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EVER SINCE the Chinese leader Deng Xiaoping opened up his country's economy in the late 1970s, China has managed to grow in power, wealth, and military might while still maintaining cooperative and friendly relations with most of the world. Until a few years ago, that is, when Beijing seemed to change tack, behaving in a way that alienated its neighbors and aroused suspicion abroad. In December 2009, for example, Beijing's resistance to compromise at the UN Climate Change Conference angered European countries and the United States. Then, following the January 2010 sale of U.S. arms to Taiwan, the Chinese government suspended a senior U.S.-Chinese security dialogue for the first time and announced unprecedented sanctions against U.S. companies with ties to Taiwan (although it is not clear that the sanctions caused meaningful damage). In July of that year, Beijing angrily protested plans for U.S.-South Korean naval exercises in the Yellow Sea, and in September, it excoriated Japan for detaining the captain of a Chinese fishing boat that had rammed a Japanese coast guard ship in disputed waters. To cap off this series of unsettling episodes, Beijing voiced excessive hostility toward democratic countries and imposed economic sanctions on Norway after the Nobel Prize committee awarded the Chinese democracy activist Liu Xiaobo the Peace Prize

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in October. In a few short months, China had managed to undo much of what it had gained through years of talk about its “peaceful rise.”

At the time, many analysts interpreted China’s new belligerence as a sign of the country’s growing confidence. Writing in *The Washington Post*, John Pomfret noted that Beijing was evincing “a new triumphalist

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attitude.” China was on the rise, the thinking went, and its new-found power had convinced its leaders that they could shape events in Asia as never before. And so in 2010, the Obama administration initiated what it called a “pivot” to Asia, a shift in strategy aimed at bolstering the United States’ defense ties with countries throughout the region and expanding the U.S. naval presence there. The diplomatic element of the strategy was on display in 2011, when Secretary of Defense Leon Panetta reassured U.S. allies, many of which harbor concerns about China’s rise, that “the United States is going to remain a presence in the Pacific for a long time,” and the following year, when he promised that the U.S. military would bring “enhanced capabilities to this vital region.” Worried that a newly assertive China was becoming a destabilizing force, the White House moved to counter any perceptions of its own weakness by strengthening the U.S. presence in the region.

Unfortunately, however, this shift was based on a fundamental misreading of China’s leadership. Beijing’s tough diplomacy stemmed not from confidence in its might—China’s leaders have long understood that their country’s military remains significantly inferior to that of the United States—but from a deep sense of insecurity born of several nerve-racking years of financial crisis and social unrest. Faced with these challenges, and no longer able to count on easy support based on the country’s economic growth, China’s leaders moved to sustain their popular legitimacy by appeasing an increasingly nationalist public with symbolic gestures of force.

Consider China’s behavior in such a light, and the risks of the pivot become obvious. The new U.S. policy unnecessarily compounds Beijing’s insecurities and will only feed China’s aggressiveness, undermine regional stability, and decrease the possibility of cooperation between Beijing and Washington. Instead of inflating estimates of Chinese power and abandoning its long-standing policy of diplomatic engagement, the United States should recognize China’s underlying weaknesses and its own enduring strengths. The right China policy would assuage, not exploit, Beijing’s anxieties, while protecting U.S. interests in the region.

THE PAPER TIGER ROARS

THE DECISION to pursue the pivot was based on the premise that a newly emboldened China was challenging U.S. interests and undermining regional stability simply because it could—that is, because its growing military power made aggressive diplomacy easier and more attractive than in the past. In his March 2010 testimony to the U.S. Congress, Admiral Robert Willard, then head of the U.S. Pacific Command, asserted that China's recent military advances had been "pretty dramatic." The truth, however, is that the United States has greatly overestimated China's military capabilities. Although the People's Liberation Army (PLA) has made great strides since 1979, when it was embarrassed by its poor performance in a brief war with Vietnam, its power remains limited. Over the last ten years, the PLA has not deployed any new ships or aircraft that significantly enhanced its ability to challenge U.S. maritime superiority. China's main tool to counter the U.S. Navy and deter an American intervention in Asian conflicts remains a fleet of diesel submarines that has been in service since the mid-1990s.

For all the talk of China's naval modernization, the PLA has only just begun constructing a next-generation guided-missile destroyer, the quantity and quality of which will pale in comparison to those of the United States' Aegis-class destroyer fleet. It was only in August 2011 that Beijing launched its first aircraft carrier—the U.S. military has 11—and it was an old and relatively small ship purchased from the Russians. China is developing antiship ballistic missiles that could target U.S. aircraft carriers, but it has not yet mastered the technology to deploy these weapons. And according to the Pentagon's own 2011 report on the Chinese military, less than 30 percent of the PLA's naval surface forces, air forces, and air defense forces and only 55 percent of its submarine fleet could be considered modern. In short, the PLA is still unable to challenge U.S. dominance at sea or upend the balance of power in the region.

Over the last few years, Beijing has had more to worry about than its military shortcomings. In late 2008, when Chinese leaders recognized that their country was not immune to the financial tremors rocking the globe, Beijing panicked at the prospect of a spike in domestic

unemployment and hastily funded a massive stimulus package of four trillion yuan (about \$570 billion). But this only made things worse, breeding short-term instability and long-term structural imbalances in the economy. The result was that in 2009–10, China experienced the worst economic turmoil since the 1960s, following Mao Zedong's Great Leap Forward.

Between 2009 and 2010, inflation increased more than tenfold, and in February 2010, Chinese Premier Wen Jiabao acknowledged that the worsening inflation resulting from the stimulus could “undermine social stability.” By 2009, housing prices in major cities

The United States has unnecessarily challenged Beijing by boosting its military presence on the East Asian mainland.

had surpassed the average middle-class monthly income by 20–30 percent, far exceeding the World Bank's suggested ratio. Meanwhile, throughout early 2010, in an attempt to constrain lending, China's central bank repeatedly increased the amount of capital banks were required to hold in reserve. Nonetheless, inflation continued to increase. According to a June 2010 survey, nearly 60 percent of Chinese reported that prices were “too high to be acceptable.”

Since the previous year, vegetable prices had gone up by approximately 25 percent, garlic prices had increased tenfold, and the price of tea was 20 percent higher.

As high inflation took its toll, unemployment and inequality rose: the urban unemployment rate in 2009 was the highest since 1980. The government especially feared that unemployed college graduates would destabilize Chinese cities. Over seven million graduates were without work in 2009, so the government invested 42 billion yuan (roughly \$6 billion) to employ them in rural areas. And as the economy deteriorated, even the state-run *People's Daily* ran an article acknowledging the situation; a May 2010 headline read: “Income Divide Reaches Dangerous Point.” The article cited World Bank statistics that ranked Chinese inequality “among the highest in the world.” Reflecting the leadership's concern that mass discontent could boil over into antigovernment hostility, the newspaper warned that inequality could “brew strong negative feelings against the affluent” and that

“the alarm bell is ringing.” It continued: “Beijing must not, and cannot afford to ignore it.”

This unemployment and inequality produced just the kind of unrest Beijing feared it would. According to Chinese government figures, the number of “mass incidents”—defined as illegal protests of five or more people that disrupt public order—increased from 120,000 in 2008 to over 180,000 in 2010. In a 2009 riot in Shishou, in Hubei Province, 70,000 people confronted police officers in what the Chinese Academy of Social Sciences, a government-affiliated think tank, considered to be “the most serious street riot” since 1949. The social scientists at the academy argued that the increase in violent crime and civil disorder in 2009 reflected greater rural unemployment and the resulting growth of an idle, marginalized population. And in 2010, Guo Binsheng, a senior editor at the official Xinhua News Agency, warned that China had entered a period of “outstanding social conflict” and that “the task of stability . . . will be very arduous.” Faced with this growing unrest and needing to stave off a real crisis of legitimacy, Beijing had no choice but to appease a growing cadre of hard-line nationalists who wanted to project a tough image of China to the world.

RED DAWN

THE CHINESE Communist Party has long promoted nationalism to sustain its legitimacy, but during the recent decades of rapid growth, the Chinese public focused more on economic advancement than on politics. When the global financial crisis hit in 2008, however, Beijing could no longer simply rely on economic success. Meanwhile, nationalism was on the rise. Even though the party’s top policymakers understood the country’s deficiencies, many Chinese nonetheless believed that the global financial crisis signaled the culmination of China’s rise to great-power status. In 2008 and 2009, as the United States fell into a recession, China’s economy grew by ten percent. And the Chinese leadership’s touting of the PLA’s successes, including its antipiracy missions, space program, and tests of advanced military aircraft, suggested to the public that China was catching up to the United States and should thus adopt a more assertive foreign policy.

Following the January 2010 announcement of U.S. arms sales to Taiwan, Chinese opinion leaders and increasingly vocal Internet users argued for sanctions against the U.S. defense companies that had participated in the deal. Rear Admiral Yang Yi, former director of the Institute for Strategic Studies at the PLA's National Defense University, called for China to "give a lesson to the U.S. government that harming others will harm yourself." Similarly, Major General Luo Yuan, deputy secretary-general of the China Society of Military Science, insisted that it was time to "settle accounts" with the United States. Some Chinese Internet users on the Web sites of the *People's Daily* and QQ, a popular instant-messaging program, quickly followed their lead, demanding that China break diplomatic ties with the United States and begin exporting weapons to Iran, North Korea, and Pakistan.

Then, in September 2010, the dispute between Beijing and Tokyo over the detained fishing-boat captain became the most searched item on the Internet in China—a sign of just how enraged the public was over the issue. Online portals were overwhelmed with demands that Japan immediately and unconditionally release the captain. And in the official media, Feng Zhaokui, a senior Japan specialist at the Chinese Academy of Social Sciences, argued that "it is no longer the era in which China can be bullied at will." Despite the state's attempts to quell them, calls for protests circulated on the Internet, sparking demonstrations in front of not only the Japanese embassy but also the Chinese Foreign Ministry building.

As nationalist sentiment rose and economic and political problems roiled the country, Chinese leaders, concerned for the party's public standing and fearful of popular unrest, accommodated the nationalists with tough diplomacy and rhetoric. The result was Beijing's uncompromising posture of 2009–10, which alienated not only China's neighbors but also countries around the world. This new diplomacy stoked alarm throughout East Asia about China's rise, which in turn led the United States to resolve to sustain the balance of power in the region.

THE END OF ENGAGEMENT

SOME ASPECTS of President Barack Obama's Asia strategy have built on the policies of previous administrations. Washington has

been devoting more resources to the region since at least 1997, when it first moved a submarine from Europe to Guam. The Clinton and George W. Bush administrations then deployed every type of major naval and air weapons system to Guam and Japan, cooperated with Singapore to build an aircraft carrier facility at the Changi Naval Base, and strengthened U.S. defense cooperation with Japan and the Philippines. The Bush administration assigned an additional aircraft carrier to the Pacific theater, and the Pentagon announced in 2005 that it would deploy 60 percent of U.S. submarines to Asia. Throughout the wars in Afghanistan and Iraq, military funding for the Pacific theater remained at high levels.

These policies constituted an effective response to the rise of China. But following China's uncompromising stances of 2009 and 2010, Washington faced a credibility problem: its East Asian allies questioned whether the United States, mired in its worst economic crisis since the Great Depression, could contend with a seemingly more confident and capable China. Largely to assuage these fears, the United States set out to prove that it could maintain the balance of power in the region.

The Obama administration's pivot has included a doubling down on the efforts of previous administrations. Washington expanded its joint naval exercises with Japan to prepare for the defense of disputed islands, reached new agreements to sell arms to the Philippines, and, most recently, in April 2012, agreed to send U.S. marines to Australia. The administration also restored defense cooperation with Indonesia and New Zealand. These measured policies have reassured U.S. allies of Washington's commitment to the region's stability.

But the administration has also reversed Washington's long-standing policy of engagement with Beijing, turning instead to costly initiatives whose force is disproportionate to the threat from China. Regarding territorial disputes over the Spratly Islands, in the South China Sea, past administrations were able to deter regional powers from resorting to aggression by making clear the United States' interest in maintaining freedom of navigation. U.S. Secretary of State Hillary Clinton, however, directly inserted the United States into these legally complex disputes. In July 2010 in Hanoi, after extensive discussions with all the claimants to the islands except China, Clinton declared

U.S. support for the negotiating positions of the Philippines and Vietnam. What makes this decision puzzling is that these islands have little economic value (apart from fishing) and no mineral resources, and they are of minor strategic importance since they are too small to support military activities.

The United States has also unnecessarily challenged Beijing by boosting its military presence on the East Asian mainland. Recognizing that South Korean forces required less U.S. assistance to manage the threat from North Korea, the Bush administration withdrew 40 percent of U.S. troops from South Korea, ended the deployment of U.S. troops between Seoul and the demilitarized zone that divides North and South Korea, and reduced the scale and frequency of U.S.–South Korean military exercises. The Obama administration has reversed this trend. Over the last three years, the United States has carried out its largest joint military exercises with South Korea since the Korean War and increased the U.S. troop presence in South Korea. Washington and Seoul have also reached multiple new defense agreements, and earlier this year, the Pentagon announced plans to upgrade U.S. military capabilities on the Korean Peninsula, despite the fact that South Korea's military capabilities have vastly improved relative to the those of the increasingly dysfunctional North Korean regime.

At the same time, the United States has reinforced its presence in Indochina. Since the early 1990s, successive U.S. administrations had rebuffed Vietnam's desire for more substantial defense ties. Washington understood that if it wanted cooperative relations with Beijing, it would need to acknowledge that China had a far greater strategic stake in the region than the United States. But in 2010, Clinton and then Secretary of Defense Robert Gates both visited Hanoi (Clinton went twice). The secretary of state called for a U.S.–Vietnamese strategic partnership, and in late 2010, for the first time since the end of the Vietnam War, the United States carried out joint naval training with Vietnam. Since then, the U.S. Navy has held annual exercises with the Vietnamese navy, and in 2011, the two countries signed a memorandum of understanding on defense cooperation. Meanwhile, the United States has also strengthened its cooperation with Cambodia, which in 2010 joined the U.S.-led Cooperation Afloat Readiness and Training, a series of annual bilateral

naval exercises in the region. That year, Clinton explicitly warned Phnom Penh not to become “too dependent” on China.

Finally, the Obama administration has promoted a maritime coalition in the South China Sea. To complement U.S. ties with the Philippines and Vietnam, Japan signed strategic partnerships with the two countries, expanding their defense cooperation and military exchanges. This year, the Australian, Japanese, and South Korean militaries for the first time participated in the annual U.S.-Philippine military exercise called Balikatan (meaning “shoulder to shoulder”).

ASSUAGE AGAINST THE MACHINE

EVEN IF the United States had limited its response to China’s nationalist diplomacy to improving defense ties with its maritime allies in the region, China’s leaders would not have been pleased. But those steps were necessary for U.S. security, occurred far from China’s borders, and built on the policies of previous administrations. When Washington got directly involved in China’s sovereignty disputes and increased its presence on China’s land borders, however, Beijing predictably saw this departure from past U.S. policy as gratuitous, expansionist, and threatening. As might be expected from a great power faced with a deteriorating strategic environment, China has pushed back against the pivot with concrete policies rather than the merely aggressive rhetoric it employed in the past.

One result has been that China has all but given up its effort to use its leverage over North Korea to get it to abandon its nuclear program. Since 2011, Beijing has substantially increased its food aid to Pyongyang, imported more of North Korea’s mineral resources, and made significant investments in North Korean mining, infrastructure, and manufacturing. China has also withdrawn its support for the six-party talks on North Korea’s nuclear program, forcing Washington to pursue bilateral negotiations with Pyongyang. Meanwhile, North Korea continues to develop its nuclear weapons capability.

The PLA has also put pressure on those of China’s neighbors that have boosted their defense cooperation with the United States. In the spring of 2011, tensions between Beijing and Hanoi escalated as

Chinese patrol ships harassed Vietnamese seismic survey boats in disputed waters, and several Chinese military officers advocated the use of force against the Vietnamese navy. Similarly, China's maritime confrontation earlier this year with the Philippines over the contested

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Scarborough Shoal suggests that Beijing will push back against countries that rely on the United States to support them in sovereignty disputes. China sent combat-ready patrols to defend its claim to the shoal and, after the Philippines withdrew its ships, established a permanent presence there. Also this year, Chinese national oil companies announced unprecedented plans to drill for oil in disputed waters—the other claimants have been active in these

waters for years—and the PLA formed a new military garrison charged with defending the country's territorial claims in the South China Sea. Since then, China has continued to actively strengthen its presence throughout the disputed waters and islands.

As all these events suggest, the Obama administration's pivot has not contributed to stability in Asia. Quite the opposite: it has made the region more tense and conflict-prone. Military aircraft and naval ships now crowd the region's skies and waters. And the United States risks getting involved in hostilities over strategically irrelevant and economically marginal islands.

The pivot will be further complicated by an environment of growing nationalism, not only in China but also in Japan, the Philippines, and Vietnam. Consider what happened in September, when anti-Chinese sentiment in Japan pressured Tokyo to purchase an island chain that both it and Beijing claim. (The territory is known in China as the Diaoyu Islands and in Japan as the Senkaku Islands.) After Tokyo's governor, Shintaro Ishihara, who is an outspoken anti-China activist, expressed interest in buying the islands—a move that would certainly have provoked Beijing—the Japanese government purchased them itself, instead of simply blocking the sale. Like the Spratly Islands, these islands are of little strategic or economic value. Nonetheless, Japan's move challenged China's claim to the islands and provoked

anti-Japanese demonstrations throughout China, sparking vandalism of Japanese businesses and government property there. This nationalist outcry led Beijing to escalate tensions with Japan. At least 14 Chinese government surveillance ships accompanied hundreds of Chinese fishing boats to the islands, where they entered Japanese-claimed territorial seas.

Meanwhile, China has challenged U.S. interests beyond East Asia, forsaking the cooperation that the two countries had managed to sustain in the years leading up to the pivot. Whereas between 2006 and 2010, China voted for five UN Security Council resolutions imposing sanctions on Iran, in 2012 Beijing threatened to veto sanctions on Iranian oil exports. After the United States, European countries, and Japan independently agreed to sanction Iranian oil exports in January 2012, Beijing reached new agreements with Tehran to purchase Iranian oil. What is more, Beijing has blocked Washington's attempts to halt the bloodshed in Syria, stymying its initiatives at the UN and backing Moscow's support for the Syrian leadership.

Washington's increased activity on China's periphery has led Beijing to conclude that the United States has abandoned strategic engagement, the cornerstone of U.S. policy toward China since the end of the Cold War. In contrast to previous administrations, the Obama administration has dismissed China's legitimate security interests in its border regions, including even those that are not vital to U.S. security. By threatening China and challenging its sovereignty claims over symbolic territories, Washington has encouraged Chinese leaders to believe that only by adopting belligerent policies will a rising China be able to guarantee its security. Herein lies the great irony of the pivot: a strategy that was meant to check a rising China has sparked its combativeness and damaged its faith in cooperation.

The pivot has already damaged U.S. security interests, and the cost will only grow. If Washington continues down its current path, Chinese resistance to U.S. policies will inevitably increase, preventing bilateral cooperation on crucial issues from trade to global economic stability. The outbreak of hostilities in the region will become a real possibility, as China pushes back against the United States' growing

presence on its borders and nationalist tension rises between China and U.S. security partners over disputed but inconsequential islands.

This need not be the case. The United States could respond to China's tough diplomacy with policies that would both sustain the regional order and minimize the chances of a U.S.-Chinese conflict. Over the next several years, Washington should reshape its Asia policy to restore the consensus of previous administrations: that increasing the United States' military presence on the East Asian mainland is not vital for U.S. security and that the United States should avoid entanglement in complex sovereignty claims in the region. Because the U.S. Navy will continue to dominate Asia's seas, the United States can reassure its allies of its resolve to counter-balance China while still quietly disengaging from maritime disputes and reducing its presence on China's land borders. As China rises, a policy of restraint, rather than alarmism, will best serve U.S. national security. 🌐