

## A CRITIQUE OF THE CHINA THREAT THEORY: A SYSTEMATIC ANALYSIS

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*Proponents of the “China threat” theory argue that it is inconceivable for China to have a peaceful rise; a superpower China will inevitably be a threat to the United States. This article analyzes the military and economic aspects of the “China threat” theory from theoretical, methodological, and strategic points of view. The theory’s flaws are in its assumptions, which this article tackles by providing counter examples as well as by highlighting external and internal problems facing China that can complicate its rise to great-power status. In addition, the “China threat” theory is based on linear projection and imperfect historical analogies that are as misleading conceptually as they are strategically counterproductive to Sino-American strategic relations. This, of course, is not to argue that China poses no threat; it is, however, to suggest that the nature of any threat is far more nuanced than the “China threat” theorists claim it to be.*

**Key words:** East Asian Security, U.S.-China relations

### **Introduction**

China’s rise has been viewed with uncertainty and anxiousness in the West. Its rapid economic growth, military moderniza-

tion, and in recent years a surge in energy demand have made many in the United States talk about a “China threat.” Policy makers, strategic thinkers, academics, and pundits have started exploring strategies of “containing” China, and rejecting the concept of “peaceful rise.”<sup>1</sup> There are many reasons for such fears. Robert Kagan, for example, has used history to argue that China’s rise will not be peaceful. He has asserted: “The history of rising powers . . . and their attempted ‘management’ by established powers provides little reason for confidence or comfort. Rarely have rising powers risen without sparking a major war that reshaped the international system to reflect new realities of power.”<sup>2</sup>

Others have expressed the threat from a rising China in starker terms. Bill Gertz, for example, has argued that “The People’s Republic of China is the most serious national security threat the United States faces at present and will remain so into the foreseeable future . . . The reason Americans should take the threat from China so seriously is that it puts at risk the very national existence of the United States.”<sup>3</sup>

The U.S. government has been more nuanced and reserved about the perceived threat from China, but it has also sounded the alarms. The 2006 *Quadrennial Defense Review Report*, for example, asserted that “China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional U.S. military advantages.”<sup>4</sup> Of course, different administrations have had different attitudes toward the “China threat.” President George W. Bush’s administration, however, made it clear that—unlike the Clinton administration—it saw China as a strategic competitor. The following quote from Condoleezza Rice—then a foreign policy adviser to then-Governor George W. Bush—is telling. Arguing against the Clinton administration’s policy of engagement of China, Rice wrote:

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1. Charles Krauthammer, “Why We Must Contain China,” *Time*, July 31, 1995, p. 72.
  2. Robert Kagan, “The Illusion of ‘Managing’ China,” *Washington Post*, May 15, 2005.
  3. Bill Gertz, *The China Threat: How the People’s Republic Targets America* (Washington, D.C.: Regnery, 2000), p. 199.
  4. U.S. Department of Defense, *Quadrennial Defense Review Report* (Washington, D.C., 2006), p. 41.

Even if there is an argument for economic interaction with Beijing, China is still a potential threat to stability in the Asia-Pacific region. Its military power is currently no match for that of the United States. But that condition is not necessarily permanent. What we do know is that China is a great power with unresolved vital interests, particularly concerning Taiwan and the South China Sea. China resents the role of the United States in the Asia-Pacific region. This means that China is not a "status quo" power but one that would like to alter Asia's balance of power in its own favor. That alone makes it a strategic competitor, not the "strategic partner" the Clinton administration once called it. Add to this China's record of cooperation with Iran and Pakistan in the proliferation of ballistic-missile technology, and the security problem is obvious. China will do what it can to enhance its position, whether by stealing nuclear secrets or by trying to intimidate Taiwan.<sup>5</sup>

While some may find these assertions extreme, many Americans find them to accurately depict the reality of the threat posed by China to East Asia and the United States. In the words of former Deputy Secretary of State Robert Zoellick, under the Bush administration, "many Americans worry that the Chinese dragon will prove to be a fire-breather. There is a cauldron of anxiety about China."<sup>6</sup>

Some scholars and policy makers are concerned about the real-world implications of the "China threat" theory. Joseph Nye, for example, has argued that it may become a self-fulfilling prophecy.<sup>7</sup> Recent public opinion surveys have shown the traction the "China threat" is having among the American public. For example, in 2005, 31 percent believed that "China will soon dominate the world" and 54 percent believed that "the emergence of China as a superpower is a threat to world peace."<sup>8</sup>

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5. Condoleezza Rice, "Campaign 2000: Promoting the National Interest," *Foreign Affairs*, vol. 75, No. 1 (January-February, 2000), p. 56.

6. Robert B. Zoellick, "Whither China: From Membership to Responsibility?" Speech to the National Committee on U.S.-China Relations, New York, September 21, 2005.

7. Joseph Nye, "The Challenge of China," in Stephen Van Evera, ed., *How to Make America Safe: New Policies for National Security* (Cambridge, Mass.: Tobin Project, 2006), p. 74.

8. "A Public Opinion Survey of Canadians and Americans About China," Ipsos-Reid Report, prepared for the Woodrow Wilson Center for Scholars and Canada Institute on North American Issues (Washington D.C., June

This article is a systematic analysis of the “China threat” theory. In the following sections I first briefly outline one theoretical explanation for the “China threat.” Then I analyze two aspects of China’s actual and potential “hard” power, military and economic. In each section, I analyze key uncertainties in China’s future as well as the gap between China’s actual capabilities and what the proponents of “China threat” claim. Finally, I outline theoretical, methodological, and strategic problems of the “China threat” theory.

The thesis of this analysis is that the power gap between the United States and China is too large for China to close in the foreseeable future. China faces significant domestic socioeconomic problems, which are only being compounded by its economic growth and domestic liberalization. In essence, these problems could have a destabilizing impact on China’s domestic order. Militarily and strategically, while it is true that China may not need to close the gap to challenge the United States, a China with inferior capabilities to the United States is no more of a threat than any other “power” with that capability gap. It must be stressed, however, that this is not to say China is not a strategic competitor or that it is a benign power. It is to say, however, that the view of an all-menacing China is often exaggerated by academics, pundits, and politicians; this hype is as misleading as it is counterproductive to understand the nature of the threat and craft sound policies to deal with it.

### **The China Threat(s)**

There are many levels of analysis for studying the “China threat” theory. Fundamentally, however, the debate centers on power politics and the future of China’s intentions and capabilities as a rising power.<sup>9</sup> Kenneth Waltz predicted that “China will emerge as a great power even without trying very hard so long as it remains politically united and competent.”<sup>10</sup> As a

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2005), p. 1.

9. Denny Roy, “The ‘China Threat’ Issue: Major Arguments,” *Asian Survey*, vol. 36, No. 8 (August, 1996), p. 760.

10. Kenneth Waltz, “Structural Realism After the Cold War,” *International*

great power, China will establish hegemony in East Asia, and challenge the United States. How did predictions such as this come about? And what are they based on?

### *Theoretical Foundations*

A combination of systemic, domestic, and historical factors, according to Richard Bernstein and Ross Murrow, account for China's hegemonic ambitions. They argue that "Driven by nationalist sentiment, a yearning to redeem the humiliations of the past, and the simple urge for international power, China is seeking to replace the United States as the dominant power in Asia."<sup>11</sup>

It has been U.S. policy to integrate China into the international economic and political system.<sup>12</sup> There is a debate as to whether China has been truly integrated, but that is beside the point of this article. What matters here is the "China threat" claims that regardless of how integrated China is, it is a revisionist power that will attempt to change the balance of power to its advantage. According to Kagan, China, "like all rising powers of the past, including the United States, wants to reshape the international system to suit its own purpose."<sup>13</sup>

Several studies have analyzed patterns of China's international behavior, and have concluded that they show a China that is most likely to be a status-quo power. Alastair Iain Johnston, for example, studied China's adherence to international and regional norms and concluded that China is not a revisionist power.<sup>14</sup> Nevertheless, other scholars of important paradigms of international relations conclude otherwise. The contention of those who subscribe to offensive realism, for instance, is that all great powers are revisionists and that China is no exception.

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*Security*, vol. 25, No. 1 (Summer, 2000), p. 32.

11. Richard Bernstein and Ross Munro, "The Coming Conflict with America," *Foreign Affairs*, vol. 76, No. 2 (March-April, 1997), p. 19.

12. See Zoellick, "Whither China: From Membership to Responsibility?"

13. Kagan, "The Illusion of 'Managing' China."

14. Ian Alastair Johnston, "Is China a Status Quo Power?" *International Security*, vol. 27, No. 4 (Spring, 2003), pp. 5-56.

### *Neorealist Prophecy*

Neorealists claim that in an anarchical international system, survival is a state's *ultimate* goal (because it cannot pursue other objectives if it does not survive). In the case of defensive neorealism, states have every incentive to maintain the existing balance of power that provides stability in a disorderly world. This, in turn, leads states to balance external threats through alliances and maintain the current distribution of power.<sup>15</sup> Under this paradigm, a state is expected to have a foreign policy and an international behavior that are characterized by cautiousness, alliance building, and interest-based interaction with other states.

Offensive realists, on the other hand, argue that states are not satisfied with a mere balance of power because there is no room in the international system for status-quo powers; states have strong incentives to increase their relative share of power at the expense of their competitors. According to John Mearsheimer, "A state's ultimate goal is to be the hegemon in the system." Since global hegemony is "almost impossible," a great power has two goals: to dominate its region and prevent other powers from dominating other regions.<sup>16</sup>

It is this strand of realism that is often seen as the theoretical foundation of predicting the China threat within the community of theorists in the field of international relations. Offensive realists argue that China is building its military and economic power at the expense of Russia and Japan to dominate Asia in order to dictate orders to its neighbors, and prevent any other power from threatening it. Mearsheimer outlined his prediction of the coming China threat as follows:

It is clear that the most dangerous scenario the United States might face in the early twenty-first century is one in which China becomes a potential hegemon in Northeast Asia. Of course,

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15. See Kenneth Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979), pp. 60-78.

16. "Offensive" realism has five key assumptions: the international system is anarchic; great powers have offensive military capabilities; survival is a state's ultimate goal; states cannot know other states' intentions; and states are rational. John Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001), pp. 21-31.

China's prospects of becoming a potential hegemon depend largely on whether its economy continues modernizing at a rapid pace. If that happens, and China becomes not only a leading producer of cutting-edge technologies, but the world's wealthiest great power, it would almost certainly use its wealth to build a mighty military machine. Moreover, for sound strategic reasons, it would surely pursue regional hegemony, just as the United States did in the Western Hemisphere during the nineteenth century.<sup>17</sup>

As for the U.S. response, offensive realists argue that the United States "does not tolerate peer competitors." Having fought three wars (World War II, Korea, and Vietnam) to prevent other powers from dominating Asia,<sup>18</sup> the United States will try to contain China, stop it from dominating Asia, and ultimately weaken its ability to establish hegemony—the same way the United States responded to the Soviet threat during the cold war. China, however, might be a much more troublesome challenge to the United States than the USSR because "if China were to become a giant Hong Kong, it would probably have somewhere on the order of four times as much latent power as the United States does, allowing China to gain a decisive military advantage over the United States in Northeast Asia."<sup>19</sup>

The competition between the United States and China is all too natural for great powers to engage in, according to the offensive realist paradigm. In fact, China's hegemonic ambitions are no different from those of the United States in the Western Hemisphere since the Monroe Doctrine (1823). "Why should we expect China to act differently than the United States?"<sup>20</sup> The combination of China's ambitions and the presumed likely U.S. response drive the "China threat" and the fear that "sooner or later, if present trends continue without change, war is probable in Asia."<sup>21</sup> In essence, the offensive realist would argue that policies of "engaging" and integrating China into the interna-

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17. *Ibid.*, p. 401.

18. Bernstein and Munro, "The Coming Conflict with America," p. 21.

19. Mearsheimer, *The Tragedy of Great Power Politics*, p. 401.

20. Zbigniew Brzezinski and John Mearsheimer, "Clash of the Titans," *Foreign Policy*, No. 46 (January-February, 2006), pp. 46-49.

21. Arthur Waldron, "How Not to Deal with China," *On the Issues* (Washington, D.C.: American Enterprise Institute, March 1, 1997).

tional system can only lead to an economically prosperous China that is not a status quo power but a revisionist state with ambitions and capabilities of establishing hegemony.<sup>22</sup>

It is this combination of ambitions and capabilities that frame the “China threat” theory. In essence, because intentions cannot be fully known, China is assumed to have the ambition of being a hegemonic power and challenger of the United States, not only in Northeast Asia but also in other regions. Ambition by itself, however, is not a threat; China is expected to have the capabilities to match its hegemonic ambitions. In essence, the argument is about power, and more specifically about China’s relative military and economic power.

The following section will take the neorealist arguments as the basis for its analysis. Each section will analyze the claims of the China threat theory with respect to current capabilities and outline the uncertainties regarding China’s intentions and future capabilities.

### **Military Threat**

Since the end of the cold war, China analysts and Pentagon publications have argued that China’s military modernization is a potential threat to U.S. security. Three arguments are usually advanced. First, China’s military spending is higher than the Chinese government reports. Second, China has purchased weapons that allow it to project power beyond its borders. Third, China is modernizing its military at a time when it faces very few external threats.<sup>23</sup>

In 2005, a U.S. defense official was quoted as saying that he expected China to attack Taiwan in the next two years, which would lead to a war between Beijing and Washington.<sup>24</sup> This prediction was based on specific areas of military modernization that

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22. For some of the neorealist arguments about the type of power China will be, see Mearsheimer, *The Tragedy of Great Power Politics*, pp. 401-02, and Johnston, “Is China a Status Quo Power?”

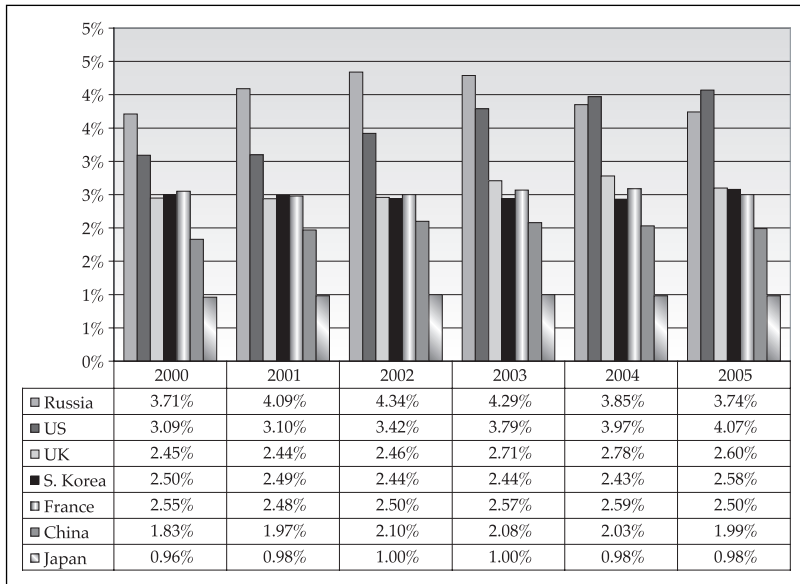
23. Roy, “The ‘China Threat’ Issues: Major Arguments,” p. 771.

24. Cited by Bill Gertz, “Chinese Dragon Awakens,” *Washington Times*, June 26, 2005.

would allow China to project power beyond a war with Taiwan, which would not be possible without heavy investment in the armed forces. Bernstein and Munro estimate that China’s military spending is ten times the figure the Chinese government actually announces.<sup>25</sup> The U.S. Department of Defense, however, estimates China’s military spending to be between 2 and 2.5 times the announced figure. For example, China announced that its military spending for 2006 would be \$35 billion, but according to the Pentagon, the real number is between \$70 and \$105 billion.<sup>26</sup>

Raw numbers aside, China’s military spending is not out of the ordinary. The chart below compares China’s military spending as a percentage of its GDP to six other nations. Comparatively, China’s military spending is moderate. For example, in 2006, China’s defense expenditures were nearly 2 percent of its GDP;

*Table 1. Military Expenditures as a Percentage of GDP*



Source: World Bank, *World Development Indicators Database*.

25. Bernstein and Munro, “The Coming Conflict with America,” p. 25.  
 26. U.S. Department of Defense, *Military Power of the People’s Republic of China* (Washington, D.C., 2006), p. 19.

only Japan spent less than China as a percentage of its GDP. Similar trends can be traced back to 2000.

### *Military Capabilities*

Military spending can be seen as an indication of intentions, but not actual capabilities, as military capabilities require far more than spending. However, even if one considers for the sake of argument that China's military spending does in fact signal intentions, the figure above should tell us the aggressive intentions of all nations that spend much more of their GDP on defense. Furthermore, a static analysis of the current military balance between the United States and China may seem of limited importance, given that the "China threat" is essentially about future capabilities. But our best indicator for future capabilities is the current level of modernization of China's armed forces. It is certainly much more accurate than trying to guess the intentions of China's future leaders or extrapolate future capabilities from uncertain defense budgets.<sup>27</sup>

China has made large strides in improving its ground forces, but the United States continues to dominate East Asia through superior naval and strategic forces. Supporters of the China threat theory argue that China's naval modernization is aimed at challenging that superiority, however. For example, China has developed its submarine and antiaccess naval forces in the Pacific. According to a recent Congressional Research Service report, "Observers believe a near-term focus of China's military modernization is to field a force that can succeed in a short-duration conflict with Taiwan and act as an antiaccess force to deter U.S. intervention or delay the arrival of U.S. forces, particularly naval and air forces, in such a conflict."<sup>28</sup> Military experts argue that China's naval forces can pose a threat to U.S. naval ships in the Pacific, but they have limited range and capabilities

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27. Anthony H. Cordesman and Martin Kleiber, "Chinese Military Modernization and Force Development" (Washington, D.C.: Center for Strategic and International Studies, rev. September 7, 2006), p. 1.

28. Ronald O'Rourke, "China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress," Congressional Research Service, Report to Congress No. RL33153, February 7, 2007, p. ii.

to act in offensive operations. It is estimated that, currently, the Chinese navy cannot sustain naval operations more than 100 miles from its shores. In case of war, China's current naval capabilities may force U.S. ships to operate farther from the Chinese coastline, but will not keep the United States from dominating the coastline.<sup>29</sup> Military experts estimate that even by 2010, China can only sustain sea denial operations out to 400 nautical miles from its coastlines for two weeks. Sustainability, however, will be far more difficult in places like the Straits of Malacca and the Indian Ocean—"China can at best hope to 'show the flag' for coercive and/or defensive purposes in those waters until after 2015. Nor would it apply to the blue water of the Western Pacific, particularly if opposed by U.S. or allied naval forces."<sup>30</sup>

China is certainly seen as a military threat to Taiwan, a commonly regarded flash point between the United States and China. In fact, it is the one area where China can indirectly pose a threat to U.S. national interests, given that the United States is determined to defend Taiwan. Military experts argue that while China's navy certainly has the capabilities to launch an amphibious attack against Taiwan as well as other naval operations near Taiwan, the Chinese navy lacks the capabilities to sustain a large invasion of the island. China's navy lacks the command, control, computer, and communications (C4I) that have become so necessary in modern warfare. It is also uncertain whether China can carry out large joint operations with its land and air forces. In effect, China would not only have to fight the Taiwanese navy, but also the U.S. armed forces.<sup>31</sup> Scholars and military experts have analyzed possible scenarios and the consequences of a Chinese invasion. There are myriad views on this topic, but it is gen-

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29. Robert Ross, "Why Our Hardliners Are Wrong," *The National Interest*, No. 49 (Fall, 1997), p. 43.

30. Cortez A. Cooper, "China's Military Modernization and Its Impact on the U.S. and the Asia-Pacific," statement before the U.S.-China Economic and Security Review Commission, March 29, 2007. For more extensive discussion on this, see the U.S. Department of Defense, *Military Power of the People's Republic of China*.

31. For an expanded discussion on China's naval strengths and weaknesses, see Cordesman and Kleiber, "Chinese Military Modernization and Force Development," p. 58, and O'Rourke, "China Naval Modernization: Implications for U.S. Navy Capabilities," p. 21.

erally agreed that China's naval power is still technologically inferior to Taiwan's. Even without U.S. help, military scholars such as Michael O'Hanlon have argued, China will not be able to conquer Taiwan with its current weapons. "Nor will China be able to invade Taiwan for at least a decade, if not much longer."<sup>32</sup>

In either case, however, Taiwan is certainly an area where worst-case scenarios can be and have been imagined. But true worst-case scenarios involve the use of much more lethal weapons, large-scale wars, and military and political miscalculations. Such scenarios can be imagined in many cases, and Taiwan is certainly one of them; but worst-case scenarios do not often pan out, and certainly should not be used as justification for treating China as more of a military threat than any other nation in its position.

In addition, on a more strategic level, U.S. naval dominance of East Asia is serving China strategically by providing stability, keeping the balance of power by stopping Japan from militarizing, and providing security against smuggling and terrorism. In some ways, China is a free rider in Pacific security. Furthermore, over the last decade, China has also enhanced its maritime partnership with the U.S. navy.<sup>33</sup> Simply stated, China does not need to dominate the waters of Southeast Asia to ensure its security because the United States provides security without impinging on Chinese sovereignty. China might feel the need to dominate if the United States withdraws from the Pacific or if Chinese leaders believe that territorial integrity is being threatened. But neither of these contingencies seems likely to happen.

The other important military modernization that is often mentioned as a sign of China's global military ambitions is its strategic weapons, namely nuclear weapons and the ability to deliver them. Chinese military leaders have expressed their willingness to fight a nuclear war if forced to do so. "We Chinese will prepare ourselves for the destruction of all the cities east of Xian. Of course the Americans will have to be prepared that hundreds of cities will be destroyed by the Chinese," General

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32. Michael O'Hanlon, "Why China Cannot Conquer Taiwan," *International Security*, vol. 25, No. 2 (Fall, 2000), pp. 51-86.

33. Robert Ross, "Assessing the China Threat," *The National Interest*, No. 81 (Fall, 2005), pp. 81-87.

Zhu Chenghu asserted.<sup>34</sup> Rhetoric aside, China understands that the use of such weapons is highly unlikely. China does not have first-strike capabilities; and even after developing an effective nuclear-weapon delivery system, China is estimated to have minimal second-strike capability.

It is also worth considering the nuclear balance between the United States and China. According to an estimate of the Federation of American Scientists (FAS), between 2006 and 2015, China's holding of nuclear warheads will increase from 200 to 220, while the U.S. holding will decrease from 10,000 to 5,000. Similar trends apply to China's delivery systems. U.S. intelligence projects that China's holding of intercontinental ballistic missiles (ICBM) would increase from 20 to 75 between 2006 and 2015—compared to 780 land- and sea-based missiles held by the United States. The FAS study analyzes other facets of the Sino-American tactical and strategic nuclear balance, and concludes that “Although the United States has maintained extensive nuclear strike plans against Chinese targets for more than a half century, China has never responded by building large nuclear forces of its own and is unlikely to do so in the future. As a result, Chinese nuclear weapons are quantitatively and qualitatively much inferior to their U.S. counterparts . . .”<sup>35</sup>

### *Military Uncertainties*

On the issue of quality, it is important to stress that the military balance is expressed in terms of numbers (manpower, nuclear weapons, missiles, and aircraft carriers). Numbers without quality, however, can only give false comfort to nations. With the advent of the so-called revolution in military affairs, military power is not measured in numbers alone, but in terms of quality, precision, mobility, jointness, and effectiveness of war-fighting capabilities. Iraq during the first Gulf War, for example, retained the fourth-largest military in the world, but it

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34. Joseph Kahn, “Chinese General Sees U.S. as Nuclear Target,” *International Herald Tribune*, July 16, 2005.

35. Hans Kristensen, Robert Norris, and Matthew McKinzie, “Chinese Nuclear Forces and U.S. Nuclear War Planning” (Washington, D.C.: Federation of American Scientists, November 2006), p. 2.

was overwhelmed by—among other things—the U.S. ability to fight along coalition partners, technological superiority, and more importantly the ability to achieve its political and strategic goals with limited casualties. As Nye argued, military power is “the ability to collect, process, and disseminate and integrate complex systems of space-based surveillance, high speed computers, and ‘smart’ weapons.”<sup>36</sup> China has certainly expressed interest and is likely working to gain such capabilities, but it is decades away from developing the capabilities that could not only operationalize smart weapons, but also integrate its army, navy, and air force into a synergetic military force that is capable of fighting modern wars.<sup>37</sup>

Another key uncertainty is that China lacks the ability to sustain long-term military campaigns. For example, despite China’s “massive” military expenditures, China cannot manufacture even 1970s-generation fighter-aircrafts. Even the Russian equipment China has imported cannot be maintained without Russian assistance,<sup>38</sup> which China cannot always count on, especially during war. As noted earlier, China cannot sustain military power at a distance from its shores. It is unclear whether China can resupply and refuel its forces to sustain military operations beyond the vicinity of the Taiwan Straits, especially if it has to project its military power in the presence of more advanced adversaries.<sup>39</sup>

China’s military leadership understands this capability gap. Major General Zhu Chenghu, for example, has asserted that “We have no capability to fight a conventional war against the United States . . . We can’t win this kind of war.”<sup>40</sup> Military power is more than tactical capabilities; “war is a continuation of politics by other means,” as Clausewitz put it and the Chinese leadership well understands. To challenge the United States, China must have the ability to achieve its political aims. Zbigniew Brzezinski, for example, has argued that China is vulnerable to embargos and isolation by the United States, which would stop the flow of

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36. Nye, “The Challenge of China,” p. 76.

37. U.S. Department of Defense, *Military Power of the People’s Republic of China*, pp. 25-26.

38. Ross, “Why Our Hardliners Are Wrong,” p. 43.

39. *Military Power of the People’s Republic of China*, p. i.

40. Kahn, “Chinese General Sees U.S. as Nuclear Target.”

oil and other goods and paralyze the Chinese economy.<sup>41</sup>

China is highly dependent on the U.S. and East Asian economies for its economic well-being. Its leaders understand that a war with the United States would mean closing the U.S. market to its exports.<sup>42</sup> The net result is that a war between the United States and China is not impossible but it is unlikely. A rational actor understands the military capabilities and limits of one's power. In addition to the capability gap outlined above, the economic, political, and strategic costs are too high for China to risk war. More importantly, the Chinese Communist Party (CCP) is unlikely to risk war because a military defeat would mean the destruction of its credibility and legitimacy, which could lead to its collapse.<sup>43</sup>

#### *Net Assessment*

There are two additional arguments concerning the China military threat that are worth exploring further. The first one deals with the claim that China is building its armed forces to close the gap with the United States. Within this argument, there are two implicit assumptions, the first of which is that China's military capabilities are expected to grow at a rate similar to the current pace. This is tenuous at best. One can foresee several scenarios that can hamper China's investment in its military. An economic meltdown would certainly be one; political unrest and the collapse of the CCP is another. The second argument deals with the implicit assumption that U.S. military capabilities are going to stay constant, while China is trying to catch up. The U.S. defense budget is larger than the next six largest militaries in the world, and is more likely to grow at such rates than China is to maintain its current rates.<sup>44</sup> Simply put, it would take miracles for China to be able to build its military to challenge U.S. hegemony in East Asia in the foreseeable future.

The more plausible argument for a China military threat focuses on China's asymmetric capabilities. Many scholars have

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41. See Brzezinski and Mearsheimer, "Clash of the Titans."

42. Ross, "Assessing the China Threat," p. 83.

43. *Ibid.*

44. Ross, "Why Our Hardliners Are Wrong," p. 43.

argued that China does not aim to become a competitor of the United States; it is not trying to and cannot close the capability gap. Instead, China is working on developing the technological and military capabilities as well as utilizing East Asian political geography to its advantage to become a regional powerhouse.<sup>45</sup> China, in essence, does not need to close the gap to harm and challenge U.S. interests in East Asia. It can do so with limited asymmetric capabilities that would enable it to disrupt trade, hamper U.S. military operations, and pressure smaller states in Southeast Asia. The 2006 *Quadrennial Defense Review* predicted just such a development:

China is likely to continue making large investments in high-end, asymmetric military capabilities, emphasizing electronic and cyber-warfare; counter-space operations; ballistic and cruise missiles; advanced integrated air defense systems; next generation torpedoes; advanced submarines; strategic nuclear strike from modern, sophisticated land and sea-based systems; and theater unmanned aerial vehicles for employment by the Chinese military and for global export.<sup>46</sup>

These threats are real, and are worth further exploration of their impact on the military balance. The changing nature of warfare is certainly an important factor in understanding how nations do not have to close the gap, but rather can cause harm with lesser capabilities. This is, however, true of any another state with limited military capability; it is also true of many non-state actors. That is not, however, what the China threat theory purports to predict; the theory argues that China's military modernization, at best, will challenge U.S. hegemony in East Asia and at worst, will threaten U.S. national security. Asymmetric capabilities cannot guarantee China's dominance of East Asia; in fact, it will only strengthen U.S. alliances with Japan and Taiwan. If there is one thing China fears more than U.S. dominance in East Asia, it is full-fledged Japanese militarization, and a withdrawal of U.S. troops is likely to lead to that very event.<sup>47</sup>

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45. For an extensive study of this thesis, see Thomas J. Christensen, "Posing Problems without Catching Up," *International Security*, vol. 25, No. 4 (Spring, 2001), pp. 5-40.

46. U.S. Department of Defense, *Quadrennial Defense Review Report*, pp. 41-42.

47. Thomas Christensen, "Chinese Realpolitik," *Foreign Affairs*, vol. 75, No. 5

To sum up, a threat from China makes little sense in terms of current Chinese military capabilities, since U.S. military power is unmatched. A “China threat” could be about future Chinese capabilities, but, as noted earlier, this depends on the United States standing still while China’s capability grows at current rates. The issue, therefore, goes back to current and future intentions. Assuming the worst is certainly one option, and that is what the China threat theory does.

### **Economic Threat**

China’s military modernization would not be possible without China’s unprecedented economic growth rates, and any perceived military threat is interlinked with the country’s phenomenal growth. Since 1979, it is estimated that China’s economy has grown at approximately 9 percent per year, which has led to tripling of its GNP.<sup>48</sup> A 2005 survey found that 66 percent of Americans felt that China “poses a serious threat to jobs in their country” and 54 percent expressed concern “about the level of Chinese investment in their country.”<sup>49</sup> Beyond the United States, people in other industrialized countries have expressed similar sentiments. For example, in 2006, a survey found that 79 percent of the British public identified China as posing the greatest challenge to the country’s economy.<sup>50</sup>

#### *Economic Manipulation*

Such sentiments are the result of deep concerns by policy makers, experts, and pundits regarding China’s economic policies in several major areas. First, China’s violations of intellectual property rights are estimated to cost U.S. industries approximately \$2 billion per year. Some observers have argued that China is not alone. Others have claimed that China’s government

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(September-October, 1996), p. 41.

48. Nye, “The Challenge of China,” p. 75.

49. “Public Opinion Survey of Canadians and Americans About China.”

50. “China ‘Main Threat to UK Economy,’” BBC News, February 6, 2006, available at <http://news.bbc.co.uk/1/hi/business/4686306.stm>.

is the biggest violator and that its “theft” of U.S. technology benefits China economically and militarily.<sup>51</sup> In either case, China continues to be scrutinized on this issue, but it is only a symptom of numerous other sources of economic friction between the two nations.<sup>52</sup>

Second, China’s cheap labor is costing Americans jobs. Outsourcing to China has become a political wedge issue in the United States. Economically, China provides cheap labor, and many multinational companies have decided to utilize its lower costs of labor. That has meant loss of manufacturing and industrial jobs in the United States. While China has undoubtedly contributed to the decline in manufacturing jobs in the West, there are other reasons that have also contributed to the decline. In addition, China is not alone; many developing nations have a comparative advantage in low-skilled labor, and the nature of international trade dictates that companies are attracted to lower labor costs.

Third, the United States has sustained a trade deficit with China for several years, which has made China its largest creditor. China’s foreign reserves were estimated at \$2.3 billion in 1977, and grew to \$1 trillion by the end of 2006.<sup>53</sup> This is an enormous increase. Some contend that the reserves have made the United States vulnerable if China decides to “dump” its holding of dollars. One major element in this argument is missing: China could cause the collapse of its own economy if it dumped dollars.<sup>54</sup> Foreign reserves are not “luxuries”; they are part and parcel of a healthy Chinese economy. It would be counterproductive and irrational for the Chinese to liquidate their holdings. Furthermore, the United States sustains a trade deficit with many nations. Since 2000, China has contributed to only a third of the growth in the U.S. trade deficit. There are many economic reasons behind it—including low U.S. savings rates and high budget deficits.<sup>55</sup>

A fourth important reason behind the trade deficit has been

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51. Bill Gertz, “Thefts of U.S. Technology Boost China’s Weaponry,” *Washington Times*, June 27, 2005.

52. Ross, “Why Our Hardliners Are Wrong,” p. 43.

53. State Administration of Foreign Exchange, People’s Republic of China, online at <http://www.chinability.com/Reserves.htm>.

54. Nye, “The Challenge of China,” p. 76.

55. *Ibid.*

China's manipulation of its currency to enhance its trade position with the United States. Since the mid-1990s, China has pegged its currency, the yuan, at an undervalued rate. Observers disagree on the magnitude of the undervaluation, but it is widely agreed that it is at least 20 percent.<sup>56</sup> This has meant that Chinese goods are sold at much cheaper prices, which leads to more exports, especially to the United States. This may not be problematic in itself, but the United States is not exporting as much to China, and this leaves the gap that manifests in trade deficits. The charge of currency manipulation is a serious one, and by and large it is true. China has admitted to as much, and has revalued the yuan by approximately 2.1 percent.<sup>57</sup>

Finally, in recent years, the surge in China's energy demand has taken front stage in discussing China's "mercantilist measures."<sup>58</sup> Between 1985 and 2005, China's oil consumption quadrupled, and similar rates of growth are projected for the next two decades. China's goal of quadrupling its GDP between 2000 and 2020 would depend on its ability to prevent energy from slowing that growth.<sup>59</sup> Currently, China imports 40 percent of its oil demand, but China's share of world energy consumption is estimated to increase at the same time that its domestic supply declines. The U.S. Department of Energy projects that China's oil imports will reach 9.5 million barrels a day by 2025, which would increase its share of oil consumption to 14 percent of the world total. To keep this figure in perspective, the United States is estimated to consume 25 percent of the world's total.<sup>60</sup>

Numbers and projections aside, the real issue is a strategic one. China's surge in oil demand has driven some to question

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56. Gene Hsin Chang and Qin Shao, "How Much Is the Chinese Currency Undervalued?" *China Economic Review*, vol. 15 (2005), p. 369.

57. Rich Miller, "China's Revaluation: Don't Fret," *Business Week*, July 26, 2005.

58. Gertz, "Chinese Dragon Awakens."

59. Xuecheng Liu, "China's Energy Security and Its Grand Strategy," *Policy Analysis Brief* (Washington D.C.: Stanley Foundation, September 2006), p. 1.

60. For an expanded discussion of the energy issue, see Liu, "China's Energy Security and Its Grand Strategy," and Anthony H. Cordesman and Khalid R. Al-Rodhan, *The Global Oil Market: Risks and Uncertainties* (Washington, D.C.: CSIS Press, 2006).

whether the United States and China would get involved in a resource war over access to energy supplies. China has certainly started developing strategic relationships with energy-rich countries in Africa, the Middle East, and Central Asia. Some have used the neorealist framework to explain China's motives, while others have used historical analogies of resource wars. China has responded by talking about non-zero sum measures—grand strategies to transcend resource scarcity through conservation, efficiency, and alternative energies.<sup>61</sup> Whether China can overcome the supply issue is uncertain; but the issue of energy competition will continue, given the scarcity of resources and the fact that energy fuels industrial economies.

### *Uncertain Economic Future*

Whether through its huge energy demands or its holding of the dollar, there is an intrinsic assumption that China can sustain its high economic growth rates. China is, however, facing several socioeconomic uncertainties and risks that the "China threat" thesis ignores.

First, one of the most important concepts in economic growth is diminishing returns. China's economy is in a transitional stage from a centralized system to a more open economy. No one knows—with any meaningful precision—how China's economy will progress at more developed stages. According to Nye, "simple linear projections of economic growth trends can be misleading."<sup>62</sup> China's economic future is as uncertain as any other economy's, and may be even more uncertain, given the lack of transparency. By its nature, economic growth is cyclical, and assuming perpetual growth is at best a misleading forecast.

Second, China continues to suffer from immense income inequality and poverty. For example, it is estimated that 400 million people live on under \$2 per day. China's poor lack the support of a safety net, which can only exacerbate inequality.<sup>63</sup> According to a 2005 Chinese government study, the wealthiest

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61. Zheng Bijan, "China's Peaceful Rise to Great-Power Status," *Foreign Affairs*, vol. 84, No. 5 (September–October, 2005), p. 22.

62. Nye, "The Challenge of China," p. 75.

63. *Ibid.*

one-fifth of China's population earns 50 percent of the total income and the poorest earn just 4.7 percent. There are equally large disparities between urban and rural levels of income. These statistics prompted the study to conclude: "The income gap, which has exceeded reasonable limits, exhibits a further widening trend. If it continues this way for a long time, the phenomenon may give rise to various sorts of social instability."<sup>64</sup>

Third, China's rapid economic growth and integration into the global economic order came with socioeconomic transformations that have impacted traditional Chinese social systems and institutions. For example, China's membership in the World Trade Organization (WTO) may help China's overall economic growth as much as it complicates China's socioeconomic problems. In essence, China's socioeconomic transformations have complex dynamics that not only impact the economic well-being of the country, but also the social fabric that is central to domestic stability.<sup>65</sup>

Fourth, the Chinese economy continues to depend heavily on state-owned enterprises. Despite "liberalization," the Chinese government is the main force driving the economy. Its financial system, for example, continues to suffer from overregulation and lacks the flexibility to finance long-term, high-growth, high-risk projects. Sustained economic development depends not only on China's ability to grow its GDP, but also on its ability to enhance the private sector's competitiveness in the global economy.

These risks and uncertainties are as much economic as they are political and security threats—not to the outside world, but to China's internal stability. Social cohesion, economic well-being, and political stability were the conditions that Waltz used to project China's rise to great-power status. They are not only necessary conditions for great-power rank but central to the survival of China as a state. China has a long way ahead of it to ensure its internal stability before it can ever become a threaten-

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64. Elaine Kurtenbach, "China Income Gap Between Rich and Poor Provoking Alarm, Reports Say," Associated Press, September 21, 2005.

65. See Joseph Fewsmith, "The Political and Social Implications of China's Accession to the WTO," *China Quarterly*, No. 167 (2001), pp. 573-91; and Yongjin Zhang, "Reconsidering the Economic Internationalization of China: Implications of the WTO Membership," *Journal of Contemporary China*, vol. 12, No. 37 (November, 2003), pp. 699-714.

ing economic or military powerhouse.<sup>66</sup>

In summary, despite enormous economic growth, China remains an emerging economy with uncertain internal stability. By the Chinese government's own accounting, China saw 87,000 public disturbances in 2005—a large increase from its 2003 level of 58,000. These disturbances go beyond the usual farmer and worker demonstrations that were common in the late 1990s; the recent public disturbances have been large in size and have included a large cross section of society. People have demonstrated against official corruption, judicial inefficiencies, income inequality, and uneven economic development. These demonstrations have forced many to think about the impact of economic reforms on social cohesion and internal stability.<sup>67</sup>

These sociopolitical problems, for example, have the potential of developing into causes of internal instability serious enough to imperil the leadership's survival. Ironically, the "China threat" may thus come not from China's hegemonic ambitions, but from instability created by the implosion of Communist Party authority. A collapse of China would not only cause instability in East Asia; it would have unimaginable ripple effects on the global economy and security.

## Conclusion

There is no easy way to analyze the China threat theory. Journalists, strategic thinkers, and pundits in the United States have sensationalized their claims by painting an all-powerful, threatening China bent on the destruction of the United States.

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66. This line of argument can be found in Mel Gurtov, *Pacific Asia? Prospects for Security and Cooperation in East Asia* (Lanham, Md.: Rowman & Littlefield, 2002), pp. 122-24; and Susan L. Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2007), pp. 50-78.

67. For more discussion on social unrest in China, see Thomas Lum, "Social Unrest in China," (Washington, D.C.: Congressional Research Service, May 8, 2006), Report to Congress No. RL33416, p. 1; and Thomas J. Christensen, Deputy Assistant Secretary for East Asian and Pacific Affairs, Statement Before the House Committee on Foreign Affairs, Subcommittee on Asia, the Pacific, and the Global Environment, March 27, 2007, available at [www.state.gov/p/eap/rls/rm/2007/82276.htm](http://www.state.gov/p/eap/rls/rm/2007/82276.htm).

These claims, as was shown in the previous sections, are speculative at best.

With the exception of a few China and international relations specialists, it must be stressed that most scholars have been more nuanced about analyzing the China threat. The problem, however, is that these scholars are not always listened to; recent history provides us with many examples of nuance being replaced by exaggeration and irrational threat assessments. The rise of China is certainly an important topic to study and analyze by lay people and academics alike, and the scholarship on this subject is diverse. Analyzing the threat posed by China to East Asia and the United States is certainly an important factor in understanding the policy implications of the rise of China. However, the “China threat” theory is, on balance, as misleading as it is counterproductive.

Methodologically, the “China threat” is a hypothesis about the future. Its supporting examples are imperfect analogies (e.g., to Kaiser Wilhelm’s Germany). Each nation’s experience is different and so are the circumstances of the international order. Projecting from these assumptions tends to skew predictions. The forecast that China will be a threat to U.S. national security is a worst-case estimate. It assumes that China’s economy and military will continue to grow at the same rates, that its social cohesion will not be disrupted, and that political stability will not be seriously challenged. These assumptions may hold, but they also may not.

The theoretical foundations of the “China threat” suffer from two contradictions. First, it is based on an assumption about Chinese grand strategic intentions. Guessing intentions is often a fruitless exercise. It leads to nothing more than guesstimates about possible futures. The “China threat” theory, simply put, chooses the worst-case scenario of those possible futures; proponents of the theory often use language that reflects certainty and inevitability. Second, as with many theories, there are exceptions to Mearsheimer’s offensive realism; the most recent example is the rise of the United States without war during the early 20th century. Neorealists would argue that the United States and Great Britain, the dominant powers at that time, had “shared values,” which made a war unlikely. This is, however, a unit-level explanation that would not pass the test of systemic

theories under neorealism. In either case, the important point to highlight here is that if internal factors matter, then there are many indicators that would point to a different future from the one envisioned by offensive realists.

Strategically, the “China threat” thesis is as dangerous as it is misleading. Arm waving by policy makers in Washington can force China to militarize its intentions, even if they were benign, which could lead to enhancing the tensions and making the “China threat” a self-fulfilling prophecy. Overestimating the threat posed by any nation can lead to the wrong policies to contain the threat, which could hurt the United States strategically in the long run. It is not at all clear what China’s exact intentions are. Assuming the worst may be a wise strategy, if one discounts the threats *China* faces and its security concerns, including instability in Central Asia, North Korea’s nuclear weapons, maritime security in the Pacific, and the potential militarization of Japan.

To many, the combination of uncertain intentions and unverified capabilities tends to push the threat posed by China to a new and uncomfortable level of insecurity. Nevertheless, the Sino-American relationship has benefited from the strategic ambiguity that has prevailed since the 1970s. The United States and China have avoided conflicts, despite domestic pressures (whether on Taiwan or on economic manipulations); they have also worked toward building a more nuanced and cautious relationship that has been driven by mutual national interests. Declaring China a military and an economic threat can only diminish this ambiguity, and at worst lead to confrontations.

In conclusion, China is neither as benevolent as most of its supporters claim nor as malicious as its critics assert. In reality, China as a rising power may challenge U.S. hegemony. That is not, however, the same as saying that China poses a threat to the very existence of the United States. Furthermore, in order to understand China’s rising power, one must not only understand China’s current and future capabilities, but also its domestic economic, social, and political limitations. Any attempt to do so shows that China suffers from intractable sociopolitical and socioeconomic problems that threaten China’s domestic stability.

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