

## Washington Placates a Rising China

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One does not have to accept dubious predictions that China may overtake the United States as the world's largest economy by the end of this decade to recognize that the world is dealing with a rapidly rising great power. Moreover, it is a great power that is exhibiting serious diplomatic clout, not just impressive economic capabilities. Any doubt on that score should be moot following the Obama administration's recent decision on Taiwan's request to purchase 66 advanced C and D model F-16 fighter planes. Beijing and Washington went eyeball to eyeball on that issue, and Washington blinked.

Instead of selling Taipei the advanced version of that aircraft, the administration agreed merely to "refurbish" Taiwan's existing, older model F-16s. Although U.S. officials insist that the retrofitting process will make those planes nearly as good as the C/D aircraft, it is not clear whether that is really the case. The Taiwanese certainly do not think so. But more important, Taipei's request would have added the new planes to the existing fleet of 146 F-16s, significantly enhancing the capability of its air force. Merely refurbishing older aircraft clearly does not do that. Moreover, during the upgrade process, the affected planes have to be removed from the fleet—thereby actually reducing the number of available combat fighters.

What was especially revealing about the administration's decision is that there were powerful diplomatic factors, as well as significant domestic political and economic factors, pushing toward approval of the Taiwan government's request to purchase the advanced F-16s. Although the original request came in 2006 during the presidency of Chen Shui-bian, leader of the pro-independence Democratic Progressive Party, current president Ma Ying-jeou wanted the planes just as badly. That is significant, since tensions in the Taiwan Strait have receded since Ma's election in 2008, and U.S. leaders appreciate Ma's more conciliatory strategy for dealing with Beijing.

But Ma's approach remains controversial in Taiwan, and he is under pressure to show that he is prepared to defend Taiwan's sovereignty against Beijing's efforts to compel the island's eventual political re-unification with the mainland. The centerpiece of Ma's effort to bolster his defense credentials was to gain Washington's approval for the sale of the advanced F-16s. U.S. leaders, in turn, are anxious not to undercut Ma's domestic political position, lest another pro-independence DPP leader win the upcoming presidential election in 2012. Yet that important goal was not sufficient to induce President Obama to risk Beijing's anger by approving the sale.

Nor were powerful domestic incentives sufficient. Taiwan's friends in Congress exerted massive pressure on the administration to accede to Taipei's request. Forty-seven

senators signed a letter to President Obama in June urging him to approve the F-16 sale. For at least some members of Congress, that position probably reflected genuine worries about Taiwan's security. The military balance in the Taiwan Strait, already tilting in Beijing's favor, could become even more precarious for Taipei without the new F-16s.

But there are also significant political and economic motives. The F-16s are built in Texas, and the manufacturer, Lockheed Martin, warns that it may have to shut down the aircraft's production line within the next few years unless the Taiwan sale and other export deals are finalized. Such a warning from a large employer impacts not only the Texas economy but the economies of the other 44 states in which components for the plane are manufactured. That would be a major consideration even if the U.S. economy was healthy; in the midst of the worst recession in at least three decades, it has profound political and economic implications.

Yet even that dynamic was not sufficient to cause the Obama administration to risk Beijing's wrath. U.S. officials already experienced a taste of that wrath in early 2010, when the PRC severed all military-to-military contacts following Washington's approval of a more limited arms sale, which included sophisticated military radars, to Taiwan. Beijing made it very clear that approval of a new F-16 sale would be considered an extremely unfriendly act, and that there would be serious damage to the China-U.S. relationship. (Indeed, even the Obama administration's anemic substitute will likely lead to the suspension of some military-to-military contacts.)

The arms sale decision is just one indicator of Washington's wariness of antagonizing China. Despite growing anger in the United States about Beijing's manipulation of the value of its currency, China's sometimes flagrant disregard of intellectual property rights on the part of U.S. companies, and a variety of arbitrary barriers to American exports to and investments in China, U.S. officials have been increasingly cautious about pressing their objections. The reasons for such hesitation are not hard to find. One key factor is China's massive holdings of U.S. Treasury debt. To be blunt, it is not wise to irritate one's banker—especially when there is a need to finance some \$1.5 trillion in red ink every year.

But the reasons for caution go far beyond financial considerations. U.S. officials have concluded that the United States badly needs China's help on a host of diplomatic and strategic issues. There is not likely to be progress on the Iranian and North Korean nuclear problems without Beijing's active cooperation. The same is true of the need to counter the threat of radical Islamic terrorism in Central and South Asia. That is especially pertinent regarding Pakistan, a major target of terrorism and an unstable, nuclear-armed country. Washington has some influence in Islamabad, but Beijing has far more with its long-time ally.

China has already become a major factor in so many aspects of the international system. Leaders in the United States and other countries recognize that reality and are behaving accordingly. Beijing does not have to engage in threatening or even extremely

assertive behavior to receive deference from the other leading powers. Washington's conduct on the Taiwan arms sale issue provides confirmation of that point. And as China's strength grows, such caution on the part of the United States (and other countries) is likely to grow as well. That will be a significant feature of the diplomatic landscape in the coming years, even if it takes China far longer than the current decade to have the world's number one economy.

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