

SPECIAL
DOUBLE ISSUE

WINTER 2019 / ISSUE NO.13

\$ 15.00 | € 10.00 | 1500 RSD

HORIZONS

JOURNAL OF INTERNATIONAL RELATIONS
AND SUSTAINABLE DEVELOPMENT



THE NEW GREAT GAME



**DEBATING
MIGRATION**



**RUSSIAN
QUANDARIES**



cirsd.org

ABDULLAH • BOUKRI • ČIČAK • DORSEY • ECONOMY • HAWKINS • KARAGANOV • KER-LINDSAY
LALONDE • MACHARIA • MARSH • MCCABE • NATELAGAWA • NEMETH • NOLAN
RUDD • SACHS • SHAPIRO • SULLIVAN • SUSLOV • TOLORAYA • VALLS • VUKADINović

WILL AMERICA CREATE A COLD WAR WITH CHINA?

Jeffrey D. Sachs

AMERICAN policy towards China is now up for grabs, with hardliners and soft-liners battling for the upper hand. The hardliners view China as an existential threat to American security and interests. The soft-liners regard China as a powerful counterpart, on occasion friend, competitor, or adversary, but not an existential threat. In my view, the official adoption of the hardline approach would prove disastrous, creating a self-fulfilling grave risk of future conflict.

American views of China are highly unstable. China was an American ally in World War II, but then quickly became an implacable American foe after the communist victory in China's civil war. Mao's China was a military adversary of the United States in the Korean War, and was viewed as a hostile nation by policy makers until 1972. China increasingly was seen as an American friend and an important counter-weight

to the Soviet Union following Richard Nixon's surprise visit to China.

During most of China's rapid economic rise after Deng Xiaoping's reforms began in 1978, China was viewed by American politicians, business, and the broad public as a new and important trading partner and as a mostly benign, if large, geopolitical counterpart. Yet now China is again rapidly being viewed as a dangerous enemy according to many American pundits and policymakers.

The American historian Richard Hofstadter famously wrote about a "paranoid style in American politics." Americans invent or vastly exaggerate dangers that do not exist. This has led to episodes such as "the Red scare" against Bolsheviks just after World War I, the McCarthy era accusations against Communism after World War II, the Global War on Terror after

Jeffrey D. Sachs is University Professor and Director of the Center for Sustainable Development at Columbia University, as well as Director of the United Nations Sustainable Development Solutions Network.



U.S. naval ships sailing through the South China Sea

Photo: Official U.S. Navy Page Flickr

9/11, and now, in my view, the fear of China and threat of a new Cold War instigated by the United States.

I think this American paranoia arises for three reasons, a topic I also touch upon in my recent book *A New Foreign Policy* (2018). The first and most important reason is that the United States has been an expansionist nation from the very start of the colonial settlements in the early 1600s. As Americans push into new territory, they create new enemies and fight endless battles of expansion. This incessant militarism early on gave rise to the idea that America's enemies are everywhere.

In this sense, the American paranoia is a kind of psychological projection of America's own expansionism. America sees enemies everywhere in order to fight and vanquish them. China is the most recent threat to America's global dominance. Indeed, political scientist Graham Allison argues that there is a "Thucydides Trap," wherein a dominant power and a rising power are at heightened risk of war as a result of the shifting power relations of the two nations and the tensions thereby created. (The name refers to the Peloponnesian Wars chronicled by the ancient Greek historian Thucydides; the rising power of Athens threatened the dominance of Sparta and

led to a prolonged war between the two city-states in the fifth century BCE).

The second reason for America's paranoia is its relative geographical isolation from the rest of the world. After conquering the native populations of North America in the nineteenth century, America began its overseas imperial phase in earnest in 1893 with the conquest of Hawaii and 1898 with the conquest of the Philippines from Spain. Suddenly America found itself ruling far-flung lands with which it had little knowledge or experience.

After World War II, America would fight wars throughout Southeast Asia, the Middle East, Latin America, and Africa with little understanding of the local conditions, leading to debacles in far-flung places such as Vietnam, Afghanistan, and Iraq, and to terrorist blowback. All of this is enough to create many paranoid fantasies.

The third reason for paranoia is the relatively low level of social trust within American society. As a highly unequal and racially diverse country, with a long slave-owning history, many white Americans in particular have long seen threats from other races and non-English-speaking ethnicities. The racism against African-Americans, Asians, Native Americans, Hispanics, Arabs, Jews, and other immigrant groups has been a notorious and deep feature of American culture.

The implication of this paranoia is the tendency of the United States to multiply fears, exaggerate dangers, and create implacable enemies out of counterpart nations. The Cold War itself is instructive.

LESSONS FROM THE COLD WAR

In America's national mythology, the Cold War was a struggle against an implacable international foe, the Soviet Union, which was ruthlessly intent on global domination. The United States fought proxy wars against Soviet-backed forces in all parts of the world, from Latin America to Africa to Southeast Asia, and the Middle East. Eventually, the United States prevailed and defeated its archenemy, which disappeared from the map at the end of 1991.

Yet there is a very different rendering of this same history, one that underscores the self-fulfilling dangers of America's paranoid style. This alternative view is, ironically, associated with George Kennan, the American foreign policy guru who is credited with first pointing out the dangers of Soviet behavior, and who first conceptualized the strategy of "containing" the Soviet Union.

In Kennan's view, the Soviet Union under Stalin was an opportunistic expansionary country that would look for or create weaknesses in neighboring countries and then exploit them for the benefit of Soviet power. Yet Kennan viewed even Stalin as a

relatively cautious and rational responder to both opportunities and threats. Kennan advised the United States to confront Soviet expansionism where it occurred but otherwise to wait patiently for the Soviet Union's misguided centrally planned economy to collapse under its own failings. He strongly opposed the nuclear arms race and the repeated proxy wars with the Soviet Union around the world.

Moreover, Kennan, like many later American historians, emphasized that the Soviet Union had its own legitimate security concerns. Many actions by the Soviet Union that were viewed as aggressive by the Americans should instead have been understood as Soviet responses to its own real security concerns. Front and center of the Soviet security concerns was a resurgent German military threat after World War II. The Soviet hardline control over Eastern Europe after World War II was in part a response to the absence of a post-World War II settlement that offered security for the Soviet Union from German re-industrialization and re-militarization. In fact, rather than offering the Soviet Union security of that sort, the United States rebuilt Germany as a key industrial power and a bulwark of NATO.

The result was that Washington viewed the Soviet Union as an implacable foe rather than as a powerful counterpart with its own legitimate

security concerns. The American paranoid approach was perfectly expressed in the National Security Council policy paper NSC-68 of 1950. This famous document declared that the Soviet Union is an implacable foe bent on subverting or destroying the integrity and vitality of the United States:

The fundamental design of those who control the Soviet Union and the international communist movement is to retain and solidify their absolute power, first in the Soviet Union and second in the areas now under their control. In the minds of the Soviet leaders, however, achievement of this design requires the dynamic extension of their authority and the ultimate elimination of any effective opposition to their authority.

The design, therefore, calls for the complete subversion or forcible destruction of the machinery of government and structure of society in the countries of the non-Soviet world and their replacement by an apparatus and structure subservient to and controlled from the Kremlin. To that end Soviet efforts are now directed toward the domination of the Eurasian land mass. The United States, as the principal center of power in the non-Soviet world and the bulwark of opposition to Soviet expansion, is the principal enemy whose integrity and vitality must be subverted or destroyed by one means or another if the Kremlin is to achieve its fundamental design.

The result was a dizzying nuclear arms race and proxy wars with the Soviet Union around the world. The United States spent trillions of dollars (in today's dollars) on wars in Southeast Asia (Vietnam, Laos, Cambodia), the Middle East, Central Asia, and Latin America, and engaged in the subversion and overthrow of dozens of governments, ostensibly in the pursuit of its competition with the Soviet Union (though often in pursuit of commercial or other narrow interests). Millions of non-Americans died in these wars as well as tens of thousands of Americans.

The real cost of the Cold War should perhaps be measured in the fact that the world stood for decades at the precipice of nuclear annihilation, at the mercy of nuclear strategists on both sides who were prone to massively false assumptions, self-fulfilling prophecies, and repeated near misses (captured in horrifying starkness by Daniel Ellsberg in his latest book, *The Doomsday Machine*). The grim reality is that the world is lucky to have survived the madness of the Cold War. It was only by extraordinary luck that we did not get ourselves blown up during the

Cuban Missile Crisis of October 1962 or at various moments when bad luck (such as in 1983 when the reflection of sunlight on high-altitude clouds was

picked up by a Soviet satellite early-warning system as an incoming American missile) could have ended the world.

At various points in the Cold War, cooler heads prevailed. John F. Kennedy blundered badly in 1961 (in the Bay of Pigs invasion of Cuba), and Nikita Khrushchev misjudged terribly by placing nuclear weapons in Cuba in 1962. When the world escaped self-destruction in October 1962, both Kennedy and Khrush-

chev realized that the two sides needed to pull back from the brink, by signing the Partial Nuclear Test Ban Treaty in 1963. That in turn led to the Nuclear Non-Proliferation Treaty in 1968 and to the U.S.-Soviet détente in the early 1970s. Yet after America's CIA covertly worked to provoke a Soviet invasion of Afghanistan in 1979, the détente unraveled, and the early to mid-1980s carried the world back to the brink of nuclear war. In the early Reagan years, the Soviet Union came to expect a U.S. nuclear first-strike, putting retaliatory systems back on a knife-edge.

The biggest problem with the lessons of the Cold War—the self-fulfilling nature of much of the conflict, the ferociously high costs, and the near misses of nuclear annihilation—is that these lessons are almost completely unknown, unlearned, or, by this time, forgotten by the American public and many of its leaders.

The biggest problem with the lessons of the Cold War—the self-fulfilling nature of much of the conflict, the ferociously high costs, and the near misses of nuclear annihilation—is that these lessons are almost completely unknown, unlearned, or, by this time, forgotten by the American public and many of its leaders. In fact, if there were “lessons” learned, they were probably the wrong ones. What the United States remembers in the national mythology is that it stood tall, faced down its foe, and came out victorious. The Soviet collapse is viewed not as a design failure of the Soviet socio-economic system, as Kennan predicted would occur as far back as 1947, but as a triumph of American hardline policies, especially those of Ronald Reagan.

FAST LANE TO ENMITY

This brings us to China today. Within a very short time, China has become the new *bête noire* of American strategists and many senior Trump officials. Trump's trade advisors and negotiators (including trade advisor Peter Navarro, Commerce Secretary Wilbur Ross, and American Trade Representative Robert Lighthizer) have the public reputation of being among the hardliners.

The hardening of attitudes has come rapidly. At the beginning of Barrack

Obama's presidency in 2009, China was viewed mainly as a partner of the United States, with Secretary of State Hillary Clinton declaring: “Now, some believe that China on the rise is, by definition, an adversary. To the

Within a very short time, China has become the new bête noire of American strategists and many senior Trump officials.

contrary, we believe that the United States and China can benefit from and contribute to each other's successes.” By 2012, China had become, according to Obama, “both an adver-

sary, but also a potential partner.” The Obama Administration was increasingly alarmed by China's growing military power, economic success, and geopolitical weight, and with no signs of any lessening of top-down political control by the Chinese Communist Party.

Perhaps the most important bellwether of, and contributor to, the rapid hardening of views came in 2015 with a polemical essay by leading American diplomat Robert D. Blackwill and co-author Ashely Tellis for the Council on Foreign Relations, entitled “Revising U.S. Grand Strategy Toward China.” In this essay, Blackwill and Tellis declared that the time has come for the United States to move to block China's further rise, using the tools of military power, economic statecraft, and geopolitical pressure that the United States had once deployed to contain the Soviet Union. The time had come for the gloves to come off.

The Blackwill-Tellis essay is noteworthy for its clarity. The core goal of American strategy, declare the authors, is America's preeminent global power. As a large, strong and rising country, China is therefore a threat *per se* to America's dominance, and one that therefore must be stopped. Here is how they put it:

Since its founding, the United States has consistently pursued a grand strategy focused on acquiring and maintaining preeminent power over various rivals, first on the North American continent, then in the Western hemisphere, and finally globally. During the Cold War, this strategy was manifested in the form of "containment," which provided a unifying vision of how the United States could protect its systemic primacy as well as its security, ensure the safety of its allies, and eventually enable the defeat of its adversary, the Soviet Union [...]

[P]reserving U.S. primacy in the global system ought to remain the central objective of U.S. grand strategy in the twenty-first century [...]

Of all nations—and in most conceivable scenarios—China is and will remain the most significant competitor to the United States for decades to come. China's rise thus far has already bred geopolitical, military, economic, and ideological challenges to U.S. power, U.S. Revising U.S. Grand Strategy Toward China

allies, and the U.S.-dominated international order. Its continued, even if uneven, success in the future would further undermine U.S. national interests.

Blackwill and Tellis then go on to recommend the panoply of measures once used to contain the Soviet Union, including geo-economics, described by the authors as "the use of economic instruments for geopolitical objectives." The suite of recommended measures includes the following:

The United States should vitalize the U.S. economy at home, construct a new set of trading relationships in Asia that exclude China, fashion effective policies to deal with China's pervasive use of geo-economic tools in Asia and beyond, and, in partnership with U.S. allies and like-minded partners, create a new technology-control mechanism *vis-à-vis* China.

The United States should invest in U.S. defense capabilities and capacity to enable the United States to defeat China's emerging anti-access capabilities and permit successful U.S. power projection even against concerted opposition from Beijing.

The United States should reinforce a new set of trusted strategic relationships and partnerships throughout the Indo-Pacific region that include traditional U.S. alliances but go beyond them,

pursuing as an explicit policy the objectives of both strengthening Asian states' ability to cope with China independently and building new forms of intra-Asian strategic cooperation that do not always involve, but will be systematically supported by, the United States.

The United States should energize high-level diplomacy with China to attempt to mitigate the inherently profound tensions as the two nations pursue mutually incompatible grand strategies and to reassure U.S. allies and friends in Asia and beyond that its objective is to avoid a confrontation with China.

The Trump Administration has adopted this view, put it into operation, and taken it further, at least to this date. The new foreign policy, defense, and security strategies of the United States no longer speak of China as a potential partner, or even as a competitor, but as a deliberately hostile power.

Consider, for example, the new U.S. National Security Strategy (December 2017) under Trump:

China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity. They are determined to make economies less free and less fair, to grow their militaries, and to control information and data to repress their societies and expand their influence.

In this view, China is not merely rising and looking after its own prosperity and security but is actively attempting to erode American security and prosperity.

A pervasive new theme of the American discourse, laid out in the 2017 National Security Strategy, is that the United States gave China a good-faith period to mend its authoritarian ways, but China failed to conform, and now the United States must revert to a hardline:

For decades, U.S. policy was rooted in the belief that support for China's rise and for its integration into the post-war international order would liberalize China. Contrary to our hopes, China expanded its power at the expense of the sovereignty of others. China gathers and exploits data on an unrivaled scale and spreads features of its authoritarian system, including corruption and the use of surveillance. It is building the most capable and well-funded military in the world, after our own. Its nuclear arsenal is growing and diversifying. Part of China's military modernization and economic expansion is due to its access to the U.S. innovation economy, including America's world-class universities.

The specific list of American complaints also continues to grow, and now includes: China's projection of military power in the South China Sea; China's Belt and Road Initiative, interpreted by Washington

as a geopolitical offensive rather than an infrastructure program; China's Made in China 2025 policy to promote new technologies, as a military-inspired case of unfair state-led competition; Xi Jinping's end of presidential term limits; and others.

All of these are a bill of indictment of a China that aims to undermine American security and wellbeing and to subvert global values.

Of course, the United States refuses to view itself through China's eyes. If it did so, it would see a nation with: military bases in more than 70 countries, including throughout Asia (compared with China's one tiny overseas naval base in Djibouti); by far the world's largest military budget; a chronic case of war-mongering and regime-change operations in Asia and elsewhere, most recently including Afghanistan, Iraq, Syria, and Yemen; a flagrant rejection of the authority of the UN Security Council on repeated recent occasions, e.g. vis-à-vis Iran; state-led technology policies of the very sort that it seeks to deny to China; brazen repudiation of global interests by walking away from the Paris Climate Agreement; plans to modernize its nuclear arsenal; and deployment of ballistic-missile defenses in Korea that threaten China's nuclear retaliatory response.

In other words, America's dark vision of China is the classic "Strategic Dilemma." What looks aggressive through American eyes is defensive through China's. Yet there is a basic structural challenge underpinning the American paranoia. China has 1.4 billion people, the United States 330 million. That means that once China's per capita output and income has reached at least one-fourth of the United States, China will have the larger economy.

And in an open world society, indeed one in which Chinese students attend America's universities, the knowledge and technological capacities in China are also going to grow rapidly, and the technological gap *vis-à-vis* the United States will narrow rapidly.

According to the International Monetary Fund, China's economy overtook the American economy in 2014, when the economies are measured at a consistent set of international prices. Today, on this basis, China's total economy is around 25 percent larger than the United States, \$27.4 trillion versus \$21.5 trillion, though income per capita is still a little below one-third of the United States. When measured at market prices and exchange rates, the American economy

The new foreign policy, defense, and security strategies of the United States no longer speak of China as a potential partner, or even as a competitor, but as a deliberately hostile power.

remains 50 percent larger than the Chinese economy in 2018, \$21 trillion versus \$14 trillion. (China's economy is larger when measured as international prices than at market prices mainly because China's services are provided at lower dollar prices than similar services in the United States).

By many measures, such as spending on R&D, patents, scientific publications, exports of high-tech goods, deployment of ICTs, competitiveness in artificial intelligence, China is also rapidly narrowing the science and technology gap as well.

THE "UNCHALLENGED PRIMACY" MINDSET

No part of China's economic advancement is *per se* dangerous to the United States—unless Washington's "grand strategy" is global primacy. In other words, in a world of large countries like China and India, the only way that the United States can remain the unrivalled power is for the large countries to remain far poorer economically and chronically laggard technologically.

When translated by the pundits, the rhetoric in the United States is now even more heated and fulminant. The characterization of China has gone from partner to competitor to adversary, and now to enemy. One *New York Times* columnist approvingly described the Trump foreign policy this way:

the Trump doctrine aims for a more limited and sustainable view of American commitments. Along with jihadism it seeks to confront and contain two major state-based enemies, China and Iran, and it takes a harsh line toward their potential allies and clients in the Americas.

He rather cheerfully and blithely describes the American foreign policy goal as follows:

The overarching goal is not to cede United States primacy or abandon American alliances, as Trump's opponents often charge; rather, it's to maintain American primacy on a more manageable footing, while focusing more energy and effort on containing the power and influence of China.

Herein lies the American paranoid style. In the paranoid mind, American security depends on the country's unchallenged primacy. American primacy requires that the United States contain the rise of any rival. When the rival is large and powerful, as the case of China, then containment means deliberately aiming to limit the economic and technological success of China by closing off China's links with advanced technologies, potential allies, and even trading partners. China must remain relatively poor, in the mainstream American foreign policy community view, since to be even half as rich as the United States would decisively end America's primacy.

The key to American primacy, in short, is a double standard: the United States can get rich but you cannot, at least not rich enough to challenge America's primacy.

Here it might be helpful to consider what Singapore's Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy, recently wrote in *Harper's Magazine*:

To neutral observers, however, [a choice between America and China] could just as easily be seen as a choice between a plutocracy in the United States, where major public policy decisions end up favoring the rich over the masses, and a meritocracy in China, where major public policy decisions made by officials chosen by Party elites on the basis of ability and performance have resulted in such a striking alleviation of poverty.

American policies toward China in recent years have been increasingly implementing the containment approach, first in a very mild way under Obama, and now in a hardline and overt way under Trump. Obama aimed to limit China's options on trade by negotiating a Trans-Pacific Partnership (TPP) with several Asian countries that was designed to exclude China. Trump, by contrast, has gone after China on several fronts:

- the unilateral imposition of tariffs;
- active diplomacy to block the adoption of Chinese technologies

(e.g. Huawei 5G technology) by the United States and allies;

- measures to block the purchase of American and European technologies by Chinese interests;
- measures to stop China's investments in the United States;
- public diplomacy aiming to discredit China's motives (e.g. undocumented and general claims of China's stealing of American technologies); and
- requesting Canada to arrest and extradite the CFO of Huawei.

The new containment policies certainly do not yet have unanimous support within the American political and business communities. These policies are very costly to many major businesses in the United States and they threaten to slow global growth and to hurt stock market valuations. More ominously, they could lead to a spiraling arms race, this time including weaponry in space, cyberwarfare, and even an eventual series of proxy wars or direct confrontation.

So far, the aforementioned policies are being pushed by hardliners, although the middle ground of American punditry and politics is certainly, and worryingly, moving in their direction. There is clearly some pushback even within the Trump White House, generally by the staff responsible for the broad macroeconomy.

Yet bashing China and declaring it the new "enemy" is becoming conventional wisdom and the political mainstream in Washington. It is seen as accurate (China is a major threat) and politically comfortable for defending American workers, know-how, and security. The discernible hardening of the mood and rhetoric, however, is based on innuendo and claims by Trump hardliners rather than evidence.

Bashing China and declaring it the new "enemy" is becoming conventional wisdom and the political mainstream in Washington.

substance *vis-à-vis* North Korea. A few concessions by China might indeed lead to effusive assent by Trump. A lot of business leaders would breathe easier.

On the other hand, the hardline view is increasingly widespread and is fully in line with America's paranoid style of politics. It could well outlast Trump. The best antidote would be to remember the sober truths

of the last Cold War, but the reliance on an accurate historical memory is perhaps our weakest hope of all. We will be very lucky indeed to escape a rising tide of bitterness and distrust between China and the United States in the coming years.

When Trump and Xi meet in early 2019 to discuss bilateral relations, anything is possible. Trump himself loves a spectacle where he can declare success, as he has done without

