ENGAGE BUT HEDGE: INTERNATIONAL RELATIONS THEORY IN PRACTICE

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March 2012
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Abstract

China’s resurgence has both positive and negative implications for the international community in general and for the US in particular. Two of the major schools of international relations theory—liberalism and realism—provide useful insight into the problems that should be expected in the relationship between a rising China and an established, hegemonic US. The ambiguity between China’s stated peaceful intentions and its sustained military modernization has drawn the concerned attention of both China’s regional neighbors and the US. Faced with this ambiguity, the US has adopted a strategic policy of “engage but hedge” towards China. While the “engage” portion of the strategy is ultimately intended to prod China’s economic and political liberalization, it also provides China’s presently authoritarian leadership with the wealth needed to modernize its military. This in turn has caused the US to increasingly “hedge” against China’s potential use of its military power to undermine the stability of the US-led regional security architecture. The thesis of this paper is that given the tremendous theoretical and real-world uncertainty regarding the ultimate nature of China’s rise, the US’ “engage but hedge” strategy towards China is indeed the most prudent, effective strategy the US can adopt. Taken together, the “engage” and “hedge” aspects of US China policy account for the issues identified in international relations theory and serve to moderate Chinese behavior and thus mitigate what might otherwise be a very tumultuous period for the international community.
Understanding China’s rise—best understood from the Chinese perspective as resurgence—and its implications for the US-dominated international community is vital to international strategists and policy-makers everywhere. The trouble in trying to understand China’s rise is that it is taking place within the greater context of a maelstrom of global change spurred on by revolutions in technology and communications, economic interdependence, and an ever-growing list of non-state and transnational threats. At the same time, the context for China’s rise continues to include legacy international relations issues including perceptions of insecurity, conflicting national interests, differing political ideologies and distinctive cultural identities. This contextual complexity combined with the abundance of contradictory observations and opinions regarding China itself, means that China’s future can, at best, only be characterized as uncertain.

For US strategists charged with formulating US-China policy, this uncertainty denies distillation of US China policy down to a simple friend or foe approach. Reflective of this complexity and uncertainty, the US strategy towards China that has emerged over the last decade is one of simultaneous engaging and hedging. While the “engage” portion of the strategy is ultimately intended to prod China’s economic and political liberalization, it also provides China’s presently authoritarian leadership with the wealth needed to modernize its military. This in turn has caused the US to “hedge” against China’s potential use of its increasing military power to undermine the stability of the US-led regional security architecture.

Despite the seeming paradox of this strategic approach, the US’ “engage but hedge” strategy towards China is indeed the most prudent strategy the US can adopt. Taken together, the “engage” and “hedge” aspects of US China policy provide the US with an effective strategy in depth that accounts for the possible conflict areas identified in international relations theory.
regarding the US-China relationship. Engage but hedge allows for the practical, flexible application of US instruments of power (IOPs) to mitigate what might otherwise be a very tumultuous period for the international community. International relations (IR) theory—particularly the schools of liberalism and realism—offer useful lenses through which we may better identify and analyze the core issues of the relationship and illustrate the effectiveness of the comprehensive approach enabled by the engage but hedge strategy. Given the complexity, massive scale and tensions of the US-China relationship, the US faces no larger strategic challenge in the coming decades than that posed by the rise of China.

**Strategic Goals of US’ China Policy**

Generally speaking, US China strategy—like any good strategy—is intended to promote positive continuity in the US-China relationship by providing US policy-makers with a variety of flexible policy-options incorporating the full range of IOPs—diplomatic, information, military and economic. These policy options fall under either the engage or the hedge aspects of US China strategy. Engagement comprises the vast majority of the US-China relationship. It includes all aspects of the tremendous activity taking place in the diplomatic, information and economic realms of the relationship and at the interstate, state, and individual levels of analysis. From the US perspective, a stable military to military relationship is also a desired component of the engagement relationship, but in practice this remains limited and problematic. Hedging, on the other hand, takes place primarily in the military and diplomatic realms of the relationship. It’s a smaller piece of the overall relationship, but plays a highly visible role in the bilateral relationship. Hedging is enabled primarily by US military strength but also by the strength of its security alliances and partnerships in the Asia-Pacific. In the event of a sudden downturn in US-
China relations, hedging could conceivably expand beyond the military IOP to include more of the other realms as well.

Before proceeding with further analysis of the US strategy, it is useful to first understand US strategic goals for the US-China relationship. For this, a brief history of the dynamic relationship is necessary. Memories of conflict with China in the Korean War and early years of Vietnam were still relatively fresh in American minds when President Nixon re-opened relations with China in 1972. Nixon’s goals in re-opening US-China relations were “purely geostrategic.”

Establishment of the new bilateral relationship was primarily facilitated by the shared US-China interest of balancing against the Soviet Union. This mutual interest continued all the way through the 1980s and the presidency of Ronald Reagan. Unfortunately, the end of the 1980s saw what was an increasingly positive US-China relationship derailed by a confluence of earth-shaking events. Kenneth Lieberthal, a leading authority on China who has served in both government and academia, explains what happened:

President George H. W. Bush, just inaugurated and planning to move US-China relations to a new level, saw this goal cut short by the brutal suppression of demonstrators at Tiananmen on June 4, 1989. As China transitioned from being America’s darling reforming communist country to being its poster child for communist repression, the Soviet Bloc (and soon afterward, the Soviet Union itself) unraveled…Not only did the Soviet collapse rob US-China relations of their underlying strategic rationale, post-Tiananmen repression in China introduced human rights as a major political factor in the relationship…This made it far more difficult to deal with Beijing, especially as the Chinese connected this human rights agenda directly to an American objective to bring down the Communist Party’s rule. The result was deep mutual distrust.

The mutual distrust continues to this day, punctuated over the last two decades by high profile incidents like the 1995-1996 Taiwan Straits Crisis, the accidental US bombing of the Chinese embassy in Belgrade 1998, and the collision of a Chinese fighter with a US EP-3 aircraft in 2001. US and European arms sanctions imposed against China in 1989 remain in effect. More
recently, Chinese assertiveness regarding its expansive South China Sea claims, China’s sustained military modernization, sharp disagreement over arms sales to Taiwan and the US’ evolving regional military posture have perpetuated the mutual distrust. It is important to note that these issues are primarily associated with the security/military realm. In contrast with the struggling security relationship, the US-China economic relationship resumed relatively quickly following Tiananmen and, aided by US support for China’s entry into the World Trade Organization in 2001, has grown to today’s mammoth proportions. In general, US-China trade has benefitted both sides. Export-oriented manufacturing became the foundation of Chinese economic development while US consumers saved billions of dollars annually by purchasing lower cost Chinese goods. The net result of this on-going security tension and economic interdependence is a US-China relationship can be characterized as simultaneously “hot and cold.” This dichotomy of hot economic relations and cold security relations is part of the genesis of the US’ engage but hedge strategy. Lieberthal summarizes the current state of the relationship, “US-China relations now encompass real interdependence but also deep mutual distrust, with unusually large uncertainties about each country’s future prospects—including the future power balance.”

Given this historical context, US China policy goals are consistent with leadership statements to the effect that the US “welcomes a strong, prosperous and successful China that plays a greater role in world affairs.” The portion of the 2010 US National Security Strategy devoted to China clearly recognizes the uncertainty dilemma regarding the future of the relationship and describes both the engage and hedge aspects of US China strategy:

We [the US] will continue to pursue a positive, constructive and comprehensive relationship with China. We welcome a China that takes on a leadership role in working with the United States and the international community to advance priorities like economic recovery, confronting climate change, and
nonproliferation. We will monitor China’s military modernization program and prepare accordingly to ensure that US interests and allies, regionally and globally, are not negatively affected. More broadly, we will encourage China to make choices that contribute to peace, security, and prosperity as its influence rises…We will encourage continued reduction in tension between the People’s Republic of China and Taiwan. We will not agree on every issue, and we will be candid on our human rights concerns and areas where we differ. But disagreements should not prevent cooperation on issues of mutual interest because a pragmatic and effective relationship between the United States and China is essential to address the major challenges of the 21st century.8

Despite the issues stemming from Tiananmen in 1989, the US State Department notes the consistency of US policy towards China for the last four decades and the benefits that have accrued to China as a result:

US China policy has been consistent. For eight consecutive administrations, Democratic and Republican, US policy has been to encourage China’s opening and integration into the global system. As a result, China has moved from being a relatively isolated and poor country to a key participant in international institutions and a major trading nation. The United States encourages China to play an active role as a responsible stakeholder in the international community, working with the United States and other countries to support and strengthen the international system that has enabled China’s success.9

Both the 2010 National Security Strategy and State Department statements reflect recognition of China’s resurgence and admission that there must follow some reshuffling of the international order. As the sole superpower, the US has indicated cautious willingness to make room for China at the table of great powers, but the uncertainty continues and, without careful management by both sides, the possibility of conflict remains. A review of international relations theory helps us further identify and analyze the core issues at the heart of US-China relations as they relate to both engaging and hedging.

**International Relations Theoretical Underpinnings of “Engagement” Strategy**

US engagement with China is based on faith in the ultimate efficacy of ideas propounded by the international relations theoretical school of liberalism. The basic tenets of liberalism hold
that international institutions, economic interdependence, free trade and democracy all promote international stability and cooperation. Additionally, liberalism advances the idea that states seek a broad array of interests beyond only security and that pursuing these interests—economic prosperity for example—requires international cooperation. US policy-makers believe that engaging China will provide benefits for both sides in moderating behavior, encouraging cooperation, and dissuading conflict. Air University’s Dr. Mary Hampton explains, “Under conditions of complex interdependence, international relations among states become extremely complicated and less driven by ‘high security’ issues, such as military power, than by ‘low security’ issues, such as trade, business, and welfare state concerns.” Secretary of State Hillary Clinton captured the essence of these liberal theoretical underpinnings of engagement when she wrote:

We all know that fears and misperceptions linger on both sides of the Pacific. Some in our country see China's progress as a threat to the United States; some in China worry that America seeks to constrain China's growth. We reject both those views. The fact is that a thriving America is good for China and a thriving China is good for America. We both have much more to gain from cooperation than from conflict.  

The effects of complex interdependence are evident in US-China relations today. After some initial caution, China has embraced participation in international forums and multilateral organizations ranging from the United Nations to the Shanghai Cooperation Organization to the World Trade Organization. By 2006, China was fully engaged internationally through membership in more than 130 inter-governmental international organizations and as a signatory to more than 250 international multilateral treaties. Economically, China has a vested interest in international stability as it relies tremendously on exports to fuel economic development at home. By 2010, China had surpassed the US to become the world’s largest exporter, and in 2011 the value of Chinese exports reached nearly $1.9 trillion. Of particular note is the fact that the
US, Japan and South Korea—all countries with which China has experienced tensions—are respectively the first, third and fourth largest export destinations for Chinese goods. It is difficult to quantify the moderating effects such international linkages have had on either China or the US vis-à-vis each other, but it is possible to acknowledge that both sides have been circumspect in their behaviors towards the other. Consistent with liberal IR theory, “low security” issues have remained at the forefront of the relationship for the last thirty-plus years, largely because both sides recognize they have too much to lose otherwise.

A very real aspect of engagement with China deals with the democratic transition theories propounded by some liberalists. Liberal democracy transition theory holds that as countries benefit from international engagement and corresponding domestic economic development, the growing middle class will eventually agitate for greater say in their governance out of a desire to protect their hard-earned wealth from a predatory state. Henry S. Rowen, currently a senior fellow at Stanford University’s Hoover Institution, explains the phenomenon:

> Without exception, rich countries are democracies (more or less) and stay that way…Although the progression isn’t always smooth, the historical pattern is clear: as countries get richer, they become more democratic…The Asian nations are no exception—notwithstanding rhetoric about how Asian values differ from Western ones. As they become middle-income countries, Taiwan and South Korea, for instance, turned into democracies.16

Fareed Zakaria further explains the phenomenon in his book *The Future of Freedom*. Zakaria describes the historical pattern of state transition from autocracy to democracy and makes specific mention of an East Asian model in which authoritarian governments first “liberalized the economy, the legal system, and rights of worship and travel, and then, decades later, held free elections.”17 China scholar Minxin Pei describes how this took place in Taiwan:

> Rapid growth had liberalizing consequences that the ruling regime had not fully anticipated. With the economy taking off, Taiwan displayed the features common to all growing capitalist societies: The literacy rate increased; mass
communication intensified; per capita income rose; and a differentiated urban sector—including labor, a professional middle class, and a business entrepreneurial class—came into being. The business class was remarkable for its independence. Although individual enterprises were small and unorganized they were beyond the capture of the party-state.¹⁸

Zakaria goes on to point out that effective transition from autocracy to democracy takes place during a democratic “transition zone”¹⁹ that occurs when the state reaches a per capita GDP of approximately $6,000.²⁰ China’s estimated per capita GDP (purchasing power parity) in 2011 was estimated to be approximately $8,400.²¹

Even though US policy statements regarding China invariably shy away from explicitly stating it, democratic transition theory goes to the core of the rationale behind the US’ engagement strategy with China.²² Lieberthal notes that following Tiananmen, “America pursued economic gains in China in part with the hope that these would also lay the foundation for democratic evolution [italics added] there.”²³ It is important to understand the careful wording Lieberthal uses here. The US does not seek Chinese regime change nor does it desire any precipitous process that may result in Chinese instability. Rather, what the US hopes for in China is regime “evolution”—a gradual, controlled transition from autocracy to a more liberal form of government—perhaps democracy with Chinese characteristics. In Secretary Clinton’s words, “We make the case to our Chinese colleagues that a deep respect for international law and a more open political system would provide China with a foundation for far greater stability and growth—and increase the confidence of China’s partners.”²⁴

With all the continuing attention on China’s human rights record—and it is impossible to ignore such odious issues as the imprisonment of 2010 Nobel Peace Prize laureate Li Xiaobo—observers also admit that engagement and resulting economic development have resulted in startling changes to the Chinese social landscape:
Twenty-five years ago, Chinese citizens were not free to choose their jobs: the authorities assigned them work for life. Farmers were forbidden to live anywhere but the village where they were born. Nobody was allowed to travel abroad, except on government-authorized business. Nobody could dream of owning a car, let alone a house. Food was rationed. Nobody was allowed to set up a business. Western movies and books were banned…Today, all that has changed. And as the state has relaxed its control over the minutiae of daily life, citizens have also felt freer to express themselves to each other. Among friends and neighbors, Chinese say what they think about everything, from their political leaders to rising prices to their country’s medal chances at the Beijing Olympics.25

The closely watched Chinese Communist Party leadership transition currently underway also reflects a continuing expectation for political change. Wu Jiaxiang, a political analyst in Beijing observes:

No matter if they want it or not, dramatic changes will happen in China in the next ten years…The domestic situation is reaching a tipping point right now. People’s self-awareness is wakening. One of his [Xi Jinping—the man slated to replace Hu Jintao as President] missions is to save the party, like by changing the system of dictatorship into a multi-party system. This is not a question of whether he is willing to do it or not. He has to do so.26

It took Korea and Taiwan each roughly forty years to make the transition from authoritarianism to democracy. Given that China’s modern economic development didn’t really get underway until Deng Xiaoping’s “reform and opening up” campaign commenced in December 1978, and given the sheer size of China’s population, crude analysis indicates we may still be another decade or more away from a similar transition in China—assuming nothing derails China’s continued economic development or relative social stability. As it stands, the changes already observable in China seem to validate the primary precepts of liberal democratic transition theory and further justify the US engagement strategy.

US desire for Chinese political liberalization has to do with another closely-related aspect of liberal IR thought: democratic peace theory. This theory posits that “the spread of liberal democracies fostered by a liberal order breeds cooperation among participating states…”Shared
values become as important as common threats; similar domestic liberal democratic institutions ensure common practice, trust, and caution between liberal states.” These shared values and the inter-state trust and cooperation they help to engender have allowed liberal democratic states to form a common community that is seemingly resistant to the use of armed force to resolve conflicts between themselves. “The system of checks and balances in liberal democracies prevent political elites from ever successfully mobilizing the country for war against fellow liberal democracies.”

Consider one real-world example in support of the democratic peace theoretical concept: Why is it the US is so concerned about China’s rise and yet so seemingly unconcerned about India’s parallel rise? After all, India’s defense spending has also grown rapidly—increasing by 65% since 2001, with an estimated additional $80 billion to be spent on military modernization programs by 2015. Not only did India surpass China in 2011 for the first time as the largest importer of weapons in the world, but US companies even energetically competed for the business. This is in stark contrast to the continuing US arms embargo enacted following Tiananmen in 1989. Indeed, “the United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region.” According to democratic peace theory, the answer is largely because both countries belong to the international community of democracies: their shared values inspire mutual confidence and trust that any disputes will be settled peacefully through dialogue and cooperation.

There is a flip side to the democratic peace theory that explains more about US desire for China’s further political liberalization. Liberal democracies may not go to war against each other, but they often go to war against illiberal states. Hampton warns, “The elements of trust
are completely lacking between liberal and illiberal states; ideologically liberal democracies may be predisposed to loathe illiberal states, and institutional constraints may in fact become pressures to do something to thwart the behavior of illiberal states and dictators.33 Despite the passage of time, images of Tiananmen remain familiar to the US public and contribute to concerns about the rise of China which is still perceived by the US population and many elites as an oppressive one-party, illiberal state. Moreover, CCP leaders in Beijing are fully cognizant of the concept of peaceful evolution and many remain adamantly opposed to political liberalization. Hu Jintao’s January 2012 essay seemingly couched CCP opposition to “peaceful evolution” in terms of an escalating culture war in which China needs to stand firm against the further encroachment of western ideas in Chinese society.34 Beijing closely monitored the worrying Arab Spring uprisings and has acted quickly to nip any ideas of a “Jasmine Revolution” in the bud.35 Indeed, Chinese internal security spending surpassed declared military spending for the first time in 2010, rising another 11.5% in 2011 to $111 billion in 2011.36 In a perverse way, greater CCP emphasis on internal security spending to suppress popular agitation further validates the link between liberal theory and the effectiveness of engagement as a way to spur political liberalization. Unfortunately, there is also a risk it may result in more near-term heavy-handed illiberal/authoritarian behavior against its own population.

While US motives for engagement are positive, at least from the US perspective, CCP reaction also engenders a certain concern: what happens if China does not liberalize as liberal IR theory predicts? What if China remains an authoritarian state and continues to use its accrued economic power to become a commensurate military power and regional hegemon? It is this unfinished transition and the uncertainty it engenders that forces the US to implement the second arm of its strategy: hedging.
International Relations Theoretical Underpinnings of “Hedging” Strategy

Since its short border war with Vietnam in 1979 and a limited, albeit sharp, naval skirmish—again with Vietnam—in 1988 over Johnson Reef in the Spratly Islands, China has carefully avoided military conflict with its neighbors. Indeed, China has worked hard diplomatically to portray a benign demeanor to its neighbors regarding the “peaceful”37 nature of its rise. Yet, at the same time, China has aggressively pursued a sustained military modernization program that raises questions about its benign intentions. It is unclear to the US and many other states if China’s declared benign intentions are genuine or simply the result of its historically relative economic and military weakness compared to the US. In contrast to the fickleness of stated intentions, advanced military capabilities take decades to acquire and thus are useful for gauging long-term intent. The answer becomes even harder to discern when clouded by an opaque political system and a strategic culture that values deception as exemplified by Deng Xiaoping’s oft-quoted 24-character strategy, “Observe calmly, secure our position; cope with affairs calmly; hide our capacities and bide our time [italics added]; and never claim leadership.”38 The US hedges against China because of the afore-mentioned uncertainty regarding the choices China may make as its comprehensive national strength increases. The IR theoretical school of realism provides a useful lens through which we may better analyze the underpinnings of why the US hedges against China.

The central tenets of realism hold that because of the anarchical nature of the international system, states act in pursuit of their own self-interest and seek power to achieve security. Because states are in perpetual competition with each other, the key concern of states is survival and the accumulation of enough power—economic and military—to safeguard their security.39 Mistrust is a constant factor in the anarchic international system and this mistrust results in the
condition known as the security dilemma: because a state can never know the true intentions of a competitor, it is forced to pursue military superiority which in turn spurs the competitor to do the same. As already described in this paper, mistrust is a central feature of the current US-China relationship. Jack Snyder describes how China’s current behavior, as described in the preceding paragraph, conforms to realist theory:

China’s current foreign policy is grounded in realist ideas that date back millennia. As China modernizes its economy and enters international institutions such as the World Trade Organization (WTO), it behaves in a way that realists understand well: developing its military slowly but surely as its economic power grows, and avoiding a confrontation with superior US forces.40

We can discern at least one positive aspect from this view of realism and that is the desire by China to avoid a confrontation with a stronger US in the near-term while it continues to accrue power. But, once again, we are left with the medium to long-term question of what happens when China reaches a state of power parity—or possibly even superiority—vis-à-vis the US. The answer to that question is addressed by realist power transition theory which describes the likely turbulence to the international system created by the rise of a new power as it overtakes an established power. History is replete with examples of the destabilizing effects of power competition between rising and established powers—Japan and Germany in World War Two being the most frequently cited recent cases. Regarding the similar situation taking shape in Asia, John Mearsheimer writes: “International politics is a nasty and dangerous business, and no amount of goodwill can ameliorate the intense security competition that sets in when an aspiring hegemon [China] appears in Eurasia.”41 In the same article he goes on to predict:

Can China rise peacefully? My answer is no. If China continues its impressive growth over the next few decades, the United States and China are likely to engage in an intense security competition with considerable potential for war. Most of China’s neighbors—including India, Japan, Singapore, South Korea, Russia, and Vietnam—will join with the United States to contain China’s power.42
Mearsheimer’s prediction of regional states coming together with the US to contain China’s power describes another aspect of realist theory called balancing. The idea behind balancing is that even if one state cannot shoulder the security/deterrence burden alone, a number of weaker states can ostensibly unite their capabilities to deter aggressive actions by either an established or an aspiring hegemon.

With those theoretical underpinnings in mind, what is it specifically about China’s behavior that causes the US to hedge? As alluded to previously, China’s military modernization programs have benefitted from more than two decades of sustained annual double-digit budget growth averaging 12.1% over the period. The US Department of Defense estimates that China’s annual military expenditures in 2010 were more than $160 billion, but Chinese lack of transparency continues to hamper accurate assessments. China continues to make impressive advances in developing its missile and space, shipbuilding, armament, and aviation industries and this has resulted in increases in the percentage of military forces fielding modern military hardware in just the last decade. Despite improved cross-strait relations since the 2008 election, and January 2012 reelection, of Taiwan President Ma Ying-jeou, Taiwan continues to be the focus of China’s sustained military modernization as China seeks the capabilities required to dissuade Taiwan independence or, if necessary, compel Taiwan to reunify by force. “This [Taiwan] mission has catalyzed efforts to deter, delay, or deny the possible intervention of US forces in a cross-Strait conflict.” When US policy-makers speak of US military capability requirements to overcome adversary “Anti-Access/Area Denial” (A2AD) capabilities, they are primarily referring to China’s increased capabilities in those areas.
Beyond the issue of Taiwan, academics are currently debating the possibility that China’s military modernization could already be behind China’s increased assertiveness regarding its disputed territorial claims in the South China Sea and elsewhere:

Throughout 2010, a line of commentary in Western and Chinese media and academic circles, suggested that China has grown stronger relative to the United States, particularly as a result of the global financial crisis…The tension between managing China’s image and advancing China’s interests was revealed on several occasions…Much of the resulting commentary hailed perceptions that Beijing had taken a stronger stand on these issues in line with its growing international weight. Some commentators argued that China needed to take a still stronger stand or asserted that on the contrary, Beijing lacked sufficient power to sustain a more assertive position, despite a relative US decline.50

The last line is telling from a realist theoretical perspective. The argument commentators were making wasn’t that China shouldn’t take a stronger stand because it may negatively impact peaceful relations with its neighbors or because of the harm that may be caused to regional stability. Rather, it was because Beijing lacked “sufficient power to sustain a more assertive position.” From the US and regional perspective, the concern is based on the fact that there is a debate on the issue at all—it is clear that China’s growing military strength may eventually embolden Beijing to coerce resolution of outstanding territorial and other disputes in its favor. All of this brings us back to the core of realist theory regarding international mistrust and power pursuit for the sake of security as described at the beginning of this section.

Given the US’ enduring economic and security interests throughout the Asia-Pacific region, it is no surprise to see the US “rebalance”51 to reinforce its presence in the region as announced by President Obama. As explained by Defense Secretary Panetta, China’s rise factored strongly in the decision:

Over the long term, China’s emergence as a regional power will have the potential to affect the U.S. economy and our security in a variety of ways. Our two
countries have a strong stake in peace and stability in East Asia and an interest in building a cooperative bilateral relationship. However, the growth of China’s military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region. The United States will continue to make the necessary investments to ensure that we maintain regional access and the ability to operate freely in keeping with our treaty obligations and with international law. Working closely with our network of allies and partners, we will continue to promote a rules-based international order that ensures underlying stability and encourages the peaceful rise of new powers, economic dynamism, and constructive defense cooperation.52

Over the last seven decades, the US has played an indispensable role as security guarantor in the Asia-Pacific, providing stability and maintaining freedom of navigation throughout the region. Even if the US is relatively weaker vis-à-vis China, it remains the trusted agent to China’s smaller neighbors. The US hub and spoke system of alliances and partnerships with regional states allows those states—who may otherwise have troubled histories and uneasy relations between themselves—to coalesce around the US in seeking collective regional security. US military presence and commitment to the region is vital because without it, the likelihood of conflict between China and its weaker neighbors would be significantly elevated to the detriment of all.

Engage But Hedge: Conclusions

Engage but hedge provides the US with the full range of options required to manage the complexity and uncertainty of US-China relations. Despite the risks of enriching an autocratic regime, engagement as a strategy provides powerful incentives for continued peaceful cooperation and may yet ultimately yield the desired political liberalization. Engagement should continue to be the primary emphasis in our relations with China. Diplomatic and economic issues will undoubtedly continue to arise, but cooperative resolution of those issues in accordance with international law and institutional agreement will gradually allow each side to first gain confidence and then trust in the other. Regarding the theoretically-predicted political
and economic liberalization resulting from engagement, the US must maintain a long-term perspective on this process. As described, there has been significant progress on this front in Chinese society, but it is ultimately up to the Chinese people themselves to complete the transition to a more representative form of government. Ironically, winning for the US in this matter is also winning for China in that it would ease China’s accession into a position of greater international prestige and economic prosperity. Possible eventual membership in the community of democracies would also be accompanied by a decrease in the adversarial need to hedge which could then be superseded by more productive cooperative security efforts. The losers of political liberalization of course would be those Chinese autocrats who currently benefit materially from their monopoly on power and we can be certain they will not submit without a struggle. In this matter, time is on the side of the US as liberal case studies support the inexorable processes of liberalization. In the meantime, US and international businesses and consumers can continue to find ways to do business with China to mutual profit. This will continue to be in every party’s best interest.

Engagement alone is insufficient to address the uncertainty surrounding China’s resurgence. Hedging ensures the US is postured to balance against China with regional allies and partners who share US values. While engagement should continue as the main weight of effort in US-China relations, hedging in the form of regional military presence and strengthening of regional alliances and partnerships remains crucial. Because hedging activities attract such attention within the region, they must be accompanied by careful strategic communication. US overtures for military-to-military engagement with China should continue but not at the cost of US positions on issues like the peaceful resolution of the Taiwan Straits issue or peaceful resolution of other outstanding territorial disputes between China and neighboring states. Aggressive
Chinese behavior against its neighbors should be immediately called out. Perception of Chinese misbehavior increases regional state support for balancing against China and naturally strengthens US cooperation with allies and partners. Loss of national face may also serve to shame China into more acceptable behavior consistent with international norms. As US-China relations develop in a positive manner, hedging can be de-emphasized—first through strategic communication and then, if conditions warrant, through removal of some US forces from the region.

There is a danger that by hedging against China, the US achieves the opposite of its intentions—that China will find increased justification and motivation for even greater exertions in developing their military capabilities. That may be true, but it is also why it is so important that hedging is only one part of a comprehensive strategy that includes engagement. Chinese are fond of citing Sun Tzu’s observation to the effect that “supreme excellence consists of defeating the enemy without ever fighting.” The US’ engage but hedge strategic approach to China puts the US in the best position to do just that.
End Notes

3 Ibid.
6 Kenneth Lieberthal, “lessons of the 40 Years Since Nixon Went to China.”
15 Ibid.
19 Fareed Zakaria, The Future of Freedom, 70.
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23 Kenneth Lieberthal, “Lessons of the 40 Years Since Nixon Went to China.”
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30 Ibid.
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