

The Real China Threat: Treating Beijing as an Enemy Risks Turning it into One

Doug Bandow

November 15, 2022

America's midterm congressional election was a near tie. Both parties will be desperate to break the deadlock in the 2024 presidential campaign, and China is likely to become one of its more contentious issues.

Both Democrats and Republicans increasingly agree that the People's Republic of China is a "threat" to the U.S.. Yet despite the torrent of hostile words now passing between the American and Chinese governments, the PRC poses little direct danger to the U.S.. China most certainly is not the Soviet Union 2.0. That doesn't mean Washington should ignore the challenges posed by Beijing. However, American officials should not exaggerate the task facing them.

First, the PRC, though possessing enormous potential, remains relatively poor and faces manifold difficulties. Banks are filled with bad debt and under increasing pressure as China's property bubble bursts. The economy remains heavily dirigiste, while Xi Jinping is increasing regulation by the state and Chinese Communist Party. The population, rapidly aging and suffering a surplus of males but dearth of workers, is beginning to shrink.

Xi Jinping's broad restrictions on personal liberties also undermine economic productivity. Information controls restrict access to economic data. Outlawing independent NGOs shrank public debate. One-man rule has degraded government decision-making, shutting out unpleasant facts and reducing accountability. One disastrous consequence is the zero-COVID policy, which is creating popular dissatisfaction and disrupting economic production.

Second, Beijing poses no direct military threat to the U.S., other than China's small nuclear force. Washington enjoys near absolute power in the Western Hemisphere. In contrast, in its neighborhood China shares a land border with 14 countries and close ocean contact with another six nations. It has been at war with several—Russia, Japan, South Korea, Vietnam, and India—in

recent decades. The PRC has only one military base outside its own territory, in Djibouti, compared to several hundred American military facilities around the world, including in East Asia.

That region is an important interest for the U.S., of course, but not nearly as important as it is to the PRC, located in it. The issue for America is a matter of influence rather than survival. Any war would be fought almost wholly on Chinese or nearby territory. And Washington has several military allies upon which it might rely in the event of hostilities.

Third, while Beijing's growing influence in both economic and political spheres poses a serious challenge to the U.S., the stakes remain limited. Trade has nourished both the American and Chinese economies. Trade deficits are an accounting figure with little practical significance. Like the U.S. in the Cold War, the PRC has suffered economic losses and political attacks when expanding across the Global South. Even countries attracted by Beijing's financial possibilities have begun to backpedal in response to truculent Chinese "Wolf Warrior" diplomacy.

The commanding heights of the economy, especially essential technologies, matter to both governments. However, Washington should seek to bound the competition even in important sectors such as semiconductors. Attempts at wholesale "decoupling" would be economically ruinous. Moreover, other nations, including America's allies, some of which share Washington's security concerns, are not willing to declare economic war on the PRC. Although the specter of Chinese technological power is fearsome to many, dominance tends to be transient and ever shifting. Government attempts to leapfrog competitors—including China's expensive and expansive industrial policy, which has little to show for its generous efforts to spur the PRC's semiconductor industry—often waste resources while encouraging other states to engage in matching programs. Selective economic interventions might be necessary but should be targeted and tailored.

Fourth, geopolitical disagreements, though many, are mostly of only modest significance. Beijing works with oppressive regimes such as Myanmar and Zimbabwe without much concern for human rights; however, the West long managed its bilateral and multilateral aid programs the same way. The Belt and Road Initiative may expand indebtedness in the Global South—as did the U.S./European-dominated World Bank and International Monetary Fund for decades.

Beijing has done little to press Russia to end its war with Ukraine. But China's behavior differs little from that of India and Indonesia, South Africa and Brazil, and many other states. The wretched condition of U.S.-China relations almost guarantees that Beijing will do little to aid Washington against North Korea. However, the PRC has always feared both a Pyongyang collapse and a united Korea aligned with America. Ambitious governments disagreeing over geopolitics is common, even inevitable, and not usually menacing, however unfortunate.

Fifth, Washington is understandably concerned over Chinese interference in what Americans believe to be domestic issues. For instance, cybercrime, IP theft, forced technology transfer, pressure on U.S. companies and organizations to conform to Chinese law, and threats against dissident emigres and Chinese students. The list is long, and Washington should address these issues. Still, these controversies, though serious, pale compared to those separating the U.S. from other nations, ranging from Russia to Cuba.

Some disagreements, most notably over human rights, may seem intractable. However, Beijing and Washington could moderate the discord by establishing a two-way dialogue and seeking compromises—for instance, reduced U.S. criticism over human rights in return for the end of Chinese pressure on American citizens and other peoples on U.S. soil. Finding even modest *modi vivendi* on such matters could lower the temperature of bilateral relations.

Sixth, Washington should seek international cooperation for its objectives. Forging a consensus might require the U.S. to moderate its aims, but almost any policy, from economic to military, will be more effective if backed by leading European and Asian states. The U.S. can't take such agreement for granted, though friendly states increasingly share at least some of Americans' concerns about Beijing. Gaining support from other industrialized states also is more likely to moderate Chinese behavior without resorting to military threats.

Finally, confrontation and conflict would be catastrophic, representing grievous failure. Although military action would be justified if the U.S. was endangered, lurid fears of a Chinese attack are beyond a bad B movie script. If war comes, it will be in Asia, with Washington attempting to impose its will on the PRC along its own border. Which guarantees fierce and extended Chinese resistance. Most of America's grievances with Beijing, though real and serious, simply do not warrant war. Protecting allied states is perhaps the only situation which could trigger conflict, and even it should be a last resort. They should do much more to protect themselves and only Taiwan appears to be seriously at risk.

Americans increasingly look at China as a threat rather than an opportunity. The bilateral relationship has grown more contentious as a result. However, Americans and Chinese must find a way to live together. And hopefully they will continue to prosper and cooperate with one another in the years to come.

Doug Bandow is a senior fellow at the Cato Institute, specializing in foreign policy and civil liberties. He worked as special assistant to President Ronald Reagan and editor of the political magazine Inquiry. He writes regularly for leading publications such as Fortune magazine, National Interest, the Wall Street Journal, and the Washington Times.