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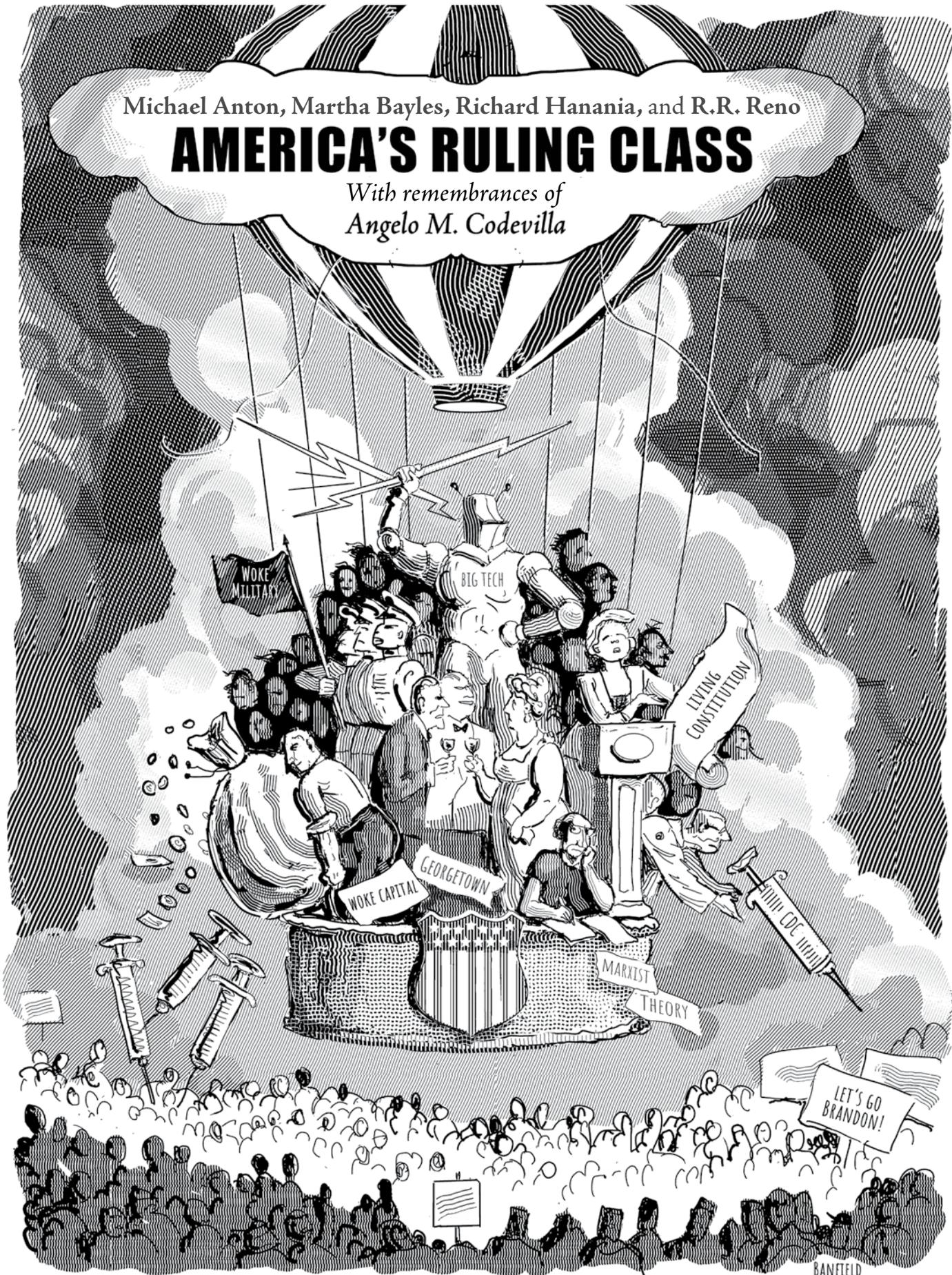
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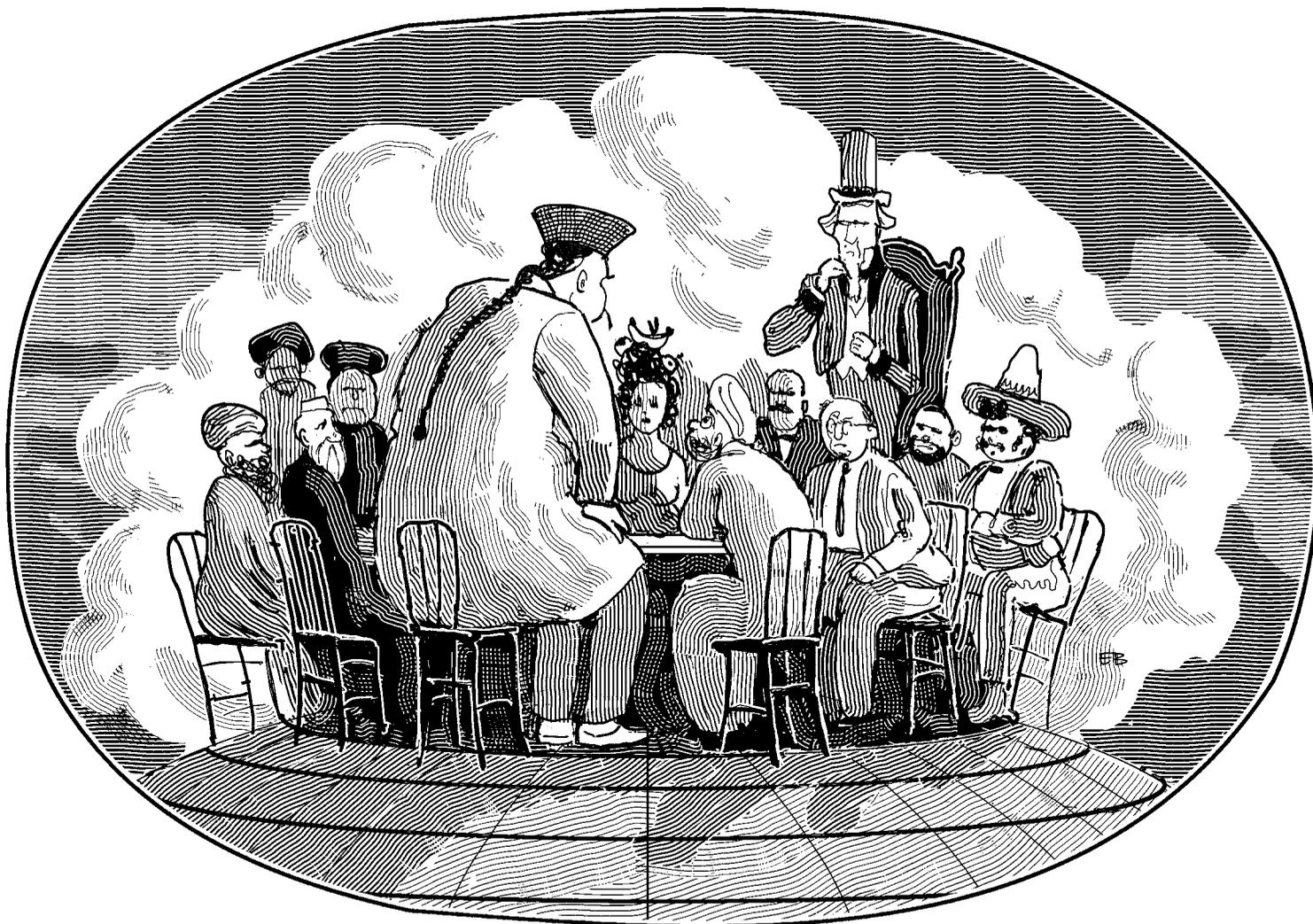


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Book Review by David P. Goldman

IF CHINA RAN THE WORLD

The Long Game: China's Grand Strategy to Displace American Order,
by Rush Doshi. Oxford University Press, 432 pages, \$27.95



DENIAL, THE FIRST STAGE OF GRIEF according to Elizabeth Kübler-Ross, characterizes America's responses to the rise of China. Rush Doshi's account of China's global strategy in *The Long Game* is a welcome draft of cold air. China's strength, he notes more than once, rests on an economy 25% larger than America's, adjusted for relative prices. Its command of transport and communications technologies allows it to "lock in its ties with Asian states" as well as others.

Doshi is now a Director for China at the National Security Council. Before that he directed the China Initiative at the Brookings Institution, where he advised Kurt Campbell, the Biden Administration's policy chief for the Indo-Pacific region. Doshi's standing in Washington ensures a wide audience for a book well worth reading on its own merits.

From extensive study of Chinese government and semi-official documents, he has distilled what he believes to be a Chinese "grand strategy" to replace the American postwar world order with one of China's design.

Doshi seeks an alternative to "those who advocate a counterproductive strategy of confrontation or an accommodationist one of grand bargains, each of which respectively discounts US domestic headwinds and China's strategic ambitions." "Both efforts," he argues, "each backed by widely opposed parts of the policy debate, ultimately flow from a similar set of strained and idealistic assumptions about Washington's ability to influence the politics of a powerful, sovereign country."

As a result, "[e]fforts to subvert China's government are particularly dangerous," less likely to succeed than to "produce all-out con-

frontation that could transform the competition from one that is over order to one that is fundamentally existential." On this I agree with Doshi emphatically. Real per-capita consumption has grown by an order of magnitude in the four decades since Deng Xiaoping's economic reforms, and the Chinese people have a vivid recollection of the instability that preceded them.

DOSHI IS INTERESTED IN POWER RATHER than posturing. He mentions China's Uyghurs only once and in passing, and the matter of human rights plays a peripheral role in his story. His theme is what he calls China's plan "to shape the twenty-first century, much as the US shaped the twentieth." This he views through an American mirror. Unlike studies that "analyzed the theory



and practice of US 'strategies of containment' toward the Soviet Union during the Cold War, this book seeks to analyze the theory and practice of China's 'strategies of displacement' toward the United States after the Cold War."

China's long project, he writes, "rests on military, economic and political foundations." The salient military component is "a navy capable of amphibious operations, sea control and distant blue-water missions." Crucial economic elements include infrastructure spending, "coercive economic statecraft," and the pursuit of technological superiority over Western nations. In the political realm, China seeks to "shape global information flows in ways that reinforce its narratives."

Doshi is most at home in the arcana of academic political science, parsing the alphabet soup of international agencies. He seems to think that the United Nations is a central Chinese target: "Beijing has seized on US inattention and worked diligently to place its officials in the top leadership spots of four of fifteen UN specialized agencies."

His superficial knowledge of the technological and financial battlefronts is, by contrast, the book's main weakness. Doshi's idea of what Chinese ambitions might entail is too general to allow for a clear distinction between things China might like to have in the future and matters of *raison d'état*. He correctly says that a "Chinese order" would entail "displacing the United States as the world's leading state." In this new dispensation, "Beijing would project leadership over global governance and international institutions, advance autocratic norms at the expense of liberal ones, and split American alliances in Europe and Asia."

THAT IS WELL AND GOOD, BUT WHAT does it mean for Taiwan? Nowhere does Doshi explain why, or in what way, Taiwan is a prospective *casus belli* for Beijing. He makes a cogent case that "a decision by Washington to voluntarily terminate its commitment to Taiwan will startle US allies in the region," who would come to doubt American commitments to them. Doshi implies that what China wants from Taiwan is "geostrategic advantages."

But that is not how Beijing sees the matter. China is not a nation-state but an empire with seven major languages and 300 minor ones, where only one citizen in ten speaks fluent Mandarin. The existential fear of every Chinese dynasty is that one rebel province will set a precedent for others, leading to fracture along ethnic and geographical lines, as occurred so often in China's tragic past. Xi

Jinping told President Barack Obama at the 2014 Asia-Pacific Economic Cooperation summit: "China is a land and a people. Sometimes the population increases by ten percent, sometimes it falls by ten percent. But China's land is sacred and inviolable and there is nothing we will not do to defend it."

China insists on sovereignty over Taiwan not because the island has a strategic utility, nor because it wants to suppress its democratic system, but because the integrity of China's territory is an existential question for the Chinese state. The only alternative to the status quo is a war that no one would win. But to maintain the status quo the United States must neither show the weakness that would tempt China to annex Taiwan, nor the strength that might make Beijing believe that it is plotting to sever a sovereign Taiwanese state from the mainland.

ALL THE UNITED STATES MILITARY'S war games involving a mainland assault on Taiwan have ended in American defeat. China is building toward 100,000 marines and mechanized infantry poised to invade the island, more than 50 submarines, and a formidable land-to-sea missile capability that could probably destroy most American surface ships operating close to China's coast. As the editors of the Chinese official English-language newspaper *Global Times* wrote on July 28, 2021:

The US Navy's advantage in overwater power will surely persist for some time. China must not only catch up with the US, but also strengthen its land-based missile forces that can strike large US battleships in the South China Sea in a war. We can massively expand this force so that if the US provokes a military confrontation in the South China Sea, all of its large ships there will be targeted by land-based missiles at the same time.

Michèle Flournoy, a former undersecretary of defense in the Obama Administration, argued in *Foreign Affairs* last year that deterring China requires the U.S. to possess "the capability to credibly threaten to sink all of China's military vessels, submarines, and merchant ships in the South China Sea within 72 hours." The clear counterpart to such a force, however, would be China's credible capability to eliminate U.S. forces in the South China Sea and nearby military facilities even faster, thereby deterring American military initiatives and responses.

It is doubtful that Taiwan could be defended against a Chinese attack by conventional

means, and the use of nuclear weapons would put American cities at risk of Chinese retaliation. The non-military risk may be more likely to inhibit China: if annexing Taiwan by force made China a global pariah, the West would absorb the enormous cost of cutting China off from the world economy. China's economy would collapse and with it the Communist Party's hold on power.

DOSHI IS AWARE THAT CHINA UNDERSTANDS something different from grand strategy than America does, and he whittles down his definition of it considerably. China, he concedes, "may lack alliance networks and bases with tens of thousands of soldiers and eschew costly intervention. It is more likely to opt for dual-use facilities, rotational access, and a lighter footprint—at least for now—when its military still faces difficulties in challenging the United States outside of the Indo-Pacific." This brings to mind an old Jewish joke: "What is green, hangs on the wall, and whistles?" The answer is, "A herring." But is a herring green? Well, you can paint it green. But does it hang on the wall? Well, you could hang it on the wall. But does it whistle? All right, it doesn't whistle.

Still, it troubles Doshi that China has just one overseas base (in Djibouti, established mainly for anti-piracy operations to protect Chinese shipping). Strategy, after all, can't be grand without expeditionary forces and other forms of global force projection. He offers that China's ownership of ports in Sri Lanka and Greenland, the construction of airports in Greenland, and the lease of a small island in the Maldives "suggest a growing interest in global facilities." He notes that China's marine corps has expanded from 10,000 to 30,000 since 2016. (There are, by contrast, 180,000 active-duty U.S. Marines.)

At length, Doshi acknowledges that China's efforts to project power remain muted. "China may be able to engage in operations outside the Indo-Pacific without precisely replicating America's complex and costly global footprint." In fact, Doshi's cogent description of China's military planning supports the conclusion that China is focused more on its borders than on the globe. He argues, for example, that "anti-surface warfare is the priority for China's submarines, which...suggests a focus on US vessels—notably carriers." In turn, "Chinese naval doctrine also confirms a focus on submarines as denial tools rather than as assets for escort or sea control."

But none of this quite adds up to a Chinese "grand strategy" in the sense of America's Cold War stance, which is what the author prom-



ised to expose. Apart from the military assets that China keeps at the ready to intimidate Taiwan, its “expeditionary” forces have the limited role of protecting Chinese nationals in crisis zones, as in Libya in 2011 and Yemen in 2015. Nor has China seized on opportunities created by American weakness to project military power away from its immediate land and maritime borders.

INDEED, CHINA OFTEN APPEARS WRONG-footed by America’s retreat from global power projection. Beijing expressed genuine discomfort with America’s precipitous withdrawal from Afghanistan, which shares porous borders with both China and Pakistan. The Taliban’s takeover on the heels of the Americans’ departure aggravates the risk of jihadist terrorism in China.

Iran’s rapprochement with China comes with another set of problems: China imports more oil from Saudi Arabia than any other country, and views with discomfort Shiite ambitions to displace the Saudi monarchy. With Turkey, a prospective ally of Uyghur separatism, Beijing keeps its friends close and its enemies closer, using a combination of bribes and threats to dissuade Turkey from sponsoring what it used to call “East Turkestan.” I have suggested several times over the past decade that a “Pax Sinica” might emerge in the Middle East. China, however, shows scant interest in taking responsibility for a fractious and unpredictable region.

Another aspect of China’s global ambition is its self-proclaimed goal to dominate the Fourth Industrial Revolution by making “enormous investments in basic science research that the market may otherwise shun,” in Doshi’s summary. He accepts National Science Foundation estimates that China spends a significantly higher proportion of its GDP on research and development than does the U.S. The disparity is especially large in the case of most advanced technologies: “China spends at least ten times more than the United States does in quantum computing.”

He also observes rightly that China’s industrial depth gives it an enormous advantage over the United States in promotion of technology. *The Long Game* cites Renmin University professor Jin Canrong’s statement that China has a greater chance of leading the Fourth Industrial Revolution because the United States “has a major problem, which is the hollowing out of its industrial base.” The U.S. “cannot turn technology into a product acceptable to the market” without China’s factories. Canrong argues that China’s superior numbers of engineers, its ability to reverse-engineer, and its factories’ centrality to

global technology are “China’s real advantage in long-term industrial competition.”

DOSHI’S LESS CONVINCING DISCUSSION of China’s financial ambitions rests on a shaky grasp of the subject matter. “Chinese officials have long worried about the potential of a US-led digital currency that would bolster the US dollar system, and so they have raced for first-mover advantage,” he writes. In response, “[t]he United States should carefully study and then consider rolling out a digital currency that preserves its financial advantages and brings about precisely the world [Chinese officials] are worried about—a digital currency that complements and is anchored to the US dollar system.”

The dollar reserve system, like the sterling reserve system before it, allows the United States to incur enormous deficits on its current account by linking payments in trade to capital markets. Foreigners own \$7 trillion of U.S. Treasury securities, but, more importantly, keep \$16 trillion in dollar balances in offshore accounts (as reported by the Bank for International Settlements), mainly as working capital for international transactions. China has neither the ability nor the intention to “replace” the United States, which would require opening its capital markets and making

them subject to the vagaries of global capital flows. Chinese digital currency electronic payment is not, therefore, a magic bullet aimed at American financial hegemony, but a convenience, like a global PayPal.

The real threat to American financial hegemony comes not from the digital currency as such, but from the integration of so-called smart logistics and the “Internet of Things.” China is racing to lead a revolution in transport and warehousing that will allow counterparties to track all goods at every stage of production and shipment around the world, making global supply chains transparent. This will drastically reduce the banking system’s role as intermediary and shrink the working capital required for trade. Huawei, China’s premier telecom equipment company, explains on its website:

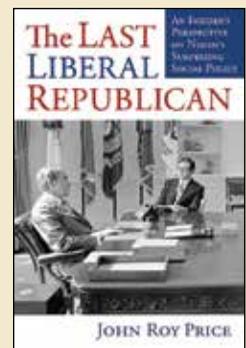
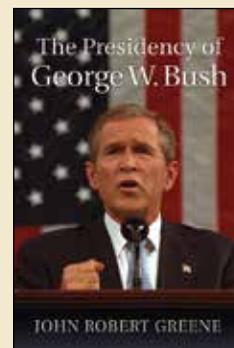
By transparently sharing information between all sections and visualizing material flows, the system better coordinates people, vehicles, goods, and warehouses. At the same time, it realizes real-time interconnections with external risk data, enabling early warnings and intelligent reminders of alternative options. In the distribution process, big data and AI make intelligent calcula-

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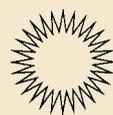
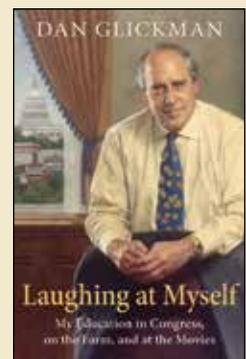
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AS MORGAN STANLEY'S ECONOMISTS observed in a report earlier this year, central bank digital currencies (CBDCs) will hollow out the deposit base of the banking system:

Commercial banks will face the risk of disintermediation. Once CBDC accounts are launched, consumers will be able to transfer their bank deposits there, subject to limits imposed by the central banks. Moreover, the technological infrastructure of CBDCs will make it easier for new non-bank entities to enter the payments space and accelerate the transition toward digital payments.

The deposit base of the banking system will erode, and the \$16 trillion of offshore U.S. dollar deposits will gradually disappear. But this \$16 trillion amounts to an interest-free loan to the United States, since banks invest the proceeds in U.S. government or private debt instruments. What the United States stands to lose in the application of Big Data and Artificial Intelligence to logistics is tens of trillions of dollars of seigniorage, originally a term for the premium a monarch earned by turning bullion into coins. The 16th-century Spanish monarchy spent vast sums to mine, ship, and protect the bullion that financed its deficits. Dutch and English central banking replaced this system with vastly more efficient use of capital. The advent of smart logis-

tics and digital finance will produce another quantum leap in capital efficiency.

Doshi is wrong to believe that an American digital currency will solve the problem. The difficulty is that China is several years ahead of the United States in deploying 5G networks and building out the manufacturing and logistics technology that 5G enables. The technologies associated with the Fourth Industrial Revolution, moreover, may give China a degree of influence in huge swaths of the world unimaginable within the framework of existing industrial organization. Billions of people in the developing world live on the margins of the global economy, working subsistence plots, engaging in petty commerce, with little access to information, education, medical care, and social services. Cheap mobile broadband is connecting them to the world market, integrating them into what Huawei calls its "ecosystem" of telecommunications, e-commerce, e-finance, telemedicine, and smart agriculture. I called this the "Sino-forming" of the world in *You Will Be Assimilated* (2020). China tore out traditional society at the grass roots and urbanized 600 million people during the past 35 years, and it believes that it can integrate billions more into its *virtual* empire during the next decade. The devil is to be found in the details of the technology, where Doshi seems out of his depth.

WHAT, THEN, SHOULD THE UNITED States do? American pressure to decouple from Chinese supply chains has been unavailing. "The European Chamber of Commerce in China found that only about 11 percent of its members were considering relocation out of China in 2020," Doshi writes. Similarly, "the president of Am-Cham China noted that the majority of the group's members are not planning on exiting China."

Missing from *The Long Game*, though, is an account of the semiconductor war between America and China. As Harvard's Graham Allison observed in a June 11, 2020, essay in the *National Interest*, the Trump Administration's boycott of Chinese acquisition of high-end semiconductor intellectual property recalls Franklin Roosevelt's 1941 oil boycott against Japan. China responded with massive investment and an "all-country effort" to es-

tablish independence in chip production, and appears to have achieved a considerable degree of success in the interim. Trump's chip sanctions, by far the most aggressive U.S. attempt to stop China from leading the Fourth Industrial Revolution, appear to have failed, perhaps even backfired. What should we have done, and what should we do next?

Here Doshi is silent: the term "semiconductor" does not appear in his index. He would like the United States to spend more on research and development, to adopt an industrial policy that fosters high-tech industries, and do more to foster high-level STEM education. That is well and good, but it is disappointing that one of the new administration's officials responsible for China policy has declined to take account of the past administration's policy, continued by the Biden Administration.

Doshi also proposes that the United States should invent area denial weapons to achieve "a kind of 'No Man's Sea' where no actor can successfully control waters or islands or launch amphibious operations in the First Island Chain." He adds that we should help Taiwan, Japan, Vietnam, the Philippines, Indonesia, Malaysia, and India to do the same. In addition, the U.S. should "undermine China's costly efforts to establish overseas bases" if and when China tries to build them. And, of course, counter Chinese influence at the United Nations, which Doshi thinks is important.

These recommendations are unexceptionable, but generic. Doshi has assembled a wealth of useful material from Chinese sources and collated it with Western analysis. This is worth the price of the book. But he misses the trees for the forest, so to speak: he pays too little attention to the singular aspects of Chinese policy that make the Middle Kingdom such a formidable competitor. Readers who look for clues here about the Biden Administration's China stance going forward will be disappointed.

David P. Goldman is deputy editor of the Asia Times, a fellow of the Claremont Institute's Center for the American Way of Life, and author, most recently, of You Will Be Assimilated: China's Plan to Sino-Form the World (Bombardier Books).

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