

**Statement before
The Committee on Armed Services
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**Hearing on
“The United States’ Strategic Competition with China”**

A Testimony By

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Chairman Reed, Ranking Member Inhofe and distinguished members of the Committee, thank you for the opportunity to join you today to discuss U.S.-China strategic competition. Mr. Chairman, as a native of the great state of Rhode Island, it is a particular pleasure to share my views today with your Committee.

It has become trite but accurate to point out that the U.S.-China relationship is the most consequential relationship in global politics today. But this claim is accurate not only because U.S.-China ties have become contentious and competitive, but because the competition is multi-faceted, dynamic and may ultimately be a greater challenge than the Soviet Union. In particular, U.S.-China relations will have a defining influence on the distribution of power across East Asia at the very time that the region becomes the center of global politics, as Europe was during the Cold War. Thus, the Biden administration’s approach to competition with China is now a paramount question for leaders in the United States, in Asia, and globally. The challenge for U.S. policymakers, business leaders and scholars is to understand the nature of the competition – now and in the future – and to ensure U.S. responses are both robust and flexible enough to keep up with the challenge.

Toward that end, my testimony today will briefly touch on three issues: (1) the changing geopolitical and regional context for U.S.-China competition; (2) the nature of the U.S.-China relationship and the meaning of strategic competition; and (3) recommendations for U.S. policy given my prior characterization of the challenge.

Global and Regional Context for U.S.-China Competition

The current global context for major power competition differs from previous eras in several important ways – and ones that redound to the benefit of U.S. interests.

First, contemporary global politics is not purely multipolar, which would allow competition among major powers to be intensive, constraining U.S. options and resources. Today’s global order is a mix of unipolar, bipolar, and multipolar elements that “does not match the classic vision of a colliding

set of roughly equivalent great powers” and thus provides the United States with greater freedom of action.¹

Second, the current order is not the *tabula rasa* world of 1945 in which the system needed to be rebuilt from the ground up. Rather, major power competition is reemerging in the context of a diversity of widely accepted rules, norms, and institutions – on security, diplomacy, economics and to some degree on technology. This mediates the competition, affecting both its scope and intensity.

Third, unlike past eras, major power competition is unfolding in the context of multiple nuclear weapons states, complex economic interdependence, and the relative prevalence of democracy. This plays to numerous existing U.S. advantages. In addition, in this context, the ambitions and frustrations of major powers manifest less as territorial conquest and major power war and more as the accretion of political, economic, military, diplomatic, and cultural influence and often the coercive application of such influence for geopolitical gain.² This context presents the United States and its allies with a different and greater challenge than simply deterring outright aggression.

Asia's Dynamism

In Asia, the regional context for U.S.-China competition has many elements, but there is a prominent one worth highlighting.

A basic and enduring strategic reality for many leaders in Asia is this: no one in Asia wants China to dominate but, at the same time, no one in Asia wants to have to choose between the United States and China, including those countries who are aligned with U.S. interests and values. This is largely due to the prosperity offered by China's large and growing economy.

The space in between these two views is the current geopolitical reality for most Asian policymakers. U.S. policy should be forged with this reality in mind because it will impact the extent to which U.S. allies, partners and friends in Asia will be willing to adopt risky and costly strategies of competition in coordination with the United States. Even U.S. allies willing to assume more risk with China, such as Japan and Australia, have substantial economic interdependence with China and are reluctant to give up their prosperity in the current status quo. Building and retaining substantial support from Asian allies and partners is critical to the success of any strategy to shape and constrain China.

Understanding U.S.-China Strategic Competition

The U.S.-China relationship currently finds itself in a precarious state due to the accumulating differences in interests and values. In particular, U.S. and Chinese perceptions of each other are hardening and ideologically-tinged at the very time that China is becoming more capable and Xi Jinping is more willing to assume risk to achieve his objectives. As I argued in a report published by

¹ Michael J. Mazarr, “This Is Not a Great-Power Competition: Why the Term Doesn’t Capture Today’s Reality,” *Foreign Affairs*, May 29, 2019, <http://foreignaffairs.com/articles/2019-05-29/not-great-power-competition>; Michael J. Mazarr, Jonathan Blake, Abigail Casey, Tim McDonald, Stephanie Pezard, and Michael Spirtas, *Understanding the Emerging Era of International Competition: Theoretical and Historical Perspectives* (Santa Monica: RAND Corporation, 2018), <http://doi.org/10.7249/RR2726>

² Mazarr, “This Is Not a Great-Power Competition.”

the Council on Foreign Relations, the risk of armed conflict is real and growing as U.S.-China differences grow and remedies shrink.³

The current U.S.-China relationship has the following core characteristics:

- U.S.-China competition is intensifying and diversifying. The long-standing differences on issues of security and economics have become sharper in recent years, as China's economy has modernized and as China's military has become larger and more capable. The Chinese leadership is more willing to use its economic and new military capabilities for coercive purposes. U.S. responses to these developments have led to an action-reaction cycle that has contributed to the accelerating competition.

There are also new sources of competition in the relationship: technology and governance/values. U.S. and Chinese policymakers, scientists and business leaders are openly competing over who will control the technologies critical to prosperity and national security. Similarly, U.S. and Chinese differences on issues of governance and values - domestically and internationally - have come to the fore as China has cracked down on universal values in Hong Kong and Xinjiang. In particular, the contrasting U.S. and Chinese views about global governance are accentuating distrust and deepening the interest-based competition on both sides.

Thus, the U.S.-China competition is about both power and ideas and is now characterized by differences in four large arenas - security, economics, technology and ideology. This has created the conditions for long-term, broad-spectrum competition.

- Domestic politics in both countries are playing a greater role in shaping the U.S.-China relationship. We may be entering a period in which domestic politics will play a central, if not defining, role in bilateral ties – perhaps more so than geopolitics. In China, the media and official statements are replete with rhetoric critical of U.S. policy and U.S. officials, with much of it quite harsh. Xi has encouraged Chinese officials to “embrace a fighting spirit” in their public defense of China. The rise of the caustic public statements from Chinese diplomats, often called “wolf warrior diplomacy” is a strong indication of the nationalism driving Chinese diplomacy.

In the United States, a majority of the public now view China unfavorably, as reflected in multiple polls. Many members of Congress on both sides of the aisle support a more confrontational approach, with some legislators weaponizing China policy for political gain. The U.S. business community is broadly frustrated with China and unwilling to publicly defend it, perhaps with the exception of the financial services community which is expanding in China. The U.S. media and many civil society groups have only grown more alienated from China after President Xi Jinping pushed many of them out.

- New U.S.-China dynamics are emerging, as strategic competition intensifies and diversifies. Both Washington and Beijing are now pursuing more openly competitive, and sometimes confrontational, policies. Both countries are showing greater tolerance for tension and friction,

³ Evan S. Medeiros, *Major Power Rivalry in East Asia*, Discussion Paper Series on Managing Global Disorder No. 3, (New York: Council on Foreign Relations), April 2021, at <https://www.cfr.org/report/major-power-rivalry-east-asia>

with some voices actively encouraging friction as a means of shaping the other. Both sides are taking risks as they probe the limits of the other, motivated by both ambition and frustration—as well as new capabilities. The limited degree of bilateral dialogue and cooperation accentuates these dynamics and increases the risks of bilateral instability. This is being driven by interests and politics in both countries. Of course, China is also more capable and confident now, which means Xi can deploy a larger and more diverse tool kit in the competition for power and influence.

- The traditional bilateral buffers and stabilizers against mistrust, competition and rivalry are diminishing in their influence on the relationship. These include: the activism of top political leaders (i.e., presidents); economic complementarity and business leaders in both countries; public opinion (mainly in the United States); and cooperation on shared challenges. Historically, a combination of these factors served to create a strategic *modus vivendi* for stable relations, to solve problems or to stabilize relations after a difficult period. Both individually and collectively, most of these buffers and stabilizers are diminished or inoperative.
- The risk of U.S.-China conflict is real and growing. Credible scenarios for accidents, miscalculations, or deliberate actions exist and carry a heightened risk of escalation to armed conflict. The current U.S. focus on strategic competition often elides over the fact that direct military confrontation is a possibility, even between such economically interdependent countries. Distrust of each other's intentions and insecurity about each other's actions are both rising in this era of strategic competition. Added to this is the fact that China is more present and capable, offering it more occasions, venues, and tools with which to challenge multiple U.S. interests, often simultaneously.

Currently, at least four current flash points could produce armed conflict between the United States and China: Taiwan, the Korean Peninsula, the East China Sea, and the South China Sea. These scenarios exist against the background of an accelerating arms race between the U.S. and Chinese militaries in the western Pacific and specifically within the first island chain.

- The traditional U.S. tool-kit to reduce mistrust, manage disagreement and bound competition – such as strategic dialogue, reassurance and cooperation – has proven to be of limited value. As the relationship enters its 42nd year, the track record of these tools is modest, as China has grown stronger. Diplomatic tools such as strategic dialogue, confidence building measures (CBMs), crisis communications and cooperation on shared challenges have born little fruit in their ability to manage and solve problems. This raises questions about their promise going forward. To date, few of these tools have been fully engaged by the Biden administration and for good reason. A challenge for policymakers is to reconceptualize these tools in a way to make them more effective in the era of strategic competition.

Policy Recommendations

Risk Management in U.S.-China Relations

As strategic competition expands and intensifies and as the risk of armed conflict grows, the strategy challenge for American policy makers is immediate and complicated. The solution is not as simple as: push back against China in all areas, using every tool and at the same time. Washington needs to

adopt a more tailored approach that seeks to alter Beijing's perceptions, incentives, choices and – ultimately – its behavior by (1) shaping the environment around China and (2) dealing directly with Beijing. Both are necessary if the United States is to have any hope of affecting Chinese behaviors.

This will require a dynamic mix of strategies including: security balancing, binding China to new or existing institutions, and promoting diplomatic dialogue and interaction. The relative mix of these three strategies will need to vary over time and by issue, depending on the scope and the intensity of the challenge. U.S. leaders must also recognize that risk and friction are going to be part of its playbook. Some U.S. and Chinese interests are fundamentally incompatible, and a new approach needs to reflect that.

In pursuing this, the core challenge for U.S. strategy is to deter a growing diversity of Chinese behaviors, while remaining connected with allies and partners and not increasing the risk of U.S.-China armed conflict. Policymakers and analysts need to devote more energy and time to identifying and weighing risks of strategic competition— bilaterally, regionally, and globally. They will then need to determine the degree of risk and types of costs the United States *as well as its allies and partners* can and should assume to shape and deter China without provoking armed conflict.

Adopting a framework of risk management would be a prudent approach in this era of U.S.-China strategic competition. U.S. decisions about strategy and policy towards China should focus more on the issues of risks and costs—identifying, balancing, and managing them. Risk management recognizes that tension will be part of the relationship and signals that the United States will tolerate this friction - and perhaps even use it to Washington's advantage. It also focuses on identifying and weighing the risks and costs of U.S actions, accepting some and rejecting others. Being attentive to risks and costs will help ensure that U.S. allies and partner remain connected with and supportive of U.S. strategy and policies toward China.

Dilemmas of a Coherent China Strategy

In this era of strategic competition, there are two dilemmas at the heart of U.S. strategy and policy choices.

The first is that the stronger China gets, the more the United States needs to coordinate with allies and partners in Asia to have any hope of constraining its behavior; at the same time, the more Washington needs allies and partners, the more Washington may be asked by them to defer pursuing Washington's most confrontational strategies. Even the U.S. allies most aligned with Washington are attentive to the costs of competition and extended confrontation with China. This is why a framework of risk management is so important.

The second dilemma is how much to invest in dialogue, reassurance, engagement and cooperation as tools to manage strategic competition. As argued above, the track-record of these tools in shaping and moderating Chinese behavior is, at best, mixed. They are often casually cited as key successes of the relationship, without a fulsome assessment of the track-record. At the same time, some combination of them is key to the success of competition. Direct dialogue allows Washington to clearly signal its priorities, register objections when Chinese actions harm U.S. interests or values, clarify the intentions guiding U.S. actions, and request the same in return from Beijing. This is important to avoid the misperceptions that can generate accidents or miscalculations. To be sure, just as policymakers want to avoid actions that make confrontation inevitable, they also want to

avoid engagement policies that embolden China by signaling preemptive restraint or limited American resolve. In addition, Asian and European leaders will be more reluctant to work with Washington on balancing and binding if they believe such strategies are a Trojan horse for containment or that U.S. actions will pull our allies into confrontation with China.

Policy Options

Having outlined a set of consideration for U.S. strategy toward China in the era of strategic competition, I recommend some specific policy actions below.

Bolster Deterrence: The United States needs to get serious about strengthening deterrence in the Indo-Pacific, both the general and specific varieties. Given the myriad ways the PLA threatens U.S. power projection capabilities and China's growing use of gray-zone coercive tactics - especially within the first island chain - the challenge for the U.S. military to maintain conventional deterrence is immediate, substantial and growing. The Chinese military's activities around Taiwan in the last year offer a recent example of this. Given these challenges, if regional confidence declines in either U.S. capabilities or resolve, both will be hard to regain. The views of U.S. allies regarding extended deterrence deserves special attention.

The Pentagon's responses should focus on modernization, diversification, and resilience of U.S. defense posture in the region. The U.S. military should develop new concepts of operations for fighting in highly contested environments, including by enhancing the self-sufficiency of deployed formations and by developing new ways to project force from the continental United States. The 2020 Pacific Deterrence Initiative offers a useful mechanism for doing this, and more. Admiral Davidson's robust conception of the PDI, as he recently outlined before this Committee, offers a blue-print for action.⁴ I hope that the Senate can encourage the Pentagon to implement this vision.

Expand Allies and Partners: There is much the United States can do to expand the quality and quantity of military cooperation among U.S. allies and security partners in Asia. For example, these connections should be more focused on specific military mission sets, such as area denial in the South China Sea. Such connectivity should involve both better hub-and-spoke alignment (i.e., the United States with its current allies and partners) *as well as more spoke-to-spoke alignment* (e.g., encouraging Japan and Vietnam or Australia and India, as well as other pairings, to do more together). Expanding the defense mandate of the Quadrilateral Security Dialogue—the strategic forum of the United States, Australia, India, and Japan—is a good starting point. The deterrent value of these steps will vary, but, at a minimum, they serve as one more barrier to China's effort to isolate and punish countries over diplomatic disagreements.

In Europe, Washington should coordinate with allies about their security interests in the Indo-Pacific, perhaps by judiciously connecting with the emerging transatlantic Quad structure: the United States, France, Germany, and the United Kingdom. The upcoming NATO summit would be a good place to start this conversation and to encourage America's European allies to publicly state their interests in the security of the Indo-Pacific.

⁴ Statement Of Admiral Philip S. Davidson, USN, Commander, United States Indo-Pacific Command, Hearing to Receive Testimony on United States Indo-Pacific Command In Review of The Defense Authorization Request For Fiscal Year 2022 And The Future Years Defense Program, Senate Armed Services Committee, Tuesday, March 9, 2021.

Explore U.S.-China Interactions: Beyond U.S. actions in Asia around China, the United States should consider a variety of ways to conduct direct diplomacy with China. Building a credible and sustainable strategy toward Asia and China requires a deliberate approach toward interaction with Chinese officials. As noted above, dialogue and interaction enhances the U.S. ability to deter, shape, constrain and, ultimately, compete with China.

I support the Biden administration's judicious approach, to date, toward dialogue with China and specifically their careful and deliberate sequencing of actions in support of a whole-of-government approach toward strategic competition with China. In the future and with an eye towards effective sequencing, the United States and China should restart high-level dialogues but stop short of establishing highly formalized mechanisms. Given historic and inherent limits of the latter, Washington should approach them judiciously and prioritize conversations about security issues that are most likely to result in a crisis as well as areas of immediate cooperation. While keeping in mind that Beijing has used dialogue in the past to play for time and advantage, new channels should be both results-driven and consistent, balancing quantity and quality. In such talks, U.S. policymakers should focus on communicating U.S. interests, priorities, boundaries, and possible reactions to Chinese behavior. Such conversations, even if the quality of the exchange is limited, will help to avoid a miscalculation by making clear to Beijing Washington's views on sensitive issues. They may also open avenues to cooperation on shared interests.

The U.S. military should seek to improve the functioning of the current constellation of confidence building measures (CBMs) and crisis communication mechanisms. Existing CBMs are underdeveloped and underutilized tools for preventing accidents; they keep the pressure on the PLA to be more professional in its air and naval operations in contested areas but could be doing much more. Some CBMs, such as the deconfliction agreements the Obama administration negotiated in 2014 covering air and maritime encounters, could be expanded or updated - such as to make them binding and/or to cover non-military maritime forces (e.g., coast guard). In addition, U.S. policymakers could expand discussions about military de-confliction to include global applications. Similarly, the United States should pursue more robust procedures and communication channels for crisis management with top Chinese leaders, keeping in mind the limitations of past efforts and of China's political system.

Lastly, with an eye on timing and sequencing, the United States should explore meaningful areas of cooperation with China while remaining mindful of the limits of past efforts. Both sides should agree on practical and tangible *actions*—as opposed to just parallel statements—about common problems and how they can coordinate to address them. The United States should leverage China's growing capabilities to press them to do more on common transnational issues, especially in Asia. The United States should be prepared to resist Chinese efforts to link such cooperation to contentious issues in the relationship in order to extract concessions from the United States.