. The continuing division of China is an inflammatory affront to Chinese pride and dignity, the affirmation of which is seen by the Chinese Communist Party as its core mission.

A second source of Sino-American differences concerns China’s and the United States’ appropriate roles in regional and global governance.

The pre-modern order in the Asia-Pacific was Sino-centric, with Chinese empires mostly leaving other nations alone in return for intermittent demonstrations of deference on their part. In the 16th century, European expansionism began to shake this order. In the 19th century, Europeans and Americans overthrew it.
From the first Opium War of 1839–1842 to the Japanese conquest of the Asia-Pacific in 1941–1942, Americans joined British, Dutch, French, German, Japanese, and Russian imperialists in dividing the region into colonies and carving China into spheres of influence. In 1853, Commodore Perry forced his way into Japan. Soon after, in 1854, the U.S. Navy began to patrol the Yangtze River [长江] to protect American interests in the distant Chinese interior. Our navy ended these patrols only when forced to do so by Japan in 1941.

When Japan went to war with the United States, its GDP was only one-tenth of ours. By 1945, our armed forces had overthrown Japan’s regional hegemony. This created a politico-military power vacuum, which we filled. Over the next seven decades, Americans became accustomed to both making and enforcing the rules in the Pacific, including in the East and South China Seas, with an eye to the interests of the region’s states, but without consultation with them. This unilateral U.S. administrative and police power in the Asia-Pacific is now in jeopardy.

China’s rise is the main challenge to American dominance, but it is not the only change in the Asian-Pacific pecking order that is taking place. U.S. primacy no longer reflects the realities in a region where Japan is restoring itself to greatness, and still other nations, like both Koreas, Vietnam, Indonesia, and India, have grown into powerful independent economic, military, cultural, and political actors. Neither these nations nor an increasingly powerful China can be denied a role in the regulation of regional matters they see as integral to their national defense and economic prosperity. Behaving as though, in the new context, Americans can continue unilaterally to command the region will not work. Such a posture is more likely to breed regional dissatisfaction with the status quo than to buttress it.

China is now the most powerful state in the Asia-Pacific and the mainspring of the regional economy. It will not remain sidelined. But
other countries, like Japan, are also becoming more assertive.

Missteps in U.S. relations with China and other nations in the Asia-Pacific could kill or impoverish many Americans and otherwise do immense damage to U.S. national interests. These interests begin with economics but extend to national security and global governance.

Exhibit A is the mismanagement of the rise of Imperial Japan. Over the thirty-five year period between the August 1, 1941 imposition of harsh U.S. sanctions on Japan, Japan’s desperately miscalculated December 7, 1941 response at Pearl Harbor, and the April 30, 1975 fall of Saigon, 224,000 U.S. soldiers, sailors, airmen, and marines gave their lives and almost 510,000 were seriously wounded in Asian wars. Four point nine million allied troops died and 4 million were maimed. Two point eight million troops died on the other sides of the Pacific, Korean, and Indochina wars. About 30 million civilians perished, including some by nuclear weapons, which were then a U.S. monopoly.

Differences over the location of China’s frontiers could lead to a nuclear exchange with that country. Sino-Japanese jockeying over the Senkaku Islands strikes many as an accident waiting to happen. So is the current U.S. standoff with North Korea. And then there is the mounting risk of conflict over Taiwan.

The Korean situation illustrates the perils of leaving differences with even lesser actors in the region to be frozen by deterrence and unaddressed by diplomacy. Close cooperation between Americans and Chinese, not to mention Koreans and Japanese, now seems essential to avoid another Korean war, this one involving nuclear weapons. Depending on how diplomacy unfolds, China and the United States could be on the same or on opposite sides in such a war.

Washington and Beijing both affirm that North Korea should not have nuclear weapons. We disagree about why Pyongyang is building them and how best to get rid of them. The United States is considering
preventive war to accomplish this. China regards such a war as illegal, doubts its efficacy, and fears its likely regional consequences. A U.S. misstep in Korea has the potential to turn the increasingly adversarial U.S.-China relationship into one of active long-term enmity.5

Military tensions aside, the long-term prosperity of the United States is very closely bound up with that of the Asia-Pacific. China is the region's commercial center and where its supply chains converge. More American jobs (3.4 million) now depend on exports to the Asia-Pacific than to any other region. Asian-Pacific economies account for about one-third of global GDP and power most global economic growth. America's fastest growing export markets are there. Americans have a vital interest in leveraging rising Asian-Pacific prosperity to boost our own. With the abandonment of the Trans-Pacific Partnership, deeply flawed as it may have been, we have been left with no apparent means of taking part in the region's regulation of its economy.

Meanwhile, China claims status as an increasingly important participant, builder, and contributor to the changing international and regional orders. The United States has been weakened by fiscal anorexia, intervention fatigue, political narcissism, and unilateral diplomatic disarmament. Americans are increasingly sidelined internationally and absent from multilateral fora. Whatever China thinks about the atrophy of U.S. leadership, it is investing in global governance, not walking away from it. It is the strongest supporter of the UN and the principle of sovereign equality, which is the foundation of international law. China is building new institutions to operate in parallel with those created by the United States and other Western nations after World War II. So far, these affirm rather than erode the practices of the order our grandparents built.

5 The U.S. and North Korea have discussed meeting in-person. If such a meeting takes place, the results potentially have major consequences for not only the U.S.-North Korea relationship but for regional stability as a whole.
Korea, other regime-change-related issues, and the fissures in multilateral institutions like the WTO all show that China's differences with the United States are less about the rules we Americans helped impose on the world than about our perceived departures from these rules. As the United States claims exemption from the principles of international law and comity we once championed, China is not seeking to subvert so much as attempting to shore up the existing order. The United States is in no position to read China out of a system that is evolving in directions favorable to an enlarged Chinese contributory and management role in it.

China is intent on giving this trend a boost. Its Belt and Road Initiative (BRI) integrates all of the instruments of national power—economic, diplomatic, financial, intellectual and cultural—to promote a new 21st century geoeconomic and geopolitical order linking Asia with Europe and adjacent areas. The BRI is a true grand strategy—not military but financial, commercial, cultural, legal, and diplomatic. It aims to produce an interconnected Eurasian space within which China's size and dynamism will naturally make it the preeminent power. There is no military answer to a grand strategy built on non-violent expansion of commerce and navigation.

Other Eurasian nations, from Portugal to Russia and Sri Lanka seek to leverage Chinese cash and construction capabilities to their benefit. The United States has criticized and boycotted the BRI but offered no alternative to it. This is an approach that defaults to Chinese leadership and ensures Americans will not be present to exercise our own. Something can seldom be countered with nothing. Drop-outs don't lead. Absence does nothing for one's reputation. As we all know, if you're not at the table, you're on the menu.

In recent months, China has stepped forward as the conciliator of two fractious regional disputes among neighboring nations. It is engaged, so far apparently successfully, in mediating the Rohingya issue between the Myanmar Army and Bangladesh. And it has just
convened the foreign ministers of Afghanistan and Pakistan in Beijing as the first step in a proposed peace process between those two countries. The United States is not part of either effort, despite our obvious and oft-stated interest in both. As an added indication of China’s likely role in the global future, the Palestinians have asked Russia and China to replace the United States as the mediator with Israel.

The more the United States is missing in diplomatic action, the sooner China will seek to reshape existing institutions and rules to deal with emerging realities as it sees them. Its instincts in this regard are once again authoritarian, verging on totalitarian. This, more than anything else, is why it matters whether China, rather than a coalition of industrialized democracies that includes the United States, takes the lead in crafting the rules for global governance. China’s rise should evoke more rather than less active engagement by the United States in multilateral institutions that deal with global and regional affairs. The challenge China poses cannot be managed by American parsimony or non-participation in these organizations.

The December 21, 2017 UN General Assembly vote repudiating the U.S. stand on Jerusalem was a nearly unanimous vote of no confidence in American leadership by the international community, including longstanding U.S. allies, not just a rebuke of American policies in the Middle East. Meanwhile, even as Beijing and Moscow sharpen their political and economic game, Washington is gutting its foreign affairs agencies, diplomatic service, participation in international institutions, and foreign assistance programs. This is a course of unilateral diplomatic disarmament that abandons all instruments of statecraft other than the military. It promises a further reduction in foreign deference to the United States and a concomitant rise in armed challenges to American power.

The meeting took place on December 26, 2017.
The third major source of tension in the U.S. relationship with China is cultural and ideological.

China seeks affirmation by foreigners of its self-image as a virtuous society, but, for the most part, Chinese are indifferent to how we non-Chinese govern ourselves. By contrast, Americans are convinced that only constitutional democracy on the U.S. model can confer legitimacy, that other systems of government are inherently unjust, and that it is therefore appropriate to insist on their reform or overthrow. This difference manifests itself in U.S.-China interactions, both internationally and bilaterally.

At the height of the Cold War, President John F. Kennedy advocated a set of policies premised on the realistic notion that, as he put it, “if we cannot now end our differences, at least we can help make the world safe for diversity.” This could well be a statement of the current Chinese position, with one notable exception. This is the increasing Chinese insistence that foreigners conform to the same limits the Chinese government imposes at home on criticism of China’s leaders and policies.

The demand that non-Chinese, residing in their own countries, bow to censorship by the Chinese Communist Party is not just an outrage against individual freedom. It is an egregious case of interference in other nations’ internal affairs. Far from increasing respect for China abroad, such diplomatic overreach invites foreign derision and contempt.

Perhaps, as Beijing observes this, it will rein in its impulse to bully those in other nations with different values and views that inspire criticism—constructive or otherwise—of China’s foreign and domestic policies and practices. After all, after U.S. armed evangelism on behalf of democracy, feminism, and religious freedom in the Middle East turned out to be counterproductive, the current administration has pretty much abandoned our effort to impose our values on others.
there and elsewhere; Afghanistan excepted.

When Americans and Chinese began our current relationship, the differences of political culture and ideology between us were vastly greater than they are today. The basis for the *modus vivendi* we worked out set aside these differences. In the “Shanghai Communiqué,” issued at the end of President Nixon’s path-breaking visit to China in February 1972, both governments declared:

There are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, nonaggression against other states, noninterference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis, without resorting to the use or threat of force. The United States and the People’s Republic of China are prepared to apply these principles to their mutual relations.7

These principles are sound. Both sides have strayed from them. It would be wise to reinstate them. No relationship troubled by one side’s disrespect for the other’s values can prosper. Nothing is gained by a futile insistence that one side must conform to the views of the other. Ideological competition can be constructive when it is directed at building societies whose excellence attracts the admiration of foreigners and invites their emulation of it. It leads to violence when it is not tempered by tolerance.

The best way to make America or China great again is not to try to

---

impede each other’s progress or tear it down. It is for each side to focus on the home front, implement the values it professes, improve the factors underlying its national competitiveness, and address its own problems before worrying about those of others.

China has a formidable list of such problems. They include 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. China has land borders with fourteen countries, many of them both feisty and formidable armed. It has an unfinished civil war with Taiwan and uneasy relations with fifty-five ethnic minority groups—8.5 percent of its population—at least two of which are in a near state of rebellion against Beijing. In short, China has its hands full. 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.

It is good news that the Trump administration no longer seeks to impose American principles of government on others. China has every reason to reciprocate the ideological truce this makes possible. The cost of courteous leadership by example is low. Its payoff can be high. There is every reason to judge that, if we return to a condition of mutual respect for our differences, the United States and China can cooperate more than we quarrel.

But quarrel we will, especially about matters affecting national well-being, like trade and investment. Such arguments between nations are normal. The trick is not to get into fights you can’t win.

In normal times, diplomats, who are specialists in the non-violent adjustment of relations between states, can manage most disputes without them spiraling out of control. But we do not live in normal times. The United States is well along in abandoning multilateralism.
in favor of economic nationalism. We are replacing policies that have brought prosperity to the world with untried populist theories that the great majority of professional economists believe are fundamentally unsound. We have no one—no one—with us on this internationally. In this context, if we get into a trade war—a zero-sum approach in which each side reckons that the other’s loss is its gain—with China, we are far from sure to have our way.\(^8\)

It is more likely that both the United States and China will lose from an economic confrontation than that either would gain. And the consequences of a deterioration in U.S.-China economic interaction could be enormous not just for the United States and China but for the world economy. Today, exports make up about 12 percent of our economy and over 19 percent of China’s. U.S. exports to China alone represent about one percent of our GDP. China’s exports to the U.S. are about 3.5 percent of its GDP. Between us, we account for about 4 percent of world trade. We are not going to set the world trade agenda bilaterally, but we are in a position to wreck it.

The EU, not the United States, is China’s largest trading partner. Half of China’s trade is with the other countries of the Asia-Pacific. A breakdown in U.S.-China economic relations could bring trauma to them and to the globalized world economy. None of our trading partners would welcome a contraction in either the U.S. or especially the Chinese economy, which has recently played the role the U.S. economy used to play as the major driver of global economic growth. An American-organized coalition to advance the common interest of the world’s major trading countries in curbing commercially predatory Chinese behavior would have great weight. A U.S.-initiated confrontation with China over our bilateral trade balance will elicit almost no sympathy or support from others.

---

\(^8\) This speech was given before President Trump’s March tariffs ignited a “trade war.” Now, the analysis of what would happen in the face of a trade war is even more relevant.
And, let’s not forget, there would be huge opportunity costs from a major setback in U.S.-China trade. China is the world’s fastest growing major economy. When this century began, it was our 11th largest export market. With U.S. exports of goods and services of $165 billion, it is now our third largest. By 2030, all things being equal, U.S. exports to China are expected to triple, reaching $520 billion annually. We will both lose if that doesn’t happen.

The United States may have turned its back on multilateralism, but the rest of the world has not. Japan has recovered the fumbled Trans-Pacific Partnership and is trying to run with it on its own. China’s proposed Regional Comprehensive Economic Partnership (RCEP)\(^9\) continues to advance. Despite U.S. efforts to strangle its dispute resolution mechanisms, the World Trade Organization (WTO) remains the focus of other nations committed to the continued liberalization of the terms of trade. The danger is that the global order of the future will be crafted without the United States or by workarounds that bypass us. By contrast, China will not absent itself from the councils of regional and global governance.

China’s rise is a real, not imaginary, challenge to the status quo and to U.S. leadership. It is mainly economic, not military, and it can be peaceful or not, as our interaction with it determines. At the moment, our approach seems based more on hubris than on a realistic measure of what we are up against. We are carrying out a series of tactical adjustments in response to changes in our trade and investment relationships with China and others in its region as these occur. The sum of such tactical adjustments does not a strategy make.

As President Nixon said in the very different circumstances of fifty

\(^9\) The RCEP is a free trade agreement that has been proposed between the ten member states of ASEAN - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam - and the six states with which ASEAN currently has free trade agreements - Australia, China, India, Japan, South Korea, and New Zealand.
years ago, the United States needs “urgently to come to grips with the reality of China.” That reality is not usefully perceived through media memes, mainstream or social, or by reference to “alternative facts.” We must latch onto trends and events that are occurring so fast that we lag in perceiving them. We can no longer live by our wallets. We will not tax ourselves to refill them. We would be unwise to try to live by our brawn, when others may be able to outmatch us on battlefields nearer to them than to us. We must learn to live by our wits.

A witless military response to the rise of China is worse than a blunder. So is an approach based on economic nationalism. These strategy-free approaches risk a potentially fatal blow to all the purposes that define Americans as a people. They will divide rather than unite us. They will separate us from our allies and friends. They risk impoverishing us. And they increase the danger of war with a nuclear great power.

It is in this context, particularly, that I lament the demise of our nation’s diplomatic service, in which I served my country for thirty years. We were never as professional as we should have been but we were not amateurs, as many of those now carrying out our functions are. We aspired to serve our country as best we could, not a political cause or party, our personal ambitions, or our pocketbooks. We went where we were sent and we made the best of every posting we had. We made contributions that were recognized as essential to the formulation and implementation of national strategy. It was an American diplomat, George Kennan, who gave our country the grand strategy of containment that brought us a bloodless victory in the Cold War.

China, more than any other country, presents a test of our national fitness to continue to enjoy a preeminent position internationally. We will not pass that test if we do not repair our national strategy deficit and rediscover diplomacy—measures short of war—to address the challenges of a rapidly changing international environment. That is
what we need to do to reverse the diminishment of America and make us great again. It is not what we are doing. Once we have exhausted all the alternatives, I am confident that it will be.
Cracking the China Conundrum

Yukon Huang, PhD

I was inspired to write my book, *Cracking the China Conundrum: Why Conventional Economic Wisdom Is Wrong* (Oxford University Press, 2017), because of the extreme variation in views on China's economy and its impact on relations between the U.S. and China. If the understanding of China's economy is flawed, then the related policy prescriptions being discussed are likely to be misguided.

When I went to China in 1997 as the World Bank's first Beijing based Country Director, its economic policies were mainly a curiosity for those interested in how a large and very poor nation was transforming itself. By 2010, China's rise had become a hot topic with the media, academics, and financial community fascinated with every aspect of its development.

What differentiated China from other countries was the centrality of economic issues in shaping its emergence as a great power. And this transformation was anything but normal in its manner and impact. The perspectives I had developed in having visited all the provinces and regions in China did not seem to mesh with the views being disseminated in Western capitals. Location clearly mattered, as did the orientation of institutions, in shaping perspectives. But it also went deeper than that.

Why did so many Sino-specialists see as a risk something I saw as a

---

Yukon Huang is a senior fellow with the Asia Program at the Carnegie Endowment for International Peace. He was formerly the World Bank's country director for China and is an adviser to the World Bank, Asian Development Bank, Asian Infrastructure Investment Bank, and various governments and corporations. He is a featured commentator for the Financial Times on China, and his articles are seen frequently in the Wall Street Journal, Bloomberg, Foreign Affairs, the National Interest, and Caixin. He has a PhD in economics from Princeton University and a BA from Yale University.
non-issue and vice versa? Having worked on China for so long, I had come to recognize, as have others, its strengths and vulnerabilities. But global opinions tended to be more extreme, casting the country as either poised to take over the world or doomed to collapse.

Thus began a process of revisiting my own beliefs and the arguments made by others and, in the process, trying to “Crack the China Conundrum” became the title for my book. Having spent the years before arriving in Beijing working on the Former Soviet Union, I realized that a major reason for diverging views came from the absence of any agreed framework for thinking about transitional economies as they moved from central planning to more market oriented systems. This was compounded by China’s size and geographical diversity which meant that a more holistic approach was needed.

I assumed initially that this was primarily a “Western” problem but, over time, I realized that it was also a problem for those in Beijing, including myself. All this forced me to question many of the principles I had formerly accepted as common wisdom. In doing so, I had become both a skeptic and a contrarian.

**Differing Views of China as a Global Power**

For many Americans, perceptions of China are driven by insecurities triggered by its economic successes. For nearly a decade, U.S. opinion polls have reported that most Americans see China as the leading global economic power. Europeans also share this view, while the rest of the world correctly see the U.S. as the leading economic power. Why is there such a dichotomy between the views of the developed and developing countries which at first glance appears to be the reverse of what one might have expected? The answer comes from the excessive preoccupation of the United States and Europe with their huge trade deficits with China while for the rest of the world this is less of a concern.
For the more ideologically inclined, China’s economic ascendancy threatens the tenants of Western political liberalism—grounded in free markets, democracy, and the sanctity of human rights. These concerns often surface as a debate between the roles of the state versus the market and are often caricatured as a battle between two systems, nurturing in the process sentiments that are often harsher than the reality in judging China.

**Differing Views on China’s Global Economic Relations**

Misguided Western views on trade and investment tensions with China have muddled foreign policy discussions for more than a decade. Recent actions taken by the U.S. to levy tariffs on imports of solar products and steel are generating fear of a trade war. China is seen as the culprit for America’s huge trade deficits and the beneficiary of excessive amounts of U.S. foreign investment. Yet, there is no direct causal relationship between America’s deficits and China’s surpluses and the share of U.S. investment actually going to China has been unusually low rather than too high.

Many Americans believe America’s huge trade deficits are closely linked with China’s large trade surpluses. But America’s trade deficit became significant around the late 1990s and only began to moderate around 2007. China’s trade surpluses, on the other hand, were not significant until 2004-05. How could China be responsible for America’s trade deficits, when America’s huge deficits emerged long before China’s surpluses emerged?

The confusion comes from having China as the final assembly point for shipping to the U.S. of parts produced by other Asian countries. The share of U.S. manufacturing imports from Asia has not changed over the past two decades but the bulk of it has shifted to China after it became the center of the regional production network after joining the WTO in 2001. Thus, the appearance that the U.S. trade deficit is linked with China’s surplus is really about deficits with other
countries where many of the higher-value components are being produced before assembly in China.

Conventional wisdom also suggests that too much of America’s foreign investment is going to China, resulting in job loss and declining competitiveness. Yet, despite the U.S. and China being the two largest economies, only about 1-2 percent of America’s investment has been going directly to China over the past decade.

The existence of tax havens means that these numbers are lower than the reality, but consider the EU which is comparable to the U.S. in economic size. Until recently, annual flows of EU’s foreign investment to and from China have been much more than that of the U.S., although they began at around the same levels a decade ago. The difference is because the EU’s manufacturing strengths are more complementary to China’s market needs than America’s. Promoting more investment flows in both directions would benefit both sides. Moving forward on the bilateral investment treaty that has been under negotiation for years is a better solution than trade wars.

**Differing Views on China’s Growth Model**

Sentiments toward China are often clouded by the view that its growth path is unsustainable. This predicament is exemplified in the concern U.S. policymakers have been voicing for years that China’s “unbalanced” growth, as measured by its extremely low share of personal consumption to GDP and commensurately high share of investment, is a major risk.

This view is misguided. Unbalanced growth is the consequence of a largely successful long-term growth process rather than a risk. Few analysts realize that the increasing imbalances actually come from the beneficial movement of workers from labor intensive, rural activities to more capital intensive industrial jobs in the cities.

In the process, the share of consumption to GDP automatically
declines while, paradoxically, consumption per person or household increases. Thus, unbalanced growth has led to both a surge in household living standards and China becoming a major manufacturing and trading power.

**Differing Views on China Financial Risks**

Since the Global Financial Crisis, world financial markets have also been fixated on China’s surging debt-to-GDP ratios and a looming property bubble. Experts have warned that all economies that have incurred comparable increases in debt indicators have experienced a financial crisis and there is no reason China should be any different.

Yet, China is different—not because it is immune to financial pressures, but because the structure of and interactions within its economic system are not the same as the others. The more optimistic observers point out that most of China’s debt is public rather than private, sourced domestically rather than externally, and household balance sheets are typically strong. But neither the optimists nor the pessimists have recognized that the key to deciphering the debt issue is that China did not have a significant private property market a decade ago. Once a private property market was created, surging credit flows went to establishing market based values for land. The six-fold increase in property prices over the past decade is the consequence.

The risk is more about whether current asset prices are sustainable since, if they are not, a debt crisis is plausible. On this issue, few realize that housing affordability has improved in recent years and inventories have declined. Overall, China’s financial situation warrants serious attention, but it is not the crisis kind of situation many make it out to be.

**Differing Views on Worsening Social Tensions**

For many China observers, worsening social tensions, rather than the
economy per se, is the real risk. In particular, President Xi Jinping sees arresting corruption as critical to preserving the legitimacy of the Communist Party while economists see dealing with it as essential to maintaining rapid growth. Most studies conclude that corruption impedes growth because it dampens investment incentives. China is different, however, because the state controls all the major resources and the right to operate commercial activities. But rates of return are much lower for state owned and operated assets than the returns that private agents are able to achieve.

Since privatization of ownership is not politically realistic, corruption allows for transferring the use rights of these assets to private interests through formal or informal arrangements with officials who control their availability. Because China’s unique decentralized administrative system fosters a partnership between officials and private interests in favor of development, this arrangement promotes growth with both sides sharing in the gains.

Yet, with spreading corruption generating a sense of inequities, this process is no longer sustainable. China’s leadership is right that corruption needs to be curtailed, but they may not fully realize that this will require getting the Party out of its dominant role in controlling economic activities.

**Explaining Why Conventional Wisdom Is So Often Wrong**

How does one explain why there is such extreme variation in views and why conventional wisdom is so often misguided? Inadequate analytical frameworks and geopolitical differences in values are part of the explanation, making it difficult or nearly impossible for both casual observers and academics to address issues in an intellectually validated or ideologically neutral way.

Moreover, the media is under pressure to convey an easily digestible message that is in line with accepted values and norms. The result
often fails to take into consideration China’s size and diversity, as well as the peculiarities of its mixed economy. Views are also shaped by the geopolitical tensions that come from a rising power seemingly threatening the position of the dominant power. A conflict is avoidable, however, if both sides are able to see the issues more dispassionately and are motivated to forge mutually beneficial solutions.

*Dr. Yukon Huang's book, "Cracking the China Conundrum: Why Conventional Economic Wisdom Is Wrong" was published in July 2017 by Oxford University Press.*
China is on the rise. The U.S. is in decline. These trends seem so obvious to leaders in China and to many commentators in the West that the only question seems to be whether China will replace the U.S. as the world’s dominant power by a peaceful process, as the U.S. eclipsed Great Britain after 1940, or whether this will occur through violent conflict.

Yet China’s rise may be hollow, and America’s wounds may be more temporary and self-inflicted than the precursors of inevitable decline. It is wise to recall that the United States has always managed to surprise. In both World War I and World War II, America was not expected to provide the decisive blows to end the war. In the 1940s, the ability of America to fight both in Europe and across the Pacific, and emerge as a global economic colossus, could hardly be expected from the same country that just a decade earlier had seemed stuck in an endless Depression and suffered the ravages of the dust bowl exodus from its agricultural heartland.

In the 1970s, as America was bogged down in Vietnam and reeling from anti-war and civil rights protests, no one imagined that less than two decades later its great adversary, the Soviet Union, would be rent asunder while American technology and culture would swamp the world. Indeed, in the 1980s it seemed that an ascendant Japan, whose

Jack A. Goldstone (PhD Harvard) is Hazel Professor of Public Policy and a Fellow of the Mercatus Center of George Mason University. He is also a Global Fellow at the Woodrow Wilson Center. He is the author of Revolution and Rebellion in the Early Modern World (winner of the 1993 Distinguished Contribution to Scholarship Award of the American Sociological Association), and has authored or edited ten additional books and over 150 book chapters and journal articles on various aspects of political conflict and social change. Goldstone blogs regularly on revolutions and world affairs at http://NewPopulationBomb.wordpress.com and on twitter at @jgoldsto.
consumer technology was overcoming that of the United States, would buy up America’s assets and push its great automobile and photography companies to the scrapheap. But two decades later, it was evident that Japan’s boom had come to a stark end. And while Kodak may have crumbled and Chrysler was sold to foreigners, new American firms like Apple and Uber were transforming photography and transportation with no Japanese rivals in sight.

So how confident can we be that China will rise and American power will fade?

There is no doubting China’s tremendous progress over the last four decades. Since the onset of Deng Xiaoping’s reform policies, the Chinese Communist Party regime has raised more people out of poverty, and has created more economic growth, than any government in history. It did so largely by unleashing two great powers: the untapped labor of the Chinese people, and the accumulated capital of Chinese and foreign investors.

The labor of the Chinese people had been dispersed by Mao’s regime, which left China’s economy in the hands of a billion unskilled laborers in agriculture with little or no incentive to improve. Deng gradually allowed a vast shift of those laborers into education and skilled and semi-skilled work in urban and suburban factories, and then into services, where their productivity was easily quadruple what it had been in the fields. Meanwhile, new incentives and capital flowed into farms, townships, and cities, equipping workers to raise output and create new products, from electric fans and bicycles to modern appliances and smart phones. As a modern industrialized and service economy emerged from the ruins of the Cultural Revolution, China moved from a country of impoverished peasants to a country of middle-income producers and consumers.

It is important to note that this was not accomplished through sweeping orders that all regions and localities obey the same central
decrees, as had been the source and scourge of the Great Leap Forward and the Cultural Revolution. Rather, it was accomplished through a decentralized system that gave great latitude to local officials and entrepreneurs. The only order that came from Beijing was “contribute to GDP growth, and you will be rewarded.” Whether a given region did so by mining coal, smelting steel, processing chemicals, building appliances, farming vegetables, constructing offices or residences or factories, was left mainly to local Party men and women and the businesses and workers in their region.

Partnerships between Party and business leaders, rewards for growth, and relative freedom to move, invest, and acquire spurred remarkable energies into economic progress. Of course, there were negative side-effects, just as there were in the Western drive to industrialization: local officials were not bothered if their region also emitted pollution, if they engaged in corruption, or if they sold agricultural lands out from under peasants, as long as they delivered GDP growth and kept protest down. Adding to this mix a generous inflow of capital from foreign investors—from Japan, Taiwan, Hong Kong and the West—and investment in infrastructure and trading agreements to enable China’s products to flow to the world, and China created an unbeatable set of conditions for rapid economic growth.

Yet, none of the conditions that made for such rapid growth could be sustained indefinitely, and all are now quickly drying up. Growth depended first and foremost on several large gaps: between the very low wages of Chinese peasants and wages anywhere else in the world that could provide semi-skilled factory labor; between the vast number of rural peasants who lived in the countryside and the number who could be productively employed there, creating a huge mass of potential low-wage urban and factory workers; and between the enormous consumer-oriented economies of Japan and the West and the tiny output of China’s economy, leaving the latter room to grow many times over to supply the former’s market demand.
Overall growth also depended on the rapid increase in the working population, which constantly supplied new workers with the latest skills, as China’s working-age (15-59) population nearly doubled between 1980 and 2010. Finally, China benefited from its ability to import technology in order to “catch up” with production in the West, moving up the commodity chain from building simple machines to internet commerce.

Let us now look at the conditions facing the behemoth that China’s economy has become. Wages in China have not caught up with the West, but they are now higher than in China’s competitors for textile and other low-cost assembly work in Bangladesh, Indonesia, and Vietnam. China finds itself caught in the “middle income trap” where work that benefits from very low wages has moved elsewhere, while much work that is done by higher wage workers is either increasingly automated or can be done closer to Western markets, in places like Eastern Europe or Mexico. It is no longer clear exactly how China will be able to keep its workforce employed while enjoying continual wage growth.

There are also no longer the vast numbers of rural peasants available to move to urban and factory jobs, so expanding output now requires companies to compete for labor. This is especially true given the harsh demographics China has imposed on itself as a legacy of its “one-child” population policy. China’s 15-59 year-old workforce started contracting in 2010, and is projected to fall by 25 percent by 2050. This contraction is particularly marked among the young: the 15-24 year-old population is shrinking from a peak of 234 million in 2005 to just 182 million in 2015 and 160 million in 2025. No one knows what this drastic decline in the number of young people entering the workforce will do, but it certainly prevents China from following its former path of rapid expansion of a low-wage workforce.

Finally, China’s economy has become large compared to the economy of its major markets. By some measures larger than the economy of
the U.S., and comparable to that of the EU, China can no longer easily multiply its overseas sales, which for that matter have become an ever smaller part of total output. Indeed, exports are now a small slice of overall growth, which is driven mainly by domestic investment.

This investment-driven growth model is showing strains. Investment in China is not governed primarily by market incentives, but instead by government directives to state-owned banks to keep lending, even to unprofitable companies and for spending on unprofitable investments. China has adorned its landscape with magnificent Party headquarters, elegant university dining halls and four-star campus hotels, high-speed trains to span the country, vast residential developments in third and fourth-tier cities, and airports and bridges that are currently little used. All of this means that, as happened to the Soviet Union in its last decades, every additional yuan of investment is producing less net new economic activity. For the period from 1996 to 2007, China enjoyed an incremental capital ratio of around three, meaning that roughly three yuan in investment produced one yuan in new GDP. But as a result of the credit-driven growth model, in which China has relied on credit-driven investment to provide over 40 percent of GDP, this ratio has rapidly deteriorated. In 2015, this ratio reached 13, which means that each three yuan investment produced only 0.24 yuan of new GDP. To maintain a growth rate of 6 percent of GDP, China thus has to pour in more and more investment every year, which is blowing up its problematic loans, which are now by one estimate over $3 trillion US, or well over 20 percent of Chinese GDP.¹

In order to grow, China needs its nearly one-billion decision makers—Party officials, businessmen and women, and consumers—to make savings and investment decisions efficiently. Decision-making on this

---

scale can only be done by allowing market prices to send signals to decision-makers who then act on them. Yet China is moving away from that model. Instead of giving more freedom to markets to set prices and for investors and consumers to respond to those prices, China is moving to a more centralized model where orders from Beijing to local officials need to be carried out.

To some degree, this is an understandable reaction to frustrations in Beijing. Party leaders are unable to secure reliable data on the operations of provinces and municipalities and state-owned firms, as all have strong incentives to continue to maximize revenues but conceal costs and problems from Beijing. And as long as state-owned banks are instructed to keep the economy humming along at 6 percent or more growth by feeding credit to firms, they have no need to change. Beijing would also like managers to stop mining so much coal, stop producing so much steel, and cut pollution and industrial accident risks. But again, with unreliable data and no market discipline on firms, the only way Beijing can impose its will is to increase Party supervision at the local level. However, this is likely to cripple initiative and lead enterprise and Party leaders to wait for orders from above before taking any actions. If history is any guide, with more power concentrated in the hands of Xi Jinping, the result is likely to be less growth as every official concentrates on doing what will please the boss, rather than what is good for the local economy or the nation as a whole. Far from creating a situation in which market signals create greater efficiency, more central Party control will create a situation of ever greater incentive distortions and more inefficient behavior.

The great paradox of China’s economy is that it has achieved a level of size and complexity where further prosperity can only be achieved by letting market incentives and discipline guide the billions of spending and investment decisions made by firms and households. Yet, China has also achieved that growth in recent years by accumulating vast
debts and subsidizing inefficient companies at such a level that letting market incentives guide investment and spending decisions would likely lead to the collapse of many firms and perhaps even a major recession, which would be too politically dangerous for the Chinese Communist Party to accept.

Even granting the high level of economic management exhibited by Party leaders, the best that can be expected in managing this paradox is muddling along, failure to break out of the middle-income trap, a demography-induced slowdown, and a spiral of further policy errors as the Party closes ranks around Xi and focuses on doing things that please Xi and win his attention, rather than serve any substantive policy goal. Meanwhile, Xi will find it ever harder to get an accurate picture of the world around him, as his accumulation of personal power will produce the same difficulties that afflicted Mao, with him being surrounded either by enemies he distrusts or sycophants he cannot believe.

Of course, China has placed bets that it can overcome this paradox by moving quickly to assume a globally dominant position in such “next generation” technologies as solar and wind power, artificial intelligence, robotics, and quantum computing. Yet China’s economic successes—from solar power to internet commerce to digital ride-hailing—have never come from China being a technological leader. Rather, they have come from acquiring technology and producing it more cheaply through lower wages and/or increases in scale. Sometimes this does yield breakthroughs: Japan did this in automotive manufacturing, and China has done this in solar panels and may do so in electric buses, where China will likely scale up production to levels unmatched anywhere in the world.

Yet that kind of market capture by producing known products at lower costs has limits—ask Japan how well that worked once Korean competition became intense. By contrast, producing new products
that have no analogue and few or no competitors—such as Apple’s iPhone and tablets, Amazon’s Alexa, Airbnb, Uber, Microsoft and Oracle software, civilian airliners, Facebook’s social network, new pharmaceuticals—and reaping the advantages of being a first mover is both much more difficult and much more rewarding. China has one example: the world’s leading consumer drones, built by DJI, were first developed in Hong Kong and are now produced in Shenzhen.

Whether China can follow up this success in such advanced areas as robotics, AI, and quantum computing where the U.S., Japan, South Korea, and Europe have significant leads, remains to be seen. It may be that China’s drive to acquire global engineering talent will be hurt by the regime’s greater insistence on information control and Party loyalty; such conditions often repel innovative free-thinkers. It may be that the need to maintain money-losing state companies will lead to a waste of capital that would be better spent on small, inventor-led start-ups. And it is difficult to “leapfrog” complex technologies. China has not yet been able to create a competitive semi-conductor industry; how then can it move to the next stages of building a commercial quantum computer?

China has put its toes in the water in building civilian aircraft, in space exploration, and in solar and wind power with promising results. But China is also ramping up its spending on its military, and on controlling its domestic information environment. It is not clear that China will be able to do better than, say Japan did, in seeking to compete with the U.S. and Europe in the most lucrative areas of high technology and services.

In sum, China has big plans, and an amazing history of recent success. Yet a glance at the history of past cases where the U.S. seemed on the verge of being overtaken by competitors should give pause to the idea that the rise of China is inevitable, as is U.S. decline. China in fact faces huge obstacles, ranging from a vast accumulation of debt to a
shrinking and aging labor force and the distortions that generally accompany increased centralization of political power. It would not be surprising if, instead of overtaking America, China arrives at 2050 struggling to cope with domestic economic and political crises and simply striving to remain a viable competitor to Europe and America for global economic power.
Manning Taiwan's Military: Reflections On the 2000 Defense Reorganization Acts

Bernard D. Cole, PhD

The current imbroglio between the People's Republic of China (PRC) and Taiwan, describing itself as the Republic of China (ROC), is one of the most dangerous situations in East Asia, second only to North Korean nuclear intransigence. The China-Taiwan issue is relatively straightforward: Beijing insists the island of Taiwan has historically been and remains part of China and insists on the island's incorporation with the mainland; Taipei maintains it is not subservient to Beijing and rejects its terms for political union.

The United States is deeply enmeshed in this dispute, both as the world's strongest power, with vast interests in Asia, and as the de facto guarantor of the Taiwan people's freedom of political choice. American support for democracy is an inherent feature of its foreign policy; for the past century this has meant supporting the ROC, even when the Cold War's anti-Soviet environment led to U.S. support of Chiang Kai-shek's military dictatorship. Washington's relationship with Taipei has been, at best, ambiguous since 1949 and remains unique.

The PRC-U.S. relationship changed when the United States did not veto China replacing Taiwan in the United Nations in 1971 and when President Richard Nixon visited Beijing in 1972. The United States has remained a participant in the China-Taiwan situation, however, following this rapprochement.

Capt. Bernard D. Cole, USN (Ret.), is a Professor Emeritus at the National War College in Washington, DC. Cole's previous books include The Great Wall at Sea: China's Navy in the Twenty-First Century, which was selected for the Navy Reading Program. He earned a PhD in history from Auburn University and lives in Alexandria, VA.
Washington formally shifted diplomatic recognition from Taipei to Beijing in 1979, holding that Taiwan’s status was unresolved, even while acknowledging the incompatible claims of Taipei and Beijing that each was the legitimate government of China. China considers its 1949 civil war victory incomplete without Taiwan’s reunification. One seldom hears Taipei claiming to be the government of “free China” or the “Taiwan Area” of China, instead fostering an increasing view that the island is an independent state.

The island’s status remains the issue between China and the United States most likely to draw these two nuclear-armed superpowers into armed conflict. The United States abrogated its mutual defense treaty with the Republic of China, but in the Taiwan Relations Act remains committed to support the island’s ability to defend itself. Thus, the United States remains very interested in Taiwan’s military effectiveness, particularly its ability to defend itself against possible Chinese aggression.

Taiwan faces two major threats to its current status. First, it is recognized as the ROC by just eighteen other nations, a number that continues to dwindle. ¹ Several other states, including the United States and Japan, maintain unofficial “commercial” and “cultural” offices on the island. Furthermore, the PRC continues to isolate Taiwan in the global community, successfully preventing its membership in significant international organizations, such as the World Trade Organization and International Health Organization.

Second, Taiwan’s existential opponent, the PRC, is just 105 miles across the Taiwan Strait. Beijing refuses to refrain from military action to ensure the island’s eventual reunification with the mainland, which places Taiwan under constant military threat.

¹ These are Belize, El Salvador, Guatemala, Haiti, Honduras, Kiribati, Marshall Islands, Nauru, Nicaragua, Palau, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Solomon Islands, Swaziland, Tuvalu, and the Vatican (although the Vatican may be on the verge of shifting diplomatic recognition to Beijing).
Taiwan’s national security organization since 1949 may be divided into four phases. “Recapture the Mainland” characterized Phase One, lasting from 1949 to approximately 1962. Taipei maintained a military of more than 600,000 personnel during this period, which after 1955 was buttressed by a mutual defense treaty with the United States. Washington did not support the unrealistic goal of recapturing the mainland, however, insisting on the right of approval prior to any Taiwan military action against the mainland.2

The second phase, “Recapture the Mainland and Defend the Island,” spanned the next decade. Its demise was signaled when President Richard Nixon visited China in 1972, and ended when President Jimmy Carter shifted U.S. diplomatic recognition from Taipei to Beijing in 1979.

“Resolute Defense, Effective Deterrence” was Taiwan’s apt description of the island’s third strategic phase, lasting from the mid-to-late 1970s to 2000.

Phase Four may be called “Effective Deterrence, Resolute Defense,” with the unspoken addition of “hold on until the United States military arrives,” and remains Taipei’s strategic policy. However, this “strategy” is fatally weakened by Taipei’s failure to maintain a credible capability to defend itself without immediate U.S. intervention.

Defense Reorganization

The National Defense Law and the Organization Law of the Ministry of

2 See discussion in Bernard D. Cole, Taiwan’s Security: History and Prospects (N.Y.: Routledge, 2006), 20-25 (cited hereafter as “B.D. Cole”). The presidential administrations of Truman through Nixon generally did not support this goal, although the U.S. Central Intelligence Agency did support cross-strait raids, as evidenced in U.S. Army records of the Military Advisory Group held at the Center for Military History, Fort Lesley J. McNair, Washington, DC. President Eisenhower only reluctantly supported the mutual defense treaty; Kennedy actively opposed Chiang Kai-shek’s belligerence in 1962.
National Defense of the Republic of China were passed in 2000 and formally implemented in March 2002. These laws intended to “implement civilian control, enhance the professionalism of personnel, and strengthen the capability of joint operations.” They include as central goals moving to an all-volunteer military and instituting a professional, civilian-manned defense infrastructure. Both goals remain works in progress.

Taiwan’s defense reorganization effort combines provisions similar to those of the U.S. Defense Reorganization Acts of 1947 and 1958, as well as the 1986 Goldwater-Nichols Act. Taipei’s reorganization is intended to be basic and comprehensive, focusing on three primary objectives. First is depoliticizing the military, separating it from the ruling political party. Second, and directly tied to the first, is civilianizing the national security infrastructure, to ensure that civilian officials and not military officers are the primary policy-formulators and decision-makers for Taiwan’s defense. Third is revising the chain of command, again to ensure civilian officials, either elected or professionally trained, are making the important decisions about the military’s role. Also included is the noted move from conscription to an all-volunteer military.

The policy on military manpower is described as “oriented toward a combination of enlistment and conscription systems,” with "regular forces from enlistment and reserve forces from conscription.” At the same time, the ministry was charged with saving money through "thriftiness and prudence." This forced economy for resources seriously limits the ability to fund the level of living standards, pay, and benefits required to establish and maintain an all-volunteer military. Perhaps in recognition of this conflict, the Ministry of National Defense is also charged with developing “the mobilization of all civilians to support [Taiwan’s defense]” and to “guarantee national
security, survival, and development.”

**Ministry of National Defense Internal Organization**

The Ministry of National Defense (MND) includes three sub-systems: military administration, military command, and military armament. The first of these, in turn, is composed of fourteen departments, which include Manpower, Reserve Affairs, Council for the Protection of Servicemen Rights, and Personnel. The Taiwan military began, and to a degree remains, a Leninist military, with a system of political officers. Hence, the MND oversees the General Political Warfare Bureau. It is also responsible for the Reserve Command and lesser organizations such as those that compose the professional military education and the military justice systems.

**The Vision**

The manpower issue was directly addressed during the development of the defense reorganization laws adopted in 2002, following earlier decisions to streamline the military. As have most of the world’s defense organizations, the MND recognizes the need to emphasize quality over quantity when constructing a 21st century military, oriented toward high-technology warfare and tight command and control. Hence, all three services of the Taiwan military have reduced their numbers since 1985 and especially since 1997, with reductions continuing, both by choice and more particularly, from necessity.

The MND wants to increase use of civilian resources to reduce the number of personnel required for active military service. It also aims to take advantage of the civilian research and development sector in a way not dissimilar to China’s current interpretation of “People’s War,”

---


which aims to draw on the entire society’s resources for the defense of the nation.

Many of the personnel billets eliminated during the first phase of personnel reductions came from the Armed Forces Reserve Command (AFRC), which in November 2000 reported that 20,000 personnel had been cut “from its payroll,” and that the command would be downsized to a “bureau.” Many, perhaps as many as 18,000 of these 20,000 billets, were transferred to the newly organized Coast Guard, however, which reports not to the Ministry of National Defense (MND), but to the Executive Yuan of Taiwan’s national government. Hence, while “military” manpower was reduced, the total number of personnel in uniform was only slightly affected.

The next phase in reducing the size of the military was designed to reach a troop level of 325,000 at the end of 2006 by eliminating 15,000 billets each year. The pace of this reduction probably did not meet the stated dates for 2004 and 2005, but large reductions did occur.

The goal of abolishing conscription was reinforced in 2008, when President Ma Ying-jeou announced the next step in the program was to end conscription completely, while establishing an all-volunteer military by 2014. However, efforts to achieve the necessary recruiting goals fell short, with the 2013 goal of 28,000 missing the mark by approximately two-thirds. The MND then announced in 2014 that its goal was to reach a military strength of “between 170,000 and

---

5 This is the executive branch of Taiwan’s government. It is responsible for formulating and implementing policies. It consists of a Premier, Vice Premier, twelve cabinet members, chairpersons of commissions, and five to nine ministers.

6 This reduction is reported in Brian Hsu, “Taiwan Military Restructuring to Downgrade Reserve Command,” Taipei Times (13 November 2000). Hsu’s data may be suspect, but the basic personnel shift occurred.

190,000” by 2019.\textsuperscript{8}

The plan to abolish conscription and replace it with volunteers was strengthened by a 2013 Executive Yuan increase in pay of approximately 9 percent, as well as an increase in some benefits. Neither of these positive steps have been sufficient, however, as manning shortfalls persist and limited conscription continues.

### Officer Accession

Taiwan depends on several sources for manning its officer corps. First are military academy “Regular Classes,” which provide only 15 percent of the officers commissioned each year, and Reserve Officer Training Corps units at civilian universities. Academy graduates are required to serve at least six years on active duty and are expected to become career officers. Academy attendance is especially disappointing, as recent years have filled just 40 percent of their classes.\textsuperscript{9}

Furthermore, junior officer manning throughout Taiwan’s military is suffering from significant shortfalls, with one estimate that army units are able to fill less than half their junior officer billets.\textsuperscript{10}

### Noncommissioned Officers

The officer corps is supported by junior college “Technical Class” Non-Commissioned Officers (NCOs) who may come from several sources, including the NCO “Specialized Officer Class,” NCO “Regular Class,” Navy Petty Officer Class, Air Force Professional Flight Class, Junior College for Sergeants, and the Chung-Cheng Armed Forces

\textsuperscript{8} J. Michael Cole, “Is Taiwan’s Military Becoming Too Small to Fight,” \textit{The Diplomat} 93 (19 March 2014), at: https://thediplomat.com/2014/03/is-taiwans-military-becoming-too-small-to-fight/.


\textsuperscript{10} Ibid.
Preparatory School.

The junior officer shortfall may to a degree be compensated for with NCOs given spot or battlefield promotions. NCOs constitute the backbone of any military; they are critical for training troops and junior officers. An outflow of senior NCOs has occurred, however, leaving the current proportion of career NCOs too low and the percentage of inexperienced NCO reservists too high. Solving this problem requires reconfiguring the NCO organizational, training, and education structure, as well as recruiting new, higher quality NCOs.

Regular service NCOs must serve more than four years and usually hold an Associate's Degree or graduate from the National Army Senior High School (NCO school). Conscripted personnel and volunteers may become NCOs; reserve NCOs are enlisted personnel with particular skills or conscripted men who apply to become enlisted NCOs, obligated to serve three years. Conscripted NCOs must serve twenty months and may include college graduates who do not wish to become officers, a program that in theory will be discontinued in an all-volunteer military.

Manning the Active Force

The active-duty military force reportedly numbered approximately 250,000 personnel in 2017, but that number is suspect, due to recruiting shortfalls and the transition away from conscription. End strength is expected as policy to decrease to 175,000 by the end of 2019. Furthermore, additional reductions in military personnel may well occur with the end of conscription. Retaining high-quality uniformed personnel remains a serious problem, despite the MND instituting a program of "Insurance, Welfare, and Medical Care" to improve the living conditions of military personnel and their families, especially enlisted personnel. This program pays for group life and casualty insurance for military personnel, as well as 60 percent of the premiums for them and their families to join Taiwan's National Health
Insurance Plan. This latter step was driven by the government’s decision to close the three military outpatient medical clinics it operated at Taipei, Taichung, and Kaohsiung, and reflects the government’s concern for military personnel welfare. Additionally, the MND operates a system of commissaries and post exchanges at which military families may purchase food and retail goods at a cost approximately 20 percent below the average civilian market price.

A Consortium Corporation operates to care for the dependents and survivors of military members injured or killed in the line of duty, and a system of emergency financial support is also available. A program to expand and improve housing for military dependents has been established.

These steps are no doubt welcomed by service members, but appear not to have had a significant effect in attracting new volunteers. This problem is more acute than it was in past days of a low-skill military. Taiwan’s military forces today require well-educated and educable men and women to operate and maintain increasingly technologically sophisticated systems.

Another problem is accessing personnel who are able to meet the high physical standards that are required for certain military specialties. This is particularly evident in the shortage of tactical aviators, with the requirement for 20/20 eyesight the primary constraining attribute. This is a crucial problem, given Taiwan’s dependence on air warfare to defend against a potential enemy just 105 miles away.

One avenue the MND is pursuing to overcome personnel shortages is to simplify and better regulate the accession means and terms of service for crucial personnel, within a paradigm of short-, mid-, and long-term service. This approach should provide a more accurate basis for determining the numbers of new personnel required at the initial accession point, as well as at the various retention (reenlistment) points that occur during a typical military career.
Assigning heretofore military duties to civilian personnel is also being pursued as a means of reducing the number of technologically qualified officers and NCOs needed by the active duty forces.

Finally, while significantly more expensive than a conscription-based system, an all-volunteer military will presumably be manned by more dedicated and professional personnel. Shifting to an all—or even almost all—volunteer military is an expensive proposition, requiring pay raises, increased availability of advanced technical training, and additional opportunities for post-graduate education. The current defense budget has resulted in a reduction of such opportunities.

**Volunteer Military Program**

Volunteers may enlist in the military for a three year period; draftees had to serve 12 months.

Pay is the most important issue in attracting volunteers for military service and then retaining them once they are educated and trained, a factor highlighted in MND surveys. One study indicated that “only 3 percent of [Taiwan’s] youth are willing” to volunteer for military service, and that the MND’s project to attract “at least 70,000 troops by 2012” failed, as only 600 agreed to serve during the project’s first year. The students surveyed agreed that they did not want to be conscripted, and urged the government to expand the current alternative service plan and seek additional women for military service.11

The results of the Defense Ministry’s efforts in 2003-2004 to create three all-volunteer units—an army motorized infantry battalion, a marine infantry battalion and an air force guards battalion—confirm that young people have little desire to join the military. In the fall of 2004, the Director of MND’s Department of Manpower reported that of the 647 service members the MND required, it was only able to

---

11 Cited in B.D. Cole, 75.
secure 328 volunteers, and 81 percent of those were already members of other military units.

He credited this failure to several factors. First, the US$900 monthly salary offered volunteers was too low to attract volunteers; second, the publicity campaign for the program “had not been powerful enough;” finally, the physical fitness of the “average volunteer recruits” had been too low. The conscription pool is also limited by Taiwan’s graying population, emigration of draft-aged youths, and reduced interest in military service by the young.\(^\text{12}\)

Despite this result, the MND announced in late December 2004 that it was going to begin moving Taiwan toward an all-volunteer military: “From now on, we will have more and more volunteer soldiers.” The MND announced a plan to recruit 6,561 volunteer soldiers beginning in January 2005, including adding women in the military “across different units, including combat units.”\(^\text{13}\)

In January 2005, then Vice-Minister of Defense Michael (Ming-hsien) Tsai announced that mandatory military service would be shortened to 18 months on July 1, 2005 and to 12 months in 2008. He also stated that the maximum age for military service volunteers was being lowered from 40 to 35 years of age. Tsai included in this announcement a monthly pay raise for newly conscripted men from $900 to $1,167. He admitted that the pay offered volunteers would still fall short of that offered in the private sector, but noted the availability of special pay for special duty, such as serving in submarines. The plan aims for “a ratio of three volunteer soldiers to two conscripts [to] be achieved in three years.” Tsai went on to claim that “the planned shortening of military service will not undermine the military’s overall combat capabilities, as modern warfare stresses


'beyond vision' and 'no contact' combat strategies.” He did not define what he meant by “no contact,” but probably was exaggerating the decisiveness of the high technology warfare employed by the United States and other militaries in conflicts since 1991.

**Conscripts**

Conscription is administered jointly by the Ministry of National Defense and the Ministry of the Interior. Taiwan's population of 23.5 million includes 10.9 million women, yet only men are subject to conscription, which means less than 60 percent of the population is expected to provide the military's total strength. Some women do serve as volunteers, making up 4 percent of the military's officers and 3.1 percent of the NCOs. MND's 2002 annual report emphasizes the goals of “Gender Equality” and “Effective Utilization of Female Servicemen” [sic], but the intervening years have not shown significant progress in attaining these goals.

Taiwan's 2015 defense report stated “the Ministry of National Defense [MND] is focusing on implementation of transitional conscription mechanism, recruitment for volunteer service members . . . to ensure the successful transition of the current [conscription] military service [system].” The replacement to conscription, now in place, requires a four-month period of military service. This involves a five-week-long basic training period and eleven weeks of technical training, with no time in an operational unit.

The Executive Yuan directed in the 2013 Act of Military Service System that starting with those born in 1994, males 18-36 years of

---

15 Ibid.
age may volunteer for military service or must complete 4 months of compulsory military training (or substitute civil service in some cases); men born before December 1993 are required to complete compulsory service for 1 year (military or civil); men are subject to training recalls up to four times for periods not to exceed 20 days for 8 years after discharge; women may enlist, but are restricted to noncombat roles in most cases.\(^{17}\)

After this service, these personnel are “listed in the pool of reservists” for possible future mobilization.\(^{18}\) The law requires four twenty-day training periods during the reservist’s eight years of service. This requirement has been significantly weakened by political leaders who have carried out promises to their constituents to reduce the call-up periods from 20 to just 5-7 days during the 8 years. Furthermore, so many exemptions are available that in practice many reservists serve only one short training period during their eight years of nominal service.

The process of moving to an all-volunteer military has continued, as has reducing the period of required service for conscripts. Conscription was supposed to be ended completely in 2018, but recent discussions reportedly are occurring in Taipei about delaying implementation of a completely all-volunteer military.\(^ {19}\) This further reduces the capability of Taiwan’s reserve forces to serve effectively.

Once a three-year obligation, required service for conscripts was reduced from 22 to 20 months in January 2004, with possible a


reduction to 18 months if the inductee had completed a specified course of junior reserve officer training (JROTC); obligated service was reduced to eighteen months for all inductees in 2005, with the two month JROTC reduction apparently remaining.

These numbers must be considered in light of options available to draft-age males. The Implementation Act for Substitute Services was revised on June 18, 2003 and allows “those not suitable for regular military service” to choose substitute services, according to their interests or special skills. These services include civilian police and fire fighters, social services (social, environmental protection, medical, and educational), and other categories designated by the Executive Yuan. Thousands of men typically opt for such civilian service.20

Senior high, vocational high school, and college students whose studies would be interrupted by military conscription can defer their induction until after graduation. Students who are admitted to a university or college undergo two months of basic training in the summer before their freshman year. Upon graduation, they re-enter the military to fulfill the remainder of their commitment, sapping the benefit of their previous training.

Citizens who have been sentenced to imprisonment for longer than seven years are prohibited from entering the military. Candidates in poor health are exempt from military conscription.

Additionally, qualified college graduates may opt to serve three years at the National Chung-Shan Institute of Science and Technology (NCSIST) instead of serving in uniform. They are paid regular NCSIST salaries and are often offered regular positions at the institute following completion of their obligatory service.

---

20 Taiwan Official who selected this option, interviewed by Bernard Cole, Washington, DC, 2018.
Reserve Force

The Reserve Command is organized into ten units, including the Directorates of Political Warfare, Personnel and General Affairs, Training, Mobilization, Reservist Service, and Reservist Management.

The command features “brigades” of varying sizes. These include approximately seven Type-A brigades, which focus on Basic Training in peacetime and coastal defense in wartime. Seventeen Type-B brigades are maneuver brigades formed from the cadre of active military schools, supplemented by recalled reservists; in wartime they will be assigned to each theater command. Twenty-two Type-C brigades are municipality/county defense units, specialized mountain and relay station companies, and provide supplemental army forces. The number of personnel assigned to each of these three types of brigade is inconsistent; a Type-C unit may number less than twenty soldiers.

A series of Regional Reserve Command Centers are responsible in peacetime for implementing mobilization readiness and for urban defense is responsible for integrating the civilian population into the defense effort, which includes mobilizing Taiwan’s reserve manpower, industry and transportation system in the event of conflict. This mission is discussed in the 2017 Quadrennial Review, but its methodology is not detailed.21

Taiwan’s military manning philosophy is based on maintaining a minimum active duty force in peacetime and mobilizing a large number of troops in the event of war. The reservist system is supposed to play a key role, by supporting the rapid mobilization of combat ready troops. The military may also be mobilized for disaster assistance, but defense and combat is its primary mission. MND claims more than 2,000,000 military and civil defense reservists, the great

majority of the 2.5 million person military.\textsuperscript{22}

There are three categories of readiness in the reserve forces. The first is “Mobilize According to Actual Vacancies;” the On-Call Reservists in this category are trained to be mobilized and report to their active duty units within 24 hours of notification. The second category of billets is “Mobilize Beyond Actual Vacancies,” designed for On-Call Reservists to report to duty within 24 hours, but not to be ready for duty until 48 hours after notification. The final category is “Mobilize According to Combat Attrition,” for On-Call Reservists mobilized within 24 hours to replace combat casualties. These categories are based on the length of time since the individual’s last period of active service, with a greater degree of readiness assumed the shorter that length of time.

The above readiness categories seem nominal, since these personnel receive so little training, often no more than four very short training periods within the eight years following their discharge from active duty. Reservists are not on active duty long enough to ensure an acceptable level of meaningful physical or professional readiness.

The reserve system’s inadequacy is recognized in the 2017 Quadrennial Review, in which two programs are offered to potentially bolster the active forces. First is promoting a policy for reservists to voluntarily serve short-term on active duty; second is asking former service members to volunteer to serve in reserve units.\textsuperscript{23}

\textbf{The Will to Fight: the Most Important Personnel Issue}

The dedication of Taiwan’s military personnel, especially the young conscripts serving their mandatory terms of obligated service, is a particularly sensitive issue. Defending a beach in the face of an

\textsuperscript{22} These and other personnel numbers are from Ian Easton, et al, “Transforming Taiwan’s Reserve Forces,” RAND Corporation, 2017, at: https://www.rand.org/content/dam/rand/pubs/research_reports/RR1700/RR1757/RAND_RR1757.pdf.

\textsuperscript{23} “2017 Quadrennial Defense Review,” 51-52.
amphibious assault, for instance, requires more than equipment and effective command; it requires individual dedication and the will to fight.

In April 2005, Vice Minister of National Defense Huo Shou-yeh was forced to state that “the military will fight to defend Taiwan.” That this question was even asked (by a legislator from the opposition Kuomintang Party) illustrates how widely spread is doubt about the military’s commitment.

The most crucial issue in Taiwan’s defense capability is whether the people of Taiwan are willing to support its cost. Defense cost discussions usually focus on hardware, especially aircraft, submarines, missiles, and other eye-catching systems. Even more critical, however, are the personnel costs incumbent on establishing and maintaining an effective military. This cost relates directly to both the quality of newly joined personnel and the ability to retain them, once they are trained and educated. This concern is also important to any effort to institute an all-volunteer military, a process that will almost certainly involve revision of the benefits provided under pay and benefits regulations and entitlements.

The less well-educated new recruits are, the more time and money required to educate and train them to the level required of a 21st century, high-tech military. A certain percentage of these individuals, once trained and qualified, will of course decide not to reenlist; the higher the percentage of such losses, the higher the cost of ensuring trained personnel are in the military. More seriously, replacements may well not be available at all, since the non-reenlistees obviously possess time in service and experience that cannot be taught in the classroom. Inducing this commitment to further service requires both financial and spiritual remuneration. The former has to be provided by the Legislative Yuan passing pay raises; the latter is far more difficult even to evaluate, let alone quantify and increase if found lacking.
Conclusion: What Does This Mean for Taiwan?

One main element of the reorganization, civilianizing the MND personnel, has been only partially successful. For instance, there have been only two true civilian ministers of defense since 2000. Additionally, the tedious process of educating, training, and instituting a corps of civilian defense experts remains a work in progress.

Taiwan’s future military personnel picture is problematic, which seriously, perhaps fatally, weakens the island’s ability to defend itself. The political administrations and defense ministers since the beginning of the 21st century have consistently acknowledged their defense difficulties and failure to progress satisfactorily to instituting an all-volunteer military. Their efforts have been marked by the reluctance of the Legislative Yuan, presumably reflecting the desires and priorities of the people of Taiwan, to authorize and appropriate the financial resources necessary to provide the strongest element in the island’s defense—a professional, long-serving, all-volunteer military. This continues to cast serious doubt about Taiwan’s ability to offer a credible defense against Chinese military force.

The government has not been able to offer programs attractive enough to draw volunteers in the face of economic and cultural constraints. Despite the island’s troubled domestic political situation and lack of international recognition, its economy continues to do well, encompassing advanced technological capability, low unemployment, and continued GDP growth. While, overall, Taiwan’s economy remains positive, entry level military pay even for enlisted volunteers is not adequate to attract most high school graduates, who prefer moving directly into civilian employment.

24 These were Michael Tsai, for just 11 weeks in 2008, and Andrew Yang, for an even shorter tenure of one week, in 2013.
25 The data varies, but one estimate for a college graduate’s average annual salary in 2017 was NT$336,000 (US$11,500), “New Graduates Bemoan Low Salaries,” Taipei Times (7
Cultural constraints may also affect building a volunteer military in Taiwan. The old Chinese saying that “one does not make nails from good iron; one does not make soldiers from good men” may still apply in the public mind. Hence, the majority of Taiwan parents probably prefer that their children seek civilian rather than military careers, especially when the former holds greater promise they will be in a position to support their parents in their old age.26

Second, MND personnel officials understand the need for significant increases in financial and ancillary benefits to attract volunteers to military service, but current defense budget programs do not provide the resources for such increases.27

Inadequate personnel training time remains a critical weakness. Even before the 2003 cut in required service from 24 to 22 months, former Defense Minister Tang Fei argued that “service length of three years is not enough….what is the use of a two-year length of service?”28 Today, required military service is a mere four months.

Yet, President Chen Shui-bian approved cutting obligated service to 18 months in 2005, with further cuts to 12 months as a step toward an all-voluntary military. Service requirements have foundered on the shoals of insufficient numbers of volunteers and each reduction in obligated service translates directly into decreased readiness by the armed forces, and a reduction in Taiwan’s ability to defend itself.

June 2017), at: http://www.taipeitimes.com/News/taiwan/archives/2017/06/02/2003671759. The starting salary for a soldier in 2017 was close to that number.


27 Former Senior Taiwan Military Officer, interviewed by Bernard Cole, Washington, DC, 2017.

28 Quoted in B.D. Cole, 90.
Today’s enlisted personnel have frequently been described by senior officers of all the services as physically less qualified and more poorly conditioned than those of their fathers’ generation. They are also described as generally lacking dedication to the service or mission of defending Taiwan, and with “too many personal problems.”

This leads to concern that the enlisted troops will not fight in the event of an assault by the PLA. One facet of this concern was described by a Taiwan Air Force colonel as the “one-child syndrome;” an only son laying in a trench, in the face of a PLA amphibious assault, might well believe that his responsibility to family outweighs his responsibility to an amorphous Taiwan “nation.”

Among those senior Taiwan military officers from all the services interviewed by the author, only a senior Taiwan Marine Corps officer disagreed, insisting his enlisted men were reliable, attributing this to Marine esprit and small unit loyalty.

A majority of Taiwan’s defense professionals, both military and civilian, probably favor an all-volunteer military in principle, but doubt the government will be able to provide the funding to make it happen. MND officials are especially concerned about this lack of resources, and offer as a possible solution a “partial all-volunteer” military, although no authoritative numbers of either personnel or cost are publicly available.

The Taiwan Ministry of National Defense began exploring a move toward an all-volunteer force as early as 2000, but numerous constraints have affected the attempted transition. In 2010 for instance, it was announced that for every 10,000 volunteer soldiers, the military would likely have to increase its personnel spending by $1.6 billion annually. The ratio of personnel spending would have to exceed 50 percent of the total defense budget, crowding out

acquisition, operations and maintenance spending without a concurrent increase in the overall defense budget.

Recruitment and retention shortfalls remain major obstacles in Taiwan’s ability to defend itself. The military has repeatedly failed to meet its recruitment goals, underperforming by one-half in 2011 and one-third in 2012. Recruiting in 2013 was even worse, underperforming by two-thirds, a shortcoming that remains. This underscores the fact that as Taiwan moves to an all-volunteer force (under current plans young men will still be conscripted for four months of training) a drastic reduction in the size of the military will occur, significantly beyond what is called for by a modernized force.

Several reasons contribute to the military’s recruitment problems. Even with granted and planned increases, the wages offered to entry-level volunteer soldiers are not competitive with the private sector. Furthermore, military service is not a glorified career choice in Taiwan, especially in comparison to previous decades. These factors often mean that even those soldiers who do enlist tend to be of lower quality than desired.

The Taiwan military is certainly facing its share of obstacles, with the number of conscripts and their length of service decreasing, a tight military budget already being stressed by a number of recent acquisitions and an increasing cross-strait imbalance. The transition to a volunteer force is a key component of addressing some of these challenges, but faces a troubling future.

The government simply has failed to allocate the financial resources necessary to transition successfully to an all-volunteer military. The general pay raise of approximately 30 percent in the early 2000s, followed by the 10 percent raise announced in 2013, pale in comparison to the 100 percent pay raise the United States granted to

---

its military personnel in 1973, when it abolished conscription in favor of an all-volunteer military. One senior military officer complained that “the Executive Yuan (EY) won’t ask the Legislative Yuan (LY) for the necessary military budget and the LY wouldn’t authorize it in any case.”

What Does This Mean for the United States?

Six notable documents have supported the U.S. relationship with Taiwan since the end of the Chinese civil war in 1949. First was the U.S.-Republic of China Mutual Defense Treaty, formulated in 1954 and effective in 1955. Washington announced in January 1979 that this pact would be phased out during the forthcoming year, in accordance with the treaty's terms.

The second, third, and fourth documents are the three communiqués signed by the United States and the PRC in 1972, 1978, and 1982. It is important to note that in U.S. diplomatic usage, a communiqué is merely “a brief public summary statement issued following important bilateral or multilateral meetings.” Chinese officials, however, often describe these three communiqués as possessing near-treaty status.

The United States acknowledged in the 1972 communiqué “that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position.” This language was recast in the 1979 communiqué to read “The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China.”

The fifth important document is the Taiwan Relations Act (TRA), passed by the Congress in 1979. It is U.S. law and hence

---

32 A sixth document of note is the “Six Assurances,” reportedly written by Taipei and signed by President Ronald Reagan in 1982. These unilateral U.S. statements reassured
authoritative. The act requires the United States “to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States...to provide Taiwan with arms of a defensive character; and to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.” In short, the TRA implies a U.S. political commitment to defend Taiwan. Hence, the United States must be concerned about Taiwan’s failure to facilitate that commitment.

Another U.S. pronouncement of note is Secretary of State Warren Christopher’s 1996 speech in which he cautioned China and Taiwan that the United States “opposed any unilateral action by either side to change the status quo.”33 This may have reflected, in part, a U.S. concern that a democratic Taiwan understand the limits of U.S. willingness to defend it against the mainland.

Documents may inform, but do not make policy. Hence, the crucial necessity is for U.S. officials to understand not only American responsibilities regarding Taiwan, but how those responsibilities fit into and must be weighed within the U.S. relationship with the PRC. A U.S. commitment to defend Taiwan can only be effective if Taipei first makes the required commitment of resources to its own defense, a commitment often verbalized but that remains unfulfilled in 2018.

---

Executive Summary

For years, the “rise of China” has been the major framework used to understand the Middle Kingdom within the United States’ policy community. Policymakers long believed that increased and sustained economic engagement with the People’s Republic of China (PRC) would in turn lead to political liberalization within China. However, the predicted liberalization has yet to materialize. China has already risen and is actively seeking to secure its own interests across the globe. The Chinese Communist Party (CCP) has guided the world’s largest population through historic economic development. The People’s Liberation Army (PLA) has undergone dramatic reforms as it strives to become a world class military able to protect China’s territorial sovereignty, raise the costs of U.S. military intervention, and secure the Communist regime’s economic interests abroad. President Xi Jinping appears to be firmly ensconced in power, as presidential term limits were recently abolished. As such, it is critical to understand President Xi’s organizing foreign policy concept: the Belt and Road Initiative (BRI). BRI, advertised as a source of “win-win” cooperation between Beijing and numerous partner countries, offers loans and investment funds to develop major infrastructure projects. Although, the CCP does not offer its economic largess out of pure benevolence.

This paper enters into an examination of three case studies
(Myanmar, Pakistan, and Sri Lanka) to demonstrate the multifaceted benefits China will derive through its implementation of BRI. Next, this paper forecasts BRI will soon move from physical infrastructure projects to those in the digital domain. Finally, this paper presents short-term and long-term policy solutions to guide policymakers as the U.S. works towards a responsible and fact-driven engagement strategy with BRI.

Included in our short-term policy recommendations are: (1) encouraging private enterprise and development, and (2) developing a digital development bank. By encouraging private American firms to go abroad and lead infrastructure development, the U.S. can maintain its influence and presence while providing BRI partner states options beyond those dictated by China. As China seeks to expand the scope of BRI, it would be wise for the U.S. to get a head start in leading the development and organization of a multilateral digital development bank to ensure the security of information imperative to its national security and that of its allies.

In terms of long-term policy options, we recommend: (1) rejoining the Trans-Pacific Partnership (TPP), and (2) pursuing alternative forms of engagement, including government funded development assistance and capacity building projects. Through the TPP, the U.S. can shape critical elements of trade policy in a region central to international trade. Further, through the alternative forms of engagement discussed, the U.S. can ensure its impact and influence is far-more lasting and beneficial for BRI partner states than drastic influxes of infrastructure projects that artificially convey real development. Overall, our aim is to provide a balanced and responsible response to BRI.

**Defining the Belt and Road Initiative**

China’s Belt and Road Initiative (BRI) is the organizing foreign policy
concept of the Xi Jinping Era. While BRI has been labeled the “most ambitious geo-economic vision in recent history,” it is also “the best-known, least-understood foreign policy effort underway.”

On September 2013 in Astana, President Xi announced China’s plan to create an economic belt stretching across from China to Europe called the Silk Road Economic Belt (SREB). The Initiative was introduced to the world in two speeches given by Xi Jinping. On October 2013, in Jakarta, Xi introduced the sea-based equivalent to the SREB, the 21st Century Maritime Silk Road (CMSR). Both proposals were combined under the title “One Belt, One Road,” a direct translation of 一带一路.

In 2015, the English translation was changed to the “Belt and Road Initiative” (BRI). Nadège Rolland, a senior fellow of Political and Security Affairs at the National Bureau of Asian Research, argues this change was made “supposedly to counter the impression that China owned the concept and to reflect its willingness to welcome others’ participation.” China would have faced challenges in selling its “win-win” rhetoric on BRI if other countries feared the overall aims of the Initiative were to serve the interests of only “one” state.

The grandiose initiative currently includes around sixty percent of the world’s population and roughly one-third of global GDP. The fundamental concept upon which BRI is built is that vital infrastructure such as roads, railways, port facilities, pipelines, fiber

---

4 Ibid.
optic and IT networks will spur economic development within BRI partner countries and for China itself. A majority of BRI projects are financed with loans from Chinese international institutions, including the Asian Infrastructure and Investment Bank (AIIB) and the China Export Import Bank. These institutions are both able to offer low borrowing costs because their bonds are treated as Chinese government debt with low interest rates and also have access to lending from the People’s Bank of China (PBOC). China has already promised investments and loans totaling near $1 trillion—although only $50 billion has been spent to date.

The ease of lending through Chinese economic institutions is particularly advantageous for Chinese firms. As domestic companies within China, their direct access to the PBOC has facilitated inexpensive lending for BRI-related projects. In turn, China’s state-owned enterprises (SOEs) are better positioned to compete for bids on BRI projects against foreign companies that may not have state support. The implications of this are that Chinese companies enjoy a near monopoly on the organization and execution of BRI projects. Although it is still early in the implementation of BRI, China’s lending practices have already left partner countries facing skyrocketing debt. Such circumstances have led to China quickly gaining geostrategic advantages throughout Eurasia, as the PRC leverages the debt of BRI partners for access to critical hubs of trade and transportation.

Moreover, the Initiative should also be viewed as a stimulus package for China’s economy, as their last double-digit growth was recorded in

---

8 Ibid.
9 Ibid.
Since the global financial crisis in 2008, the Chinese government initiated a $586 billion stimulus package targeted at investing heavily in infrastructure projects in order to sustain and continue economic growth. While the stimulus package fostered economic growth, it also led to an overcapacity in some of China's SOEs such as cement, steel, and construction companies. The Center for Strategic and International Studies' (CSIS) China Power Project details BRI's role in spurring new economic growth in China:

As China’s economy has slowed, [Chinese] companies are struggling to find productive uses for their resources. Similarly, China has a large reserve of savings that is not being invested productively. Investing in large-scale overseas infrastructure projects enables China to export its excess savings and put its SOEs to work.

By helping Chinese SOEs invest in infrastructure abroad, BRI will facilitate a flow of China’s excess steel and concrete. Ultimately, Chinese policymakers hope BRI activities will be a source of growth during an economic downturn marked by high levels of domestic debt.

Other economic benefits of BRI China seeks to gain include the expansion of its export markets, the internationalization of the Renminbi (RMB), and the reduction of trade barriers. While the full extent of its economic implications cannot be known at this time, it is apparent BRI forms a substantial part of China’s present and future economic policy. If successful, BRI will have incredible implications for global and regional trade, placing China at the helm of

---

10 Rolland, Testimony before the U.S.- China Economic and Security Review Commission, 2.
11 Ibid.
13 Rolland, Testimony before the U.S.- China Economic and Security Review Commission, 2.
globalization over the U.S. But BRI would not only place China at the head of global economic norms or developments; it would place China at the very center of Eurasian trade, increasing the reliance of all other states in the region on Chinese economic success. Any developments along these lines will see the displacement of America’s long-valued liberal economic principles. As such, BRI is deserving of U.S. attention, and it demands a policy response.

Reiterating China’s commitment to BRI, there has been significant vertical coordination within the Chinese political system to support the Initiative. A group of five Politburo members has been established and tasked in “advancing the development of the Belt and Road.” Furthermore, workshops and seminars focusing on BRI are regularly held at many levels of China’s bureaucracy. Adding to its importance within China’s domestic politics, BRI was incorporated into the CCP’s charter during the October 2017 19th CCP Congress—a move that ties the initiative closer to President Xi Jinping’s personal legacy. Further, with the removal of presidential term limits, President Xi has bucked so-called institutional norms of CCP succession. While the long-term health and stability of the Party is debatable, there appears to be a consensus that President Xi will be empowered in the short-run, making BRI a lasting framework of Chinese foreign policy. U.S. policymakers should take notice of these efforts to cement BRI as China’s guiding economic and foreign policy initiative. It is no longer “too soon to tell” whether or not BRI will have a significant impact on China’s overall growth and development, or that of other states in the region. As China continues to take clear steps forward under the Initiative, the U.S. must begin planning its response if it wishes to protect its various interests.

14 Rolland, Testimony before the U.S.-China Economic and Security Review Commission, 7.
15 Ibid., 4.
16 Ibid.
17 Ibid.
In an attempt to align the Initiative with its future development agenda, China has incorporated BRI into major programs such as the “Made in China 2025” plan and the “Internet Plus” strategy. Made in China 2025 is a plan to comprehensively upgrade Chinese industry and efficiency.\textsuperscript{18} According to Rolland, five of ten key high-tech industries are closely tied to BRI’s development and implementation: aviation and aerospace, electrical power, next generation information technologies, rail transportation, and marine technology. \textsuperscript{19} Furthermore, the Internet Plus strategy intends “to foster a strong domestic high-tech digital sector through improvements on mobile Internet, cloud computing, big data, and the Internet of Things.”\textsuperscript{20} The Internet Plus strategy ultimately reinforces BRI’s goals of developing and encouraging e-commerce, digital economy, smart cities, and science and technology parks within BRI partner countries.\textsuperscript{21} While the first phases of BRI have focused on physical infrastructure, many expect to see the Initiative turn to the digital realm soon. Not only is the geographic expansion of BRI impressive, the scope of its projects is expected to impact a growing set of development priorities.

It is clear that China, led by President Xi Jinping, is marshaling all aspects of state power to ensure the success of the BRI. China’s strategic culture, and its obsession with the historical memory of the century of humiliation, has led the regime to fixate on reclaiming its perceived birthright and reinstating itself as a global power.\textsuperscript{22}

\textsuperscript{19} Rolland, Testimony before the U.S.- China Economic and Security Review Commission, 5.
\textsuperscript{20} Ibid.
\textsuperscript{21} Ibid. “The Internet of Things” is a term referring to the interconnection of various items which incorporate a diverse set of electronics and software technology to facilitate their connection with the Internet and allow them to exchange data.
\textsuperscript{22} Christopher A. Ford, “Realpolitik with Chinese Characteristics: Chinese Strategic Culture and the Modern Communist Party-State,” in Ashley J. Tellis, Alison Szalwinski,
China has long touted the importance of non-interference in the affairs of other sovereign states, it has realized that in today’s globalized world, its own success is tied to that of its neighbors. Therefore, through BRI China is also hoping to address destabilizing issues within other countries that may spillover into China’s own economy or politics. This perspective, combined with the thought that China sits within a strategic window of opportunity to focus on its economic and military modernization, informs the logic behind China’s ambitious efforts as it seeks to implement BRI.

Given the far-reaching impacts of BRI, international perceptions of the Initiative vary. Most states have approached the plan with cautious optimism. Initially, Russia saw China’s grand initiative as a direct challenge to the Kremlin’s own project, the Eurasian Economic Union (EEU). However, recent confrontation with the West and U.S.-led sanctions have led Russia to embrace BRI. After joining the AIIB in 2015, Xi and Putin have pledged to link up the EEU and China’s Silk Road Economic Belt. Similarly, Japan has also begun to change its initially wary stance regarding BRI. In June of 2017, Prime Minister Shinzo Abe announced the state’s financial backing for BRI cross-border infrastructure projects. India is perhaps, the most significant country pushing against China’s new initiative. The country’s sovereignty concerns over CPEC have caused India to impose certain redlines on BRI efforts in South Asia.23

Recently, European Union ambassadors compiled a report heavily criticizing BRI, stating that it would greatly impact free trade and give Chinese companies an unfair advantage.24 The U.S. is equally

---

24 Dipanjan Roy Chaudhury, “EU envoys slam China’s Belt and Road initiative, says it will hit free trade,” Economic Times, accessed April 20, 2018,
concerned with BRI, but the Initiative has unique strategic implications for the U.S. across Eurasia.

**Implications for the United States**

BRI has redefined how China interacts with the world and will have drastic implications for the United States. BRI is likely to increase the Chinese People’s Liberation Army’s (PLA) global footprint as Chinese interests diversify and expand, directly affecting the security interests of the U.S. and its allies. While the U.S. has long enjoyed a strategic advantage with its forces spread across the globe, it may soon be joined by Chinese forces as they spread across Eurasia and into Africa along key BRI routes. Of equal concern is the fact that the implementation of BRI could challenge the post-World War II liberal order the U.S. helped to establish. China can offer new incentives to authoritarian leaders allowing them to bypass western institutions and norms in favor of a Sino-centric order with no strings attached. While the U.S. has flourished under international norms and policies it helped create, the impact of BRI may be enough to challenge, if not alter, this international framework. BRI has the potential to undermine support for U.S. actions and policies in the future. A final implication of BRI U.S. policymakers should consider is the Initiative’s potential to provide China economic and political leverage over partner countries, which could then be wielded in a coercive capacity to align their behavior with Chinese interests. Regardless of how it unfolds, BRI will alter the power dynamics of Eurasia. U.S. policymakers must be mindful of the extent of BRI’s strategic implications in order to draft adequate policy responses to ensure the U.S. does not fall dramatically behind the expansion of China’s largest foreign policy initiative.

The expansion of BRI clearly mirrors China’s growing interests. Joel

Wuthnow, Research Fellow at the National Defense University's Center for the Study of Chinese Military Affairs, summarizes the strategic interests at play in a recent congressional testimony:

Although China’s official rhetoric casts it in solely economic terms, BRI also has well-defined strategic and security aspects: it contributes to China’s overall national security, but is also subject to a variety of operational and strategic challenges. Chinese sources suggest that Beijing is using BRI investments as a means of stabilizing border regions, securing energy supply routes, and cultivating stronger diplomatic and economic influence with partner nations.\(^{25}\)

Given this sentiment, it is clear BRI is not motivated just by a desire to build infrastructure abroad. President Xi, likely motivated by the Obama Administration’s “Pivot to Asia” rebalancing effort, has looked west in an effort to secure Chinese national security interests. As China accelerates its power projection through a far more active and regionally present PLA, the U.S. should assess how this development will impact its own security concerns and military commitments. China will use the advancement of BRI and the foreign presence of Chinese workers and companies to justify the presence of its military in key areas beyond its borders. This growing presence will undoubtedly complicate U.S. military operations. For example, the U.S. and China are likely to operate in increasingly close quarters—both in new maritime locations such as the Indian Ocean, and in new ways such as conducting missions from bases in Djibouti that are less than 10 miles apart.\(^{26}\) Such conditions only increase the chances of conflict spurred by miscommunication and a collision of interests between two global powers.

---


\(^{26}\) Ibid., 3.
Further, democratic principles and basic human rights could be at risk if BRI proceeds as China envisions. Ely Ratner, a Senior Fellow for China Studies at the Council on Foreign Relations, argues BRI is likely to encourage an illiberal regional order in which democracy and individual rights are subservient to economic growth and social stability. This scenario is possible as BRI partners circumvent traditional western international institutions in favor of engaging with China. As these implications of BRI are realized, the U.S. could find its position within the international arena shrinking.

With each of the above implications in mind, a closer look will be given to a few case studies to provide a better understanding of the results achieved under BRI thus far. Based on the key lessons drawn from these case studies, challenges to the U.S. will be identified in order to pinpoint where and how the U.S. can best compete with China’s new foreign policy initiative.

**Case Studies**

Closer examinations of three case studies—Myanmar, Pakistan, and Sri Lanka—elucidate the multifaceted implications of BRI. Each of these countries are situated along the 21st Century Maritime Silk Road (CMSR). China portrays the CMSR component of BRI as a development plan to boost infrastructure connectivity throughout Southeast Asia, Oceania, the Indian Ocean, and East Africa. Discussion of China’s geostrategic goals is largely absent from official policy documents and speeches. However, Chinese sources articulate a clear geostrategic motivation that also serves to secure Chinese national security and economic interests. Chinese scholars have

---

argued for the need to cultivate “strategic support states” (战略支点国家) by building regional cooperation and providing regional public goods for the sake of “making relevant countries believe China’s benevolence.”

Myanmar, Pakistan, and Sri Lanka clearly serve as ideal strategic support states from Beijing’s perspective. These countries have all received notable attention under the guise of BRI due to their geostrategic locations along the CSMR. China’s economy depends on maritime trade routes, exporting goods abroad, and domestic fixed investments. Concurrently, nearly 80 percent of China’s imported oil passed through the Indian Ocean and Malacca Strait in 2016. Therefore, maritime security is a prime concern for Beijing. China has actively cultivated relationships with Myanmar, Pakistan, and Sri Lanka in an effort to alleviate these security and economic concerns and gain access to key ports. Each of the following case studies exemplifies key elements of BRI’s implementation strategy, and the post-development environments faced by BRI partners.

**Myanmar**

A country within the Greater Mekong sub-region, Myanmar plays a major role in fulfilling China’s strategic objectives in energy security, trade and transportation. Established in 2013, the port of Kyaukphyu is a joint venture between Myanmar and China that holds immense

strategic value for the BRI’s infrastructure development efforts. Covering more than 1,500 hectares (~4,200 acres), the China-backed port in the Rakhine State of Myanmar aims to provide industrial infrastructure and wider trade channels for both nations.32 Within this large expanse of land, the Special Economic Zone (SEZ) holds three important projects: a deep-water port, an oil and gas pipeline, and an industrial zone. At $7.3 billion, the first BRI project within Myanmar aims to massively increase the deep-water port’s annual capacity to about 7.8 million tons of cargo.33 More importantly, the port will provide an alternative overland route that will bypass the Malacca Strait—the world’s busiest and most dangerous shipping route.34 Built at the cost of $2.45 billion, the Thelong Myanmar-China Oil & Gas Pipeline Project is a 771-km pipeline that runs from the coast of Rakhine to Yunnan, China. The implementation of these projects highlights two central concepts regarding BRI’s policies.

I. China’s Strategic Flexibility

Myanmar’s domestic politics have forced China to reconsider how to strategically engage Myanmar in order to protect the future of its BRI projects. Democratization, continued unrest on the China-Myanmar boarder, and internal ethnic tensions have caused China to broaden its network of influence within Myanmar. While under military rule, the nation-state had agreed to numerous infrastructure projects with China in order to enhance economic relations and increase trade and the flow of goods into the country, hoping to prompt much-needed development. Since the nation’s transition from military to parliamentary rule in 2011, strong anti-Chinese sentiment among

33 Ibid.
Myanmar's citizens has forced the government to re-evaluate its relationship and economic reliance on China. This presents a great challenge for the PRC as it attempts to navigate terms and conditions of development projects and investment revenues with local Myanmar actors.

In 2011, protests from ethnic armed groups, environmentalists and villagers, forced the Myanmar government to suspend the China funded Myistone Dam project in the Northern Kachin State. Since this suspension, domestic political sensitivities have hampered China’s investment efforts in Myanmar. While construction of the Kyaukphyu port continues, analysts do not expect it to lead to a permanent presence of Chinese forces like with ports in Pakistan or Djibouti.\textsuperscript{35} Despite the desire of civilians and military leaders to constrain Chinese influence, the PRC has taken greater initiative to ingratiate Myanmar leaders and its citizens toward a more China centric regional order.

The current humanitarian crisis in the Rakhine State has positioned China at the center of resolving domestic and regional conflict. China has seen the West’s repudiation of Myanmar as an opportunity to improve its relationship with the nation. The PRC's full support of the Myanmar government has forged stronger relations with its military and civilian leaders as well. China has blocked a United Nations Security Council statement regarding the violence in the Rakhine State and opposed a resolution calling for the appointment of a UN special envoy.\textsuperscript{36} The PRC has played an active role in crisis resolution efforts in the Rakhine State, forging stronger relationships with local state


actors. China has consistently voiced its support for the government of Myanmar and has proposed a three-point plan to resolve the crisis. This plan, first proposed by Foreign Minister Wang Yi, not only outlines steps towards a ceasefire, but also continued infrastructure development and investment in the Rakhine State. The Rohingya refugee crisis has also allowed China to become an important mediator between Myanmar and Bangladesh.\(^\text{37}\) Although it seems like China has taken up the responsible role as regional peacekeeper and mediator, one should not overlook how China has strategically maneuvered itself to reap the economic and political benefits if its mediation and aid is viewed as a success.

II. Shift in Foreign Policy—Non-Interference

With Myanmar’s changing domestic political environment and continued civil unrest, China has had to approach development in Myanmar using a “multi-level engagement” strategy.\(^\text{38}\) While China has typically ascribed to a foreign policy driven by “non-interference,” the domestic affairs of Myanmar have forced a shift in this policy. Rising civil unrest and continued instability along the China-Myanmar border poses great threats to China’s BRI projects. On the northeast border that contains the oil and gas pipelines, the conflict between the Tatmadaw (Myanmar’s army) and ethnic armed groups (EAGs) has disrupted important cross border trade. China has attempted to resolve these clashes by aiding and arming certain EAGs in important border areas. A crucial EAG, the United We Stand Army (UWSA), has recently emerged as a key player in pursuing peace in northeast Kachin State. The UWSA has called for Chinese engagement in the peace process, praising the development efforts of the Belt and Road


Such involvement may be seen as China simply protecting its border from escalating conflict, but it should not be so readily dismissed. Although China has long adhered to a policy of non-interference and non-intervention, its engagement with and aid to various EAGs from Myanmar is a clear demarcation from this stance. Moreover, it is apparent that the security of China’s BRI projects and investments take precedent and will invariably lead to future Chinese intervention in other BRI states.

Pakistan

Pakistan plays an integral role in the realization of BRI’s economic connectivity scheme. The China-Pakistan Economic Corridor, referred to as CPEC, is one of BRI’s most ambitious initiatives. Beginning in China’s Kashgar region and running through Pakistan to the Arabian Ocean, CPEC is bringing a multitude of development projects to Pakistan. Examining the scale of CPEC, its progress seems worthy of praise. However, a closer look at the implementation and results of CPEC projects yields a less favorable analysis. The “win-win” rhetoric that accompanied China’s grand vision for CPEC has not materialized in Pakistan. This has led to political roadblocks for China and concerns throughout Pakistan regarding the country’s future economic struggles. The following assessment will offer a balanced review of CPEC developments in order to extract key lessons for the future of BRI.

I. Diversity of CPEC Projects

Construction on projects forming the China-Pakistan Economic Corridor began in late 2016. The types of projects incorporated into

CPEC include “road networks, a fiber optic cable project, railway lines, a deep-sea port, coal mines and solar farms.”\textsuperscript{40} In total, CPEC projects now number 67.\textsuperscript{41} Although CPEC projects are vastly different and span all of Pakistan, Chinese international affairs specialists Fu Mengzi and Xu Gang described the early implementation process as quite smooth.\textsuperscript{42} Many are curious to see how well China’s infrastructure will hold up. The maintenance costs associated with this diverse set of projects could become costly for Pakistan, which is already facing a future of debt distress prompted by the initial costs of CPEC. As one of the Middle East Institute’s leading experts on Pakistan, Dr. Marvin Weinbaum argues paying close attention to future developments within CPEC will be crucial, as many consider CPEC to be the model of what BRI aspires to become on a global scale, and many BRI partner states may face similar circumstances in the future.\textsuperscript{43}

**II. Local Labor Frustrations**

While CPEC has been advertised to the Pakistani public as an initiative designed to “kick start” the domestic economy, local groups in Pakistan have begun to argue that China has been excluding them from the implementation process and thus from the project’s economic gains.\textsuperscript{44} China originally boasted about the number of jobs that would be created for Pakistan’s public, but reality has fallen short of these claims. While attempting to investigate CPEC-related employment, the Asia Society Policy Institute’s Jabin Jacob noted a

\textsuperscript{43} Marvin Weinbaum, Interviewed by author(s). Transcription. Washington, DC. March 2, 2018.
lack of available information. Among all reports related to CPEC’s implementation, there is nothing to be found regarding the types of jobs the initiative will create or even the estimated number of jobs. However, there are clear signs that it is Chinese labor, not Pakistani labor, that is reaping the benefits of CPEC in the project’s implementation phase. Jacob’s report discusses the increased demand for Chinese language teachers, which were needed to help ease the transition for local populations which have experienced a large influx of Chinese workers into Pakistan. Protests among local minority populations in Pakistan over their exclusion from CPEC projects also reflects China’s failure to employ local workers. Despite the frustrations that have been voiced, China has not yet reevaluated its reliance on Chinese workers for the implementation of CPEC projects. Writing a report for the National Defense University, Joel Wuthnow explains that China labels such opposition as “a result of conspiracies by 'the Western world' to frustrate China’s ambitions.”

III. Debt Concerns

A common concern among BRI partner states is the debt left behind by China’s infrastructure development. Dr. Weinbaum points out that a central concern for many in Pakistan are the costs the country is incurring. While the prospect of development is attractive, the Pakistani public is beginning to find the financial burden to be overwhelming. According to the official CPEC website, while originally proposed as a $46 billion investment plan by China, CPEC has grown to include nearly 70 projects and its costs have soared to over $56

46 Ibid.
47 Wuthnow, “Chinese Perspectives on the Belt and Road Initiative,” 17.
48 Marvin Weinbaum, Interviewed by author(s), Transcription, Washington, DC. March 2, 2018.
billion. Other sources reported much higher costs. In an article questioning the affordability of CPEC, political columnist K.S. Venkatachalam measured total costs for CPEC to be around $62 billion.

Ultimately, many economists estimate Pakistan’s repayment of Chinese loans and investments related to BRI will cost around $90 billion. Chinese policymakers, on the other hand, continue to claim that, once completed, CPEC will serve as the platform from which Pakistan will launch its economic development. But the looming debt caused by the implementation of CPEC has some members of the Pakistani government worried. The government in Pakistan has become less willing to accept unrealistic financial terms, increasing its review process for each proposed CPEC project. A recent report shows that stringent assessment practices actually led to Pakistan’s cancellation of a dam project funded by China. In response, China has suspended three of its BRI projects within the country. On April 6, 2018, Pakistani news reported that Pakistan put off signing a free trade agreement with China. While the result of particular concerns regarding the agreement, it is still critical in marking a shift in Pakistan’s perception of its relationship with China.

IV. Changing Perceptions

In the early stages of its implementation, CPEC proved to be a successful public diplomacy tool for China. Following the announcement of CPEC, Chinese influence across Pakistan increased drastically. As CNN reporter Katie Hunt formerly observed, with the initial influx of Chinese citizens into Pakistan, the country introduced bilingual newspapers, movie theaters began showing Chinese films, and studying Mandarin became compulsory for children starting at the age of eight. While seemingly insignificant, these developments helped bolster China’s reputation in Pakistan. China hopes such success will be duplicated in other BRI partner states in the future. But, even in Pakistan, that success is waning.

Around the start of CPEC, Peter Ferdinand, a leading scholar on Chinese foreign policy, made special note of the “growing self-confidence within [the PRC] over China’s economic achievements.” While China may be gaining self-confidence, BRI partners are beginning to lose confidence in China’s goals and approach to the Belt and Road Initiative. This reality is highlighted by the CPEC case. China has not been able to appease local protesters within Pakistan. As discussed earlier, China offered CPEC as a policy of cooperative engagement, but has dominated the implementation decisions and process. Functioning under its own terms, China has also allowed project costs to far exceed those outlined in the initial agreement. Finally, Pakistan has now found itself among a list of eight countries expected to face severe “debt distress due to future BRI-related financing.” Each of these factors has sparked tensions towards China.

within Pakistan, and has put public pressure on the Pakistani government to reevaluate the balance of its relationship with the PRC.

Sri Lanka

Sri Lanka, positioned as a major node along the CMSR route, serves as a valuable case study for BRI due to recent developments surrounding the Hambantota Port. This case provides a clear understanding of the potential geostrategic ramifications of BRI. It also displays the dilemma partner governments face when China presents politically expedient development opportunities that are not sustainable in the long run.

Unable to repay its debt to China, Sri Lanka was forced to give the PRC a controlling equity stake and a 99-year lease over the Hambantota port as of December 2017. There are serious misgivings surrounding the potential for the Hambantota port to become a Chinese naval facility given the weak economic justification for the project. Jonathan Hillman, a Simon Chair in Political Economy Fellow and Director of the Reconnecting Asia Project at CSIS, argues the case of the Hambantota port displays that BRI partner countries should tie infrastructure projects to broader development strategies in order to better monitor debt levels.58 Further, he calls for the international community to expand alternatives to Chinese infrastructure financing.59 If these suggestions fall on deaf ears, BRI will continue to impact geostrategic considerations as China continues to shape its security environment to secure its global interests while concurrently damaging the finances of partner countries.

I. Domestic Drivers

Hambantota, a town that sits on Sri Lanka’s southern coast, provides access to one of the world’s busiest shipping lanes along the Indian

58 Michael Green et al., China’s Maritime Silk Road, 7.
59 Ibid.
Sri Lankan government plans indicate that the idea for a new Hambantota Port was conceived as early as 2002. These plans were set in motion with the election of President Mahinda Rajapaksa in 2005. Rajapaksa, hailing from the district of the potential Hambantota port, promised to develop the area following a devastating tsunami in 2004. Development of the Hambantota Port was part of a larger trend during Rajapaksa’s time in power, namely using Chinese financing and Chinese contractors to pursue large projects.

II. Debt Concerns

Economic justifications for the Hambantota Port fall short given existing capacity and expansion plans at Colombo Port, the largest port in Sri Lanka which handles about 95 percent of Sri Lanka’s international trade annually. For example, only 175 cargo ships arrived at Hambantota’s port in 2017. It is questionable whether a new major port in Hambantota was needed at all given the successes of Colombo Port.

The Chinese loans used to finance the Hambantota Port highlight the need for the international community to expand alternatives to Chinese infrastructure financing. The first phase of the port was financed by a loan of $306 million at a 6.3 percent interest rate. However, multilateral development banks normally offer loans at

---

61 Michael Green et al., China’s Maritime Silk Road, 8.
62 Ibid., pp. 8-9.
63 Ibid., pp. 9.
64 Ibid., pp. 8.
65 Ibid.
lower rates around two or three percent, or even closer to zero.\textsuperscript{67} Jonathan Hillman further articulates the challenges presented by Chinese infrastructure financing:

One reason China is successful in locking in these higher rates is that better alternatives are often unavailable. Another reason is that Chinese loans, while often requiring the partner to use Chinese contracts, are not as stringent in their requirements for safeguards and reforms. There were no competing offers for Hambantota’s port, suggesting that other potential lenders did not see rewards commensurate with the project’s risks.\textsuperscript{68}

The $1.3 billion dollar Hambantota Port was opened in late 2010 and has since faced issues making a profit. Sri Lanka owed more than $8 billion to state-controlled Chinese firms, according to officials.\textsuperscript{69} In 2015, nearly 95 percent of government revenue in Sri Lanka was put towards servicing its debt.\textsuperscript{70} As it became clear the economic demands surrounding the port were unsustainable, Sri Lanka formally handed over the port of Hambantota to China on a 99-year lease—a deal government critics believe threatens the country’s sovereignty.\textsuperscript{71}

\section*{III. Potential Military Use}

The Chinese acquisition of the port has spurred domestic unrest and alarm abroad due to Beijing’s growing strategic and economic footprint in the Indian Ocean. Domestically, Beijing’s projects have faced widespread opposition in Sri Lanka, with local residents facing eviction to accommodate the construction of the port staging

\textsuperscript{67} Green et al., \textit{China’s Maritime Silk Road}, 9.
\textsuperscript{68} Ibid.
\textsuperscript{70} Green et al., \textit{China’s Maritime Silk Road}, 9.
\textsuperscript{71} Ibid.
numerous protests. Indian observers have expressed misgivings that Beijing may seek to operationalize the Hambantota port as a resupply node for the People’s Liberation Army-Navy (PLAN). The Sri Lankan government insists China’s acquisition of the Hambantota port will serve only civilian purposes. However, Sri Lankan ports have already seen strategic activity. In 2014, former President Mahinda Rajapaksa allowed a PLAN Song-class submarine to visit the Colombo International Container Terminal.

Sri Lanka’s involvement in the BRI offers a distinct look into a major concern many countries have regarding the Initiative—debt being used as political leverage. Constantino Xavier, a fellow at the Carnegie Endowment for International Peace, argues:

“This is part of a larger modus operandi by China in the region. Beijing typically finds a partner, makes that local partner accept investment plans that are detrimental to their country in the long term, and then uses the debts to either acquire the project altogether or to acquire political leverage in that country.”

The U.S. must be prepared to offer BRI partner states viable development options to prevent China’s lending and debt acquisition strategies from undermining U.S. strategic interests.

---

74 Ibid.
75 Ibid.
76 Constantina Xavier, “China signs 99-year lease on Sri Lanka’s Hambantota port,” Financial Times, accessed March 9, 2018, https://www.ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c.
Key Lessons

Several key lessons can be taken away from these case studies. First, as BRI expands its physical infrastructure footprint, it is providing China access to ports in geostrategic locations to advance security and economic interests. Greater Chinese force projection capabilities abroad through a network of overseas facilities could impede the U.S. military’s ability to achieve its goals. China’s 99-year lease on the Hambantota port in Sri Lanka sets a dangerous precedent in the ways in which the PRC can expand its access to geostrategic ports in BRI partner states.

Second, while CCP rhetoric has held to its line on advancing a “non-interference” foreign policy, the distinction between interference, intervention, and influence are blurring due to BRI’s evolution. As highlighted in Myanmar, China has been exerting more influence and interfering in the domestic affairs of the state in order to protect and promote BRI development. In April 2018, Myanmar and China began negotiations for the construction of a Chinese economic zone that will increase tourism and bilateral trade. At the same time, China continues to aid and arm ethnic armed groups fighting against the Myanmar military on the northern border states. U.S. policymakers should recognize the growing flexibility surrounding China’s concept of “non-interference” so as not to fall into a narrative that prevents factual analysis. As China’s global interests continue to diversify, mission creep appears to be inevitable.

BRI has been advanced as a prime example of “win-win” cooperation offered by China. However, a third lesson to acknowledge is the fact that BRI projects have burdened some countries with crippling debt,

---

causing domestic unrest within their borders. Several key BRI partner states like Pakistan and Djibouti have been flagged as countries at risk of debt distress.\textsuperscript{78} Unsafe levels of debt accumulation could eventually create global economic disturbances. While BRI has provided much needed infrastructure development across Eurasia, there are clear negative externalities.

Finally, the fourth lesson concerns the future of BRI. Moving forward, BRI is sure to expand beyond physical infrastructure and move towards the digital realm. A third prong of BRI beyond the CMSR and SREB is quickly developing: the “digital silk road,” as articulated in the March 2015 BRI white paper. In May 2017 at the Belt and Road Forum hosted in Beijing, the concept was further bolstered with a pledge to support “innovation action plans for e-commerce, digital economy, smart cities and science and technology parks” with BRI partner countries.\textsuperscript{79} Despite the rhetoric of “win-win” cooperation, BRI countries that partner with Chinese SOEs to build digital infrastructure could face challenges brought about by overreliance on compromised technology. The proliferation of Chinese technology has the potential to yield intelligence for the CCP and empower authoritarian regimes across the globe.

**Need for U.S. Policy Response**

The present issue is not a matter of whether the U.S. should challenge or counter China’s current policies; rather, the U.S. must adopt a policy in which it simply responds to the Belt and Road Initiative. Even if this response is not immediate, the U.S. government must ensure it is capable of responding to China’s growing ambition and


influence. Although interest in BRI is on the rise, there still exists a general lack of understanding and awareness surrounding the Initiative among policymakers and experts in the public and private sectors. Should this lack of attention to BRI persist, the U.S. will find itself strategically disadvantaged in the long run.

Protecting the economic and geostrategic interests of the U.S. and its allies in areas impacted by BRI relies on the construction and adoption of actionable and responsible policy. The following proposals offer a variety of responses to BRI. As not all will be adopted under the current administration, the proposals include options for future administrations. The proposals also account for multiple domestic and international economic circumstances, with financial requirements for implementation ranging from minimal to costly. The various proposals also account for the availability of U.S. partners, with some options capable of being implemented unilaterally and others requiring multilateral coordination of implementation. Consideration of any of the following policies will allow the U.S. to preserve its strategic interests.

**Short-Term Policy Recommendations**

The U.S. must adopt actionable policy to ensure it remains competitive within regions directly influenced by China’s Belt and Road Initiative. The following policy proposals have been designated “short-term,” as their implementation is possible within three years under the Trump administration. These policies are either in line with current Trump administration policies or require minimal financial commitments.

**I. Encouraging Private Enterprise and Development**

While China continues to promise more development funding through BRI projects, the current U.S. administration has turned its attention to domestic development. Considering current agendas being pursued by the Trump administration, it is clear the U.S. cannot compete with
the infrastructure and general development aid offered under the Belt and Road Initiative. Instead of developing unrealistic policy involving government-funded and -coordinated development aid, in the short-term the U.S. should promote development through the private sector.

The government should seek to encourage infrastructure projects led by American firms. To do so, American policymakers should work closely with the Overseas Private Investment Corporation (OPIC), the Export-Import Bank of the U.S., and Congress to coordinate responsible tax incentives for businesses willing to lead development projects in states designated as strategic priorities for U.S. foreign policy and national security. The magnitude of these tax incentives should be large enough to enable private U.S. companies a chance to compete in the bidding process involving potential infrastructure projects abroad. OPIC should also be given a lead role in facilitating a bidding mechanism for American firms and those within the states where the development is scheduled to take place. To foster confidence among the firms involved in the initiative, policymakers should also work with OPIC and the U.S. Department of State’s Bureau of Intelligence and Research to conduct economic and security risk assessments for BRI partner states considered strategic targets of U.S. development efforts.

This approach allows the U.S. to maintain its presence and influence in geostrategic areas, while also offering states options for their development beyond BRI projects. American firms have access to more advanced technology, which allows them to provide BRI partner countries higher quality and sustainable infrastructure. This policy option is also advantageous in the short-term as it requires minimal government spending. Finally, this policy option creates a platform

---

from which the U.S. can confront BRI—which has thus far been unchallenged by competing development options.

The central disadvantage of this approach is its inability to impact all BRI states. It is inherently limited by the number of American firms able and willing to lead infrastructure projects abroad. This approach would have to be highly targeted to be effective. A second disadvantage is that private investment decisions are ultimately based on private sector evaluations of profitability. Chinese sponsored BRI projects have the added benefit of being supported by state power, enabling SOEs to explore opportunities in unstable regions that may not result in profits.

This option would be highly feasible. Already, American firms, such as Caterpillar and General Electric are leading development projects globally. The goal of this recommendation would be to encourage other American companies to follow suit. Where there is currently a window of opportunity, the U.S. needs to open the door for broader investment and influence throughout BRI partner states.

II. Establish a Digital Development Bank

Recent events display issues that BRI partner countries face when developing digital infrastructure with the PRC. China has been accused of spying on the African Union headquarters that it provided as a gift. The Chinese firm ZTE sold Iran’s largest telecom firm a surveillance system capable of monitoring digital communications. Ecuador is using monitoring systems from China, such as facial

---


recognition technology. By providing an alternative source for digital infrastructure funding, potential partner countries will not be dependent on Chinese technology. If BRI partner countries become dependent on potentially compromised digital infrastructure, BRI could empower partner countries to propagate an illiberal order through censorship or provide strategic information for the PRC.

Dr. Daniel Kliman of the Center for a New American Security has argued that a U.S. response to the BRI should focus on digital infrastructure:

“U.S. companies have a comparative advantage in the digital domain, and the potential implications of the information technology dimension of BRI are most uncertain—and potentially most consequential over the long term. The U.S. and its allies and partners should consider launching a Digital Development Bank that would specialize in digital infrastructure and ensure that countries in the India Ocean rim and Eurasia have alternatives to a Faustian digital financing bargain with China.”

A U.S.-backed Digital Development Bank would provide an alternative to Chinese-led digital infrastructure development while playing to American comparative advantages. Currently, the Asia Infrastructure Investment Bank (AIIB) has devoted $4.39 billion in total loans across 25 approved projects. The Asian Development Bank’s (ADB) annual

---


operations reached a record $32.2 billion in 2017. Of this, $17.47 billion was used for loans and grants, $169 million was used for technical assistance, and $14.06 billion was used for co-financing. Against this comparative background, a reasonable benchmark for a new Digital Development Bank could be around $15 billion.

There are two central disadvantages to this policy option. First, some partner countries may be leery of relying on American-backed technology due to privacy concerns related to leaks involving NSA contractor Edward Snowden. In order to alleviate this concern, this new institution should be formed in partnership with the Organization for Economic Co-operation and Development (OECD). OECD countries are committed to democratic principles and are likely to interpret China's technological proliferation with consternation and therefore would support a Digital Development Bank. Second, some potential partner countries may not be concerned about partnering with China in order to gain access to technology that could be used for repressive purposes.

This option is likely to be feasible. In recent months, there has been bipartisan recognition in Washington that economic engagement with China has not produced outcomes that adhere to American values and interests. International perceptions regarding BRI and China’s growing clout have soured. As the U.S. and OECD countries look towards the future, securing the digital realm is sure to be a top priority.

**Long-Term Policy Recommendations**

Whereas the preceding policies may be implemented within three

---

years under the current Trump administration, the following proposals have been designated “long-term” as their implementation would likely require a change in political leadership and lasting diplomatic, financial, and security commitments by the U.S.

I. Rejoining TPP

Numerous experts have urged the U.S. to rejoin the Trans-Pacific Partnership (TPP). Membership in the TPP provides the best long-term opportunity to inspire a U.S.-led open economic order in Asia. In the face of an increasingly complex and maturing BRI, a greater U.S. role in Asian trade will offer many countries alternatives to a Chinese-led economic vision. Further, increased economic engagement by the U.S. offers a proactive, rather than adversarial response to BRI.

Arguably, the most beneficial portions of TPP the U.S. should seek to adopt include terms outlining standards of intellectual property rights, the reduction of trade barriers, good governance, and options involving investment state arbitration, which would give American or other foreign investors the right to sue countries using discriminatory practices that undermine their trade and investment efforts. These areas will support the central concerns and interests of the U.S. and its regional allies.

The most obvious advantage of rejoining the TPP for the U.S. is its ability to serve as a counterweight to China’s growing economic influence. Countries across Asia would appreciate the chance to form a closer economic partnership with the U.S. Through TPP, the U.S. can ensure the preservation and enforcement of liberal trade policies in a region vital to global trade.

Rejoining the TPP also has benefits beyond economics. The Vice President and Director of Studies at the Center for a New American Security, Dr. Ely Ratner, has argued that increased economic engagement will yield strategic benefits:

Understanding and Responding to China’s Belt and Road Initiative

Spring 2018 | 127
Trump administration’s strategy of pursuing a free and open Indo-Pacific region is the right instinct, but will fail without an economic component on par with the scale and scope of TPP. Military consequences of BRI will be substantially larger without U.S. economic leadership in Asia and globally.\footnote{Ely Ratner, Testimony, \textit{Testimony before the U.S.-China Economic and Security Review Commission: Geostrategic and Military Drivers and Implications of the Belt and Road Initiative}, 115th Cong., (2018), 6, https://www.uscc.gov/sites/default/files/Ratner_USCC%20Testimony%20CORRECTED.pdf.}

Current U.S. policy is yielding strategic and economic space to the PRC. As such, rejoining the TPP should be a long-term policy goal in Washington with the hopes of projecting a positive, U.S.-led economic order in Asia.

The central disadvantage to rejoining the TPP would be the potential backlash from portions of the American public. This concern is reflective of the current rise in populism taking place in countries across the globe. But it is this very point which highlights the level of feasibility of this recommendation. Rejoining the TPP will only be possible if the political will to do so exists among American political leaders. While the time for a strategic response to BRI is now, it may be up to future policymakers to implement this recommendation.

\section*{II. Pursuing Alternative Engagement}

BRI should not be readily dismissed as a negative and foreboding security challenge for the U.S. Providing infrastructure development for countries in need will not always negatively impact U.S. interests. At this time, the U.S. cannot provide an alternative development plan that can offset BRI and its resources. However, this fact should not keep the U.S. from offering technical assistance and alternative infrastructure projects throughout Eurasia. Currently, BRI partner countries lack proper vetting mechanisms that evaluate the economic viability of projects.
As BRI evolves, developing countries across China's periphery will be faced with more expedient development opportunities. Therefore, it is vital for the U.S. to create an alternative development strategy for states that will help sustain U.S. influence and its strategic interests. Tobias Harris, Vice President of Teneo Intelligence and an Economy, Trade, and Business Fellow at Sasakawa Peace Foundation USA, argues, “[other nations’] fears of dependence on China give the U.S. and its allies an opening...it is necessary to have something tangible to offer them.”

It is imperative for the U.S. to continue to fund State Department and USAID efforts to offer potential BRI states competitive alternative infrastructure and development projects to maintain U.S. influence. While increasing funding to the U.S. Department of State and USAID would be costly, competitive alternative infrastructure projects in strategic states would encourage China to reassess the terms of its projects and loans in order for them to be more economically feasible.

In conjunction, the United States should also encourage BRI partner countries to examine the economic feasibility and risks associated with Chinese sponsored projects. This goal can be achieved by encouraging risk assessment companies to conduct assessments of BRI projects. A recent study, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective” identified several BRI countries at high risk of “debt distress.” The authors conclude that China has no framework for debt sustainability and has approached countries suffering from debt distress on a case by case basis. China’s multilateral development bank, the AIIB, adheres to common lending standards that conform with the World Bank and other multilateral development banks. However, this fact does not reflect

---

China’s bilateral lending practices. The AIIB only accounts for a small share of China’s international financing, while bilateral institutions account for $30-40 billion, nearly ten times that of the AIIB.92

Therefore, it is necessary for the United States and its allies to create a framework for assessing the risks and costs of proposed BRI projects. Furthermore, the competing infrastructure and development projects offered by the U.S. Department of State and USAID will encourage China to reassess the terms of its projects and loans in order for them to be more economically feasible. However, a disadvantage this recommendation faces is that there is no real way to prevent BRI partner countries from pursuing vanity projects that are economically unviable. If more BRI states are knowledgeable of the risks in China’s potential financing and debt traps, an increased awareness will force China to adopt better lending standards that pose less risk to BRI borrowers.

Conclusion

Xi Jinping’s major foreign policy push, the Belt and Road Initiative, is rapidly changing the way China interacts with the world. As such, it is paramount that policymakers understand both the benefits and risks associated with partnering with the PRC. The BRI can create vibrant opportunities for growth and development across Eurasia. However, the BRI can just as easily create a situation where debt could be wielded as political leverage, create dependency on compromised digital infrastructure, or challenge U.S. strategic interests. Sri Lanka, Myanmar, and Pakistan provide valuable case studies for understanding the nascent BRI while helping to anticipate the evolution of the Initiative. The policy recommendations outlined above were created to provide a framework from which U.S. policymakers can begin building their response to BRI. Should U.S.

---

policymakers wait any longer to address BRI, the U.S. will find itself disadvantaged on the global stage.
BOOK REVIEWS

*Reviewed by Ariane Rosen*

In his book *Avoiding War with China*, Etzioni adds an important alternative perspective to the existing literature on China. Many contemporary books and scholars focus on China's rising challenge to the U.S., the inevitability of war, and what China could change to be seen as less aggressive. This book takes a different approach, focusing on the U.S., its actions and perspectives, and how the U.S. can adapt its policies to reduce the tension between the U.S. and China and lessen the likelihood of future conflict.

The book is written from the perspective of someone who has been to war and knows its true costs, as well as the unwanted and often unintended long-term consequences of war. It is important to note, however, that this book does not take a peace at all costs approach. It does not suggest the U.S. allow China to behave any way it wants or that the U.S. should stay out of the Asia Pacific. Instead, Etzioni believes it is important to consider whether conflict is avoidable without sacrificing core American interests and values. It is this balance the book focuses on—ways to identify and maintain core interests, including creating “clear red lines,” while at the same time minimizing and de-escalating tension in less vital areas.

Etzioni further approaches the question of whether war is avoidable by addressing and analyzing many of the key areas and factors cited when discussing the seemingly inevitable war constantly creeping toward us. He looks at how much of a threat China’s military really is, China’s economic capabilities, its actions in the South China Sea, and China’s role in the international community and how the U.S. and its
Ariane Rosen

policymakers perceive these issues. Analysis aside, the book offers a great overview of the issues facing the U.S.-China relationship and the complexities within each area of concern.

The analysis itself tries to reach the reality of the situations while still sharing the perspectives of what Etzioni termed the “adversarians and engagers.” His analysis strongly emphasizes the importance of context and a deeper understanding of issues. For example, China’s military strength should not be looked at alone, but compared to that of the United States, and China’s actions should not be divorced from its intentions and motivations. He also devotes a lot of attention to accurately defining terms, such as aggression, and what they truly mean, noting the importance of how the U.S. frames its views of Chinese actions in both rhetoric and policy.

Later in the book, Etzioni outlines suggestions for enhancing cooperation on shared interests while simultaneously working on “tension reduction measures.” He also looks at how the U.S has reacted to China’s growing influence and involvement in the international order, seeing the U.S. actions as part of a “multifaceted containment strategy” seeking to block all gains by China in the international community. Etzioni argues that the U.S. should instead take a more nuanced approach to China, differentiating between the various aspects of China’s increasing influence and instead adopting an “aggression-limiting containment strategy” aimed specifically at the forceful facets of China’s rise and distinct acts of aggression. For Etzioni, there is a difference between influence and aggression and how the U.S. should treat them. For example, the U.S. should counter China’s influence, not with aggression, but with its own influence.

While this book was written before the start of the new administration and often cites Obama’s policies, such as his Pivot to Asia, it still maintains its relevance. Of course, it would be interesting to see how the section on China’s economy and trade, where Etzioni said “the West will be ready to take effective economic
countermeasures when it becomes clearer that the price the West pays for largely tolerating unfair Chinese practices is higher than often noted,” would have changed in light of Trump’s trade war. The overall focus on the book, however, is not on the minutiae of Obama’s policies, but on the larger, overarching issue areas facing the U.S.-China relationship and the overall lack of a clear strategy on how to deal with a rising China. These concerns are still relevant today.

One goal of this book, of course, is to question whether war is inevitable and to lay out options for reducing tension. Another goal of the book, however, is to encourage policymakers to think more deeply about the U.S. relationship with China and China’s role in the international order. Ultimately, Etzioni hopes to encourage dialogue and inspire readers to think critically, consider broader contexts, and reexamine American perspectives regarding China’s rise. While I’m unsure if all of the suggestions outlined in the book are feasible—given domestic political climates in both the U.S. and China, the strength of adversarial rhetoric, and the difficulty of lasting long-term strategies with our short election cycle—Etzioni definitely succeeds in getting the reader thinking and asking questions.

Reviewed By Anna Saltzman

Water's role in shaping societies around the world is not a novel concept. Water is necessary to sustain life of any form, and great civilizations have been built and destroyed around the control of water. From rivers in Africa to frozen tundras to coastal tropical nations, water—or the lack thereof—has always been the most valuable resource for any great society. In his book *The Water Kingdom*, Philip Ball addresses how water has played its own role in China. With thousands of years of history, China has had time, from Han Emperors to Mao Zedong, to develop systems of political legitimacy and high-class culture around water. Ball takes a unique approach to Chinese history and the development of modern Chinese society, but he may have benefited from a narrower angle on his overall approach.

The first few chapters take their time establishing the author's background in China and giving a brief introduction of Chinese history. Ball knows he cannot succinctly summarize China's long history, so he does not try, focusing only on what he deems essential. This was a prudent choice. He does not bog readers down with unnecessary information. The first chapter focuses on the Yangtze and Yellow Rivers, and how they specifically have shaped Chinese geography. The second chapter introduces Chinese creation myths. The next few chapters discuss travel, trade, and war on the government, interspersed with damming (the “hydraulic state” or “hydraulic civilization,” a term first coined by sinologist Karl Wittfogel) and the use of water in politics, particularly under Mao. It ends with a chapter on Chinese art and literature and finally a conclusion looking forward to China's future.
The middle chapters seem somewhat disordered, but they are well organized in series. Ball is adept at recalling information from previous chapters in order to support evidence in a current chapter. He is a good writer, and he knows it. His prose is evocative, and he works to prevent his sometimes dry subject matter from being a dry read altogether. This leads at times to some delightful phrasing—such as his description of Chinese emperors’ names as “[proliferating] perplexingly.” At other times he simply gets bogged down in his own use of language that seems to have been used purely to prove he can use it. Though filled with SAT words, it is not a textbook, either. Ball writes easily and his prose reads well.

Perhaps the biggest stumbling block to *The Water Kingdom* is the Orientalist lens with which Ball approaches his analyses. In the introduction, Ball is unnecessarily defensive about being a Western scholar of Chinese history. He reminds himself that “an attempt by a waiguoren, a foreigner, to explain what a concept like water means within Chinese culture is doomed from the outset to all manner of oversights, failures of nuance and, saddest of all, failures of imagination.” He carries this rather dramatic self-flagellation into a reminder that he is from “the far-off lands long dismissed by the Chinese people as the realm of barbarians.” Having established himself as “too rational” and Chinese language as quaintly, mystifyingly foreign, Ball then compares Chinese people to fish in the ocean and himself to a scientist more properly situated to observe and to explain how water has defined China.

Ball does acknowledge that early Chinese technology, particularly cartography, was “far ahead of anything in Christendom or classical Greece.” Still, he does not attribute what he calls Chinese “obsession” with rivers to any true scientific curiosity. Instead, Ball finds it indicative of an “impassioned searching for the source of the great rivers throughout Chinese history [that] seems almost to betray a hope that it will reveal the occult wellspring of China itself, the found
of the country’s spirit (qi).” The problem with this in particular—besides its obvious Orientalism of Chinese scientific curiosity—is that it almost forgets his own arguments in later chapters that China’s rivers are such powerful forces of nature that they cannot be ignored.

Ball occasionally struggles to find footing. He is eager to prove that water is important in Chinese culture—through examples such as river dams, water security, water motifs in art and poetry—but he does not answer why or how water is important. After all, water and rivers such as Egypt’s Nile have shaped civilizations before. Why is China unique enough for a book on the topic? Ball spends too much time simply saying that water is present in Chinese culture, without much substance on the topic. He is eager to present a historic and contextual background for readers with little knowledge of China and East Asia. This is understandable and likely necessary. However, it leaves him waffling on a decision of whether to provide a source meant more for information or for in-depth analysis.

The strength of Ball’s research shines in later chapters, however, especially on the topic of Chinese river dams. Ball excellently illustrates how the need for damming, labor, and construction on Chinese rivers shaped societal organization. He points out the rise in a culture of government corruption—still present today—in these dams. Chinese governing philosophy and organization has been shaped through development of the so-called hydraulic state: the necessity of dams for cultivation and survival on the rivers, and the organization around them. Ball is less thorough on topics such as travel and war, which again most often raise the question of why the importance of trade routes on water is unique to China. The author does acknowledge the problem of uniqueness. He presents German sociologist Max Weber’s suggestion that throughout Asia and the Middle East, “The water question conditioned the existence of the bureaucracy [in countries including India and Egypt], the compulsory service of the dependent classes, and the dependence of the subject
classes upon the functioning of the bureaucracy of the king.” However, although Ball outright asks whether China is unique in bureaucratic control over waterways, he does not quite seem to answer it.

Here Ball proceeds with Wittfogel’s argument from 1950 that despotic rule is inevitable. He does give some weight to Wittfogel’s research, though he ultimately takes issue with the conclusion. The demands of the “hydraulic state,” Ball explains, included labor control and dominion over agrarian production and distribution on the waterways, which led to creating a state infrastructure dependent on the government for support. This was “hydraulic despotism.” Although he acknowledges Wittfogel’s research has made a lasting impact on sinologists, Ball argues that it is too simplistic. According to Ball, Wittfogel “encourages a simplistic, distorted view of Chinese history, according to which an authoritarian, all-powerful mandarin bureaucracy stymied the ability of the empire to develop a thriving economy and doomed China to stagnation.” He ignores periods of state intervention to encourage industry and growth, such as during the Song and the late Ming. This is one of Ball’s stronger sections, although he doesn’t quite address his own question of uniqueness in how the role of water is unique to China. The answer is, in some ways, implicit—but of course, cultures and nations develop differently for many different reasons, whether water has anything to do with it or not.

If Ball’s purpose was simply to show that water has played a role in China, then he has certainly accomplished that purpose. It is just not very interesting nor unique. He leaves readers asking, “So what?” far too often. As something informative, the book succeeds, but it simply fails to ask (and answer) many interesting questions. Still, Ball is not without any interesting questions, and he does answer those he raises. Ball’s best arguments focus on narrower topics, such as how dams and floods have influenced Chinese politics. His weakest topics are on art and literature, in which his only purpose appears to be
proving that water imagery is present, which is not a difficult conclusion to make. Again, here Ball may suffer from the Orientalist lens with which he approached his research from the beginning. He may have had a more interesting thesis had he taken a less broad approach to the book and focused more specifically on science and government.

*The Water Kingdom* is a well-conceived book with a well-spoken, well-studied author. This perhaps makes its failures all the more frustrating. The role of water in shaping a country's history and culture is an interesting topic and still would have been so without the mystification and Orientalizing of China, accompanied by the author's insistence that despite his rational Western lack of imagination, he is still the best person for the job. Early postulation along these lines leads to inherent mistrust. Rather than muddling his own thesis by spending time showing how water motifs are present in various Chinese aspects of life, Ball might have had a much stronger book had he focused on the role of water in government alone. He would also have benefited from more Chinese scholars' input. Overall, *The Water Kingdom* is packed with information, and it is determined to prove it has what any reader curious about water and China may seek.

Reviewed by Emily Bulkeley

From humble beginnings, the People’s Republic of China has grown into a force the dynastic emperors of old would be proud to call their legacy. The ideals behind the governing of modern China are drastically different from the feudal dynasties of old, but there are striking similarities in their aspirations for regional supremacy. In *Everything Under the Heavens*, the author pulls upon China’s complicated history to expose its firm, underlying sense of national superiority and shows how this belief affected China’s rise onto the global stage.

Howard W. French is an American journalist and professor at the Columbia University Graduate School of Journalism. French became the *New York Times*’ Tokyo bureau chief in 1998, covering Japan and the Korean peninsula until 2003. French then reported on political and social affairs in China while acting as the *Times*’ bureau chief in Shanghai from 2003 to 2008. In *Everything Under the Heavens*, French draws on his extensive knowledge of East Asia to explain China’s historic relations within the region and how these conflicts continue to play out today.

French’s main argument is that China’s past still affects how the country conducts its international relations today. During China’s dynastic period, it acted as a superpower, demanding fealty from all its neighbors and using force to quell resistance when necessary. *Tianxia*, or the belief that "everything under the heavens" belonged to China and its emperor, was the main concept behind China’s view of their place in the world. French examines how China was forced to
reassess this view after being laid low by Western colonial forces, the fall of the Qing dynasty, and the rise of Japan. However, French makes the compelling argument that despite a drastic change in government and ideology, modern China’s sense of self remains relatively unchanged. The notion of *tian xia* can still be found in China’s actions and aspirations today.

This book provides a well rounded history of China’s conflicts and relationships within East Asia. The first chapter begins with what is commonly referred to as China’s "Century of Humiliation." This period covered the later part of the Qing Dynasty and continued through Western colonialism and the Japanese invasion during World War II. The second chapter examines China’s current claims in the South China Sea and then delves into their historic influence throughout the Sea and into the Pacific Ocean. This transitions into an analysis of the journey of Admiral Zheng He, a eunuch from the Ming Dynasty in the 15th century, who’s extensive travels imposed China’s influence far beyond their shores. The fourth chapter returns to East Asia to focus on the complicated historical relationship between China and Vietnam. China’s relations with Thailand, Myanmar, and Cambodia are also mentioned, but only briefly. French wades into the more modern ideological struggles as he reveals the roles China played in Southeast Asia as the countries experienced their own Communist revolutions. The final two chapters reexamine China and Japan’s power struggles in a modern context and then delves into China’s claims in the South China Sea, or its "Nine-Dash Line." This book provides an excellent overview of East Asia’s history in a Chinese context, but it is occasionally difficult to follow as it is not presented chronologically.

Although China’s ambitious Belt and Road Initiative (BRI) is mentioned in French’s conclusion, I would have appreciated a more in-depth analysis. French did a excellent job reviewing the history of the region and putting modern situations into context. There are certainly parallels between the Silk Road and the BRI that could have
been examined. This could have been built upon to explain how China intends to use this Initiative to return to its place as the uncontested regional hegemon. This point would have fit well into French’s conclusion that China is still driven by the concept of *tian xia*.

In his conclusion, French makes the point that China is focus on completing big efforts for economic and defense growth now because their population will begin to decline within the next few decades. As China’s modern economic advantage has been an expansive labor force, leaders are striving to complete development before they no longer have the means to do so. I believe this is an incredibly important piece of analysis that should have played a larger part in the book instead of being confined to the conclusion.

This book is an excellent choice for those eager to familiarize themselves with East Asia’s current power dynamic in a Chinese context. French reviews many important conflicts from recent history and explains how these still affect relations in this region today. Even those who begin with only a basic understanding of region’s history will be able to understand French’s conclusions about China’s place within this region. Those who are only reading to discern how the U.S. fits into China’s future may find themselves skipping to the conclusion.

Reviewed by Ariane Rosen

Under Taiwan’s President Ma Ying-jeou, cross-strait relations seemed to improve, culminating in a historic meeting between Ma and President Xi Jinping in 2015. But then, the world watched as President Ma’s National People’s Party (KMT) was badly defeated in the 2016 presidential election and the Democratic Progressive Party (DPP)’s Tsai Ing-wen came to power. With the DPP now in power—a political party that, if not calling for outright independence, at least emphasizes Taiwan’s sovereignty—the “Taiwan Question” has gained renewed attention. After all, China still strongly holds to the position that there is but one China and that Taiwan is part of it.

Having a leader that might challenge that position come to power in Taiwan, especially following her much more conciliatory KMT predecessor, could clearly impact cross strait relations. With the U.S.’s intricate and delicate task balancing its important relationship with China and its commitments to Taiwan, renewed cross strait tension could also lead to further difficulties and complications for the U.S. The potential geopolitical implications of such an election were definitely clear to U.S. watchers, the full climate and circumstances leading to this momentous election, as well as the true scope of its outcomes for Taiwan, however, were not as well understood.

*Taiwan at a Tipping Point* fills this gap and offers an in-depth look into this pivotal election. Dr. John F. Copper is a professor at Rhodes College who has written over 30 books on topics related to Asia and international affairs. Among his publications are the *Historical Dictionary of Taiwan (Republic of China)* (Rowan and Littlefield, 2015),
Taiwan: Nation-State or Province (Westview Press, 2013), and—what could arguably be considered the prequel to his latest book—The KMT Returns to Power: Elections in Taiwan 2008 to 2012 (Lexington Books, 2013). It is clear that the author has a comprehensive understanding of Taiwan, its domestic politics, and its larger international interactions. That expertise clearly comes through in Taiwan at a Tipping Point.

Copper starts by explaining the implications of a shift in the political party of Taiwan’s leadership. Of course, the peaceful transfer of power from one party to another is one of the key attributes of a democracy. Copper expands on this detail, explaining what it means for Taiwan specifically. He looks back at Taiwan’s previously elected presidents and key features of their elections and presidencies. The significance of shifts between the KMT and DPP leadership is a key theme of the book, highlighting the author’s main reason for writing this book—that the DPP’s return to power is, in fact, very significant and deserves closer analysis.

The book goes on to analyze both the 2014 “nine-in-one” local elections and the 2016 presidential election. The 2014 elections are analyzed in order to set the framework for KMT’s losing popularity and the DPP’s future presidential bid. It helps show that the 2016 DPP win was not a fluke, but the result of a larger trend. In his look at both the 2014 and 2016 elections, Copper discusses the climate and context of the elections. For Copper, it is not enough to say that candidate A won; it is necessary to explore what factors contributed to that victory and what it means for Taiwan.

The final chapter explores what the DPP win means for Taiwan, what challenges the new leadership faces, and what might be expected moving forward. Added emphasis was placed on the economy, promised political reforms, the China factor, and the U.S. response. Throughout the book, Copper seamlessly weaves between the
regional and international issues (namely China and the U.S.) and the more strictly domestic concerns such as the economy and governance. He makes the importance of both abundantly clear and adds nuance to the discussion of the DPP’s reemergence.

When looking at the DPP regaining power, it is easy to simply say that the pro-independence leaning party won handily, and draw conclusions from there. Copper, however, makes sure the reader sees beyond that oversimplification. For example, he explores how economic factors influenced the vote, how there was a growing lack of confidence in the KMT leadership, and how the DPP was successful in maintaining a unified front during their election while also avoiding addressing the independence question head on (instead focusing on championing Taiwan’s democracy and sovereignty). Copper shows the importance of understanding why the election outcomes occurred and what that ultimately might mean for Taiwan moving forward.

The book is information dense and takes a close look at the intricacies of Taiwan’s elections, domestic politics, and how China and the U.S. serve as outside influences on Taiwan’s internal politics. It is probably best suited for those who already have a basic understanding of Taiwan and the broader Taiwan-China-U.S. dynamic. It is a strong read for those who want to delve deeper into the Taiwanese pillar of this relationship and understand the factors motivating its political decisions.
IN MEMORIAM
This year marked the passing of Alan D. Romberg, a renowned Asia specialist and respected diplomat. He spent 27 years in the State Department, including more than 20 years serving as a U.S. Foreign Service Officer. Most recently, Romberg served as the director of the East Asia Program at the Stimson Center.

While his name might not be as widely known as some other China hands, Romberg spent a long career working behind the scenes on maintaining positive relations with China. For example, it was the tireless efforts of Romberg and his contemporaries that helped repair ties with China in the mid-1990s that had been frayed after the 1989 Tiananmen Incident. Romberg was also a respected authority on Taiwan and the unique and complicated U.S.-China-Taiwan relationship. His expertise in this vital geopolitical area helped U.S. leadership manage delicate cross strait situations.

Romberg’s wisdom and insights will be missed, as will his strong character and dedication. Hopefully his passion and commitment will serve as an example for future generations of American diplomats, government officials, and China hands.