

# A U.S.-China Grand Bargain?

Charles L. Glaser

## The Hard Choice between Military Competition and Accommodation

Over the past decade, China's rise has generated much attention, admiration, and concern. Whether China can rise peacefully remains a heavily debated issue, with political scientists worrying about the dangers of power transitions, aspiring regional hegemony, and growing nationalism.<sup>1</sup> In response to China's economic and military growth, the administration of Barack Obama has rebalanced U.S. foreign and security policy toward Asia, a decision that is generating considerable debate over whether the United States is doing too little or too much to confront China.

Despite this intense focus, the United States has yet to confront fully the most challenging question posed by China's rise: Should the United States pursue a strategy of limited geopolitical accommodation to avoid conflict?<sup>2</sup> Instead, U.S. policy continues to focus entirely on preserving the geopolitical status quo in Northeast Asia.

This article argues that a more fundamental revision of U.S. policy is

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For comments and suggestions, the author thanks participants in the DC International Relations Workshop, the MacMillan International Relations Seminar at Yale University, the Research Program in International Security at Princeton University, the Institute for Security and Conflict Studies workshop at the Elliott School of International Affairs, a workshop at the Kissinger Institute, and Robert Daly, Amitai Etzioni, David Firestein, Bonnie Glaser, Daniel Jacobs, Michael Joseph, Mike Mochizuki, Ambassador Stapleton Roy, David Shambaugh, Robert Sutter, Michael Swaine, Hugh White, and William Wohlforth. For excellent research assistance, he thanks Daniel Jacobs.

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1. Another debate centers on whether China is rising and if its upward trajectory will continue. See Michael Beckley, "China's Century? Why America's Edge Will Endure," *International Security*, Vol. 36, No. 3 (Winter 2011/12), pp. 41–78; Joshua R. Itzkowitz Shiffrin and Michael Beckley, "Correspondence: Debating China's Rise and U.S. Decline," *International Security*, Vol. 37, No. 3 (Winter 2012/13), pp. 172–181; and Sheena Chestnut and Alastair Iain Johnston, "Is China Rising?" in Eva Paus, Penelope B. Prime, and Jon Western, eds., *Global Giant: Is China Changing the Rules of the Game?* (New York: Palgrave Macmillan, 2009), pp. 237–260.

2. This gap is mirrored in the large literature on China's rise; one of the few exceptions is Hugh White, *The China Choice: Why America Should Share Power* (Collingwood, Australia: Black, 2012). On the different (though not unrelated) question of whether and how the United States should exercise restraint in dealing with China's rise, see James Steinberg and Michael E. O'Hanlon, *Strategic Reassurance and Resolve: U.S.-China Relations in the Twenty-first Century* (Princeton, N.J.: Princeton University Press, 2014); Amitai Etzioni, "MAR: A Model for U.S.-China Relations," *Diplomat*, September 20, 2013, <http://thediplomat.com/2013/09/mar-a-model-for-us-china-relations/>; and Michael D. Swaine, *America's Challenge: Engaging a Rising China in the Twenty-first Century* (Washington, D.C.: Carnegie Endowment for International Peace, 2011). For calls to revise U.S. policy toward Taiwan, see footnote 62.

needed. Specifically, the United States should negotiate a grand bargain that ends its commitment to defend Taiwan against Chinese aggression. In return, China would peacefully resolve its maritime and land disputes in the South China and East China Seas, and officially accept the United States' long-term military security role in East Asia.

U.S. accommodation of China deserves serious analysis for two reasons. First, both intuition and international relations theory suggest that a rising power, especially one that has experienced tremendous growth, can reasonably expect to increase its geopolitical influence and more fully achieve its goals, especially when these goals involve its national security. Bargaining theories maintain that the probability of war is greater when there is a larger disparity between the distribution of benefits in the existing territorial status quo and the balance of power.<sup>3</sup> Accommodation that reduces this disparity can, under some conditions, reduce the probability of war and increase the declining state's security.

Second, the pressures created by the international structure—the combination of material and information conditions that constrain states' international options—should allow China to rise peacefully, which, somewhat counter-intuitively, increases the potential importance of accommodation. If the international structure were driving the United States and China toward a major conflict, the concessions required of the United States would be extremely large and costly. Even then, they might do little to moderate the intense competition. But, because the international structure is not creating such intense pressures, concessions that do not compromise vital U.S. interests may have the potential to greatly diminish growing strains in U.S.-China relations, thereby moderating future military and foreign policy competition between the two powers.

More concretely, regional dangers dwarf international structural dangers. Northeast Asia is plagued by territorial and maritime disputes that are straining political relations both within the region and across the Pacific. Only one of these disputes—China's opposition to U.S. involvement in protecting Taiwan—seems important enough to possibly bring the United States and China into conflict. Even Taiwan, however, is a secondary, albeit not insignificant, U.S. interest. Other lesser disputes are currently roiling China's relationships with many of its neighbors, but none appear sufficiently significant

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3. Robert Powell, *In the Shadow of Power: States and Strategies in International Politics* (Princeton, N.J.: Princeton University Press, 1999), chap. 3. On related arguments, see Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1983); and Randall L. Schweller and Xiaoyu Pu, "After Unipolarity: China's Visions of International Order in an Era of U.S. Decline," *International Security*, Vol. 36, No. 1 (Summer 2011), pp. 41–72.

that they should derail China's peaceful rise. Nevertheless, recent events demonstrate that even these seemingly minor disputes—for example, over the status of the Senkaku/Diaoyu Islands—can have an outsized negative impact on U.S.-China relations. Thus, the question arises whether accommodation on Taiwan and possibly these still less important issues would help keep China's rise peaceful, while the United States continued to effectively protect its vital interests in the region.

Accommodation could bring risks of its own. For example, it would jeopardize U.S. security if it were to convince China that the United States lacked the resolve to protect its vital national interests, leading China to adopt a more assertive foreign policy. This danger would be especially large if, instead of limited aims, China desired regional hegemony and was determined to force the United States out of East Asia. Accommodation might also raise serious concerns among U.S. allies—most importantly, Japan—about the reliability of U.S. security guarantees, thereby undermining alliances that are widely judged to be essential to the security of the United States. Finally, ending the United States' commitment to Taiwan could sacrifice important U.S. nonsecurity interests, including support for democracy and individual liberties, with no guarantee of benefits in return.

The grand bargain I propose is designed to capture the benefits of U.S. accommodation with China, while reducing its risks. China's concessions on its territorial and maritime disputes would communicate information to the United States about the limited extent of its aims, thereby reducing Washington's concern that its own concessions would encourage China to push the United States out of East Asia. In addition, resolution of these disputes would eliminate flash points that fuel regional military competition and crises that could draw the United States into a war.

This article proceeds as follows. In the first section, to keep the analysis manageable, I bound it with regard to the debate over the pressures for competition that are generated by today's international structure; the debate over U.S. grand strategy; the constraints posed by U.S. domestic politics; and the modalities and stages for achieving a grand bargain. The second section analyzes the general logic of a policy of territorial accommodation, including the factors that determine the magnitude of its costs, benefits, and risks. The third section addresses the specifics of a U.S. policy of accommodation toward China. The fourth section explores the benefits and risks of ending the U.S. commitment to defend Taiwan. The benefits go well beyond removing a dangerous flash point that could draw the United States into a war with China, to include eliminating a deep source of Chinese distrust of U.S. motives and moderating military competition over the sea lines of communication (SLOCs) in East Asia that is

straining U.S.-China relations. The fifth section presents my case for a grand bargain between the United States and China. The sixth section addresses counterarguments not covered by my discussion of the costs of accommodation, including doubts about the credibility of commitments made by a rising power and the reduced salience of conflict between Taiwan and China. The final section briefly considers the key policy alternatives to a grand bargain: unilateral U.S. accommodation on Taiwan; a concert of Asian powers; and current U.S. policy—the rebalance. Unilateral accommodation and the rebalance have advantages and make the decision a close call, but all things considered, the grand bargain is currently the United States' best bet.

### *Bounding the Analysis*

This section bounds my analysis by limiting discussion of four issues required for a comprehensive evaluation of the prospects for a grand bargain between the United States and China: the grand international relations theory debate, by adopting a defensive realist lens; the grand strategy debate, by assuming the United States retains its commitment to East Asia; U.S. domestic political constraints, by focusing entirely on which policy would best advance U.S. national interests and not its current feasibility; and the international modalities and stages for reaching a grand bargain, by exploring only the desirability of this ultimate objective and not the path for getting there.

#### REALISM, CHINA'S RISE, AND THE PROBABILITY OF WAR

My analysis draws on defensive realism and its more general rationalist variant.<sup>4</sup> This choice matters because different grand theories of international politics generate divergent predictions for the outcome of China's rise and different prescriptions for dealing with it.<sup>5</sup>

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4. Charles L. Glaser, *Rational Theory of International Politics: The Logic of Competition and Cooperation* (Princeton, N.J.: Princeton University Press, 2010); and Charles L. Glaser, "Realists as Optimists: Cooperation as Self-Help," *International Security*, Vol. 19, No. 3 (Winter 1994/95), pp. 50–90. See also Andrew H. Kydd, *Trust and Mistrust in International Relations* (Princeton, N.J.: Princeton University Press, 2005).

5. Aaron L. Friedberg, "The Future of U.S.-China Relations: Is Conflict Inevitable?" *International Security*, Vol. 30, No. 2 (Fall 2005), pp. 7–45; Thomas J. Christensen, "Fostering Stability or Creating a Monster? The Rise of China and U.S. Policy toward East Asia," *International Security*, Vol. 31, No. 1 (Summer 2006), pp. 81–126; and Charles Glaser, "Will China's Rise Lead to War? Why Realism Does Not Mean Pessimism," *Foreign Affairs*, Vol. 90, No. 2 (March/April 2011), pp. 80–91. For analysis that draws on a variety of theoretical perspectives, see Robert S. Ross and Zhu Feng, *China's Ascent: Power, Security, and the Future of International Politics* (Ithaca, N.Y.: Cornell University Press, 2008); and David C. Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2007).

Defensive realism characterizes the international environment that a state faces in terms of its power, the ease of conquest (i.e., the offense-defense balance), and states' information about each other's motives. China's power—its geographical size, large population, and wealth—provides China with the resources necessary for defense. In addition, China's separation from the United States by the Pacific Ocean makes defense against conventional attack relatively easy. Maybe most important, China's wealth, combined with nuclear weapons technology, can provide China with massive retaliatory capabilities, which will greatly enhance its ability to deter both conventional and nuclear attacks.<sup>6</sup> At the same time, the "defensive advantage" created by geography and military technology ensures that the United States can remain an extremely secure international actor as China rises.

U.S. beliefs about China's motives and vice versa further favor China's peaceful rise. If the United States believes that China is likely driven by concern for its own security, then the United States may be willing to pursue cooperative policies that communicate its own benign motives. In contrast, if the United States believes that China is a greedy state that values changing the status quo for nonsecurity reasons, then the United States should pursue more competitive policies, which will strain U.S.-China relations. The fact that U.S.-China relations are much better than U.S.-Soviet relations were during the Cold War bodes well for China's rise. The strains that have grown in the U.S.-China relationship over the past decade, however, reduce the prospects for avoiding a negative political spiral and increase the probability of war.

In short, international conditions should enable both the United States and China to be highly secure; they greatly moderate the security dilemma, which reduces the competitive pressures generated by the international system. Although Northeast Asia is not fully "primed for peace,"<sup>7</sup> defensive realism is relatively optimistic about the prospects for China's peaceful rise.

In contrast, other well-established strands of structural realist theory provide a far more pessimistic assessment of the future of U.S.-China relations.<sup>8</sup> Standard structural realism, focusing only on power, argues that China's military buildup is designed to overwhelm U.S. military advantages in Northeast Asia. The overall result will be intense Sino-American competition that resem-

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6. The question of whether China possesses a massive retaliatory capability remains under debate. China's ongoing modernization and enlargement of its nuclear force, however, will almost certainly provide this capability if it does not already exist.

7. See Stephen Van Evera, "Primed for Peace: Europe after the Cold War," *International Security*, Vol. 15, No. 3 (Winter 1990/91), pp. 7-57.

8. For my critique of these other theories, see Glaser, *Rational Theory of International Politics*, chap. 6. See also Glenn H. Snyder, "Mearsheimer's World—Offensive Realism and the Struggle for Security: A Review Essay," *International Security*, Vol. 27, No. 1 (Summer 2002), pp. 149-173.

bles the Cold War; nuclear weapons will keep the peace, but competition and insecurity will be the defining features of the relationship.<sup>9</sup>

Offensive realism envisions a still more competitive outcome. China, acting in accordance with the theory's call for states to maximize their power, will attempt to become the hegemonic power in Northeast Asia.<sup>10</sup> Achieving regional hegemony will require China to build military forces capable of defeating its neighbors and pushing the United States out of the region. Threatened by Chinese pursuit of regional hegemony, the United States will compete intensely to maintain its position in Northeast Asia, leaving both states less secure and major power war a not unlikely outcome.<sup>11</sup>

Grounding my analysis in defensive realism and its more general rational variant therefore has significant implications for U.S. policy. Because defensive realism finds that the pressures generated by international structure will allow China to rise peacefully, regional issues that could derail this promising trajectory become more important.

#### GRAND STRATEGY AND THE U.S. COMMITMENT TO EAST ASIA

My analysis assumes that the United States retains its current grand strategy of "selective engagement" or "deep engagement," a central purpose of which is to preserve peace among East Asia's major powers. The strategy views this major power peace as necessary not only for ensuring the United States' security, but also for preventing nuclear proliferation and protecting U.S. economic interests. The key means for achieving these objectives are the United States' security alliances with Japan and South Korea and the forward deployment of U.S. forces, which provides both the capability and the credibility required to sustain these alliances.<sup>12</sup>

An alternative grand strategy, neo-isolationism, calls for the United States to end its security commitments to East Asia (and to Europe).<sup>13</sup> The neo-isolationist position is based on powerful arguments and is stronger now than it was a couple of decades ago, because China has become much more power-

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9. Kenneth N. Waltz, "Structural Realism after the Cold War," *International Security*, Vol. 25, No. 1 (Summer 2000), pp. 5–41.

10. John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001).

11. John J. Mearsheimer, "The Gathering Storm: China's Challenge to U.S. Power in Asia," *Chinese Journal of International Politics*, Vol. 3 (2010), pp. 381–396.

12. A recent analysis that supports this position and provides extensive citations to the grand strategy literature is Stephen G. Brooks, G. John Ikenberry, and William C. Wohlforth, "Don't Come Home, America: The Case against Retrenchment," *International Security*, Vol. 37, No. 3 (Winter 2012/13), pp. 7–51.

13. A good example among a large literature is Eugene Gholz, Daryl G. Press, and Harvey M. Sapolsky, "Come Home, America: The Strategy of Restraint in the Face of Temptation," *International Security*, Vol. 21, No. 4 (Spring 1997), pp. 5–48.

ful and the probability of conflict with the United States looms larger. For neo-isolationists, bringing U.S. forces home and ending the United States' alliances would increase U.S. security, regardless of China's goals.

Putting aside this grand strategy debate enables me to focus on the issue addressed in this article—U.S. accommodation and the possibility of a grand bargain with China. To separate my analysis from the grand strategy debate, and to tackle a hard case for accommodation, I assume that the broad outlines of U.S. grand strategy remain unchanged and judge the desirability of accommodation and a grand bargain relative to selective engagement's defining criteria—preserving peace among East Asia's major powers, with the United States' security alliances as the centerpiece of the strategy.

#### U.S. DOMESTIC POLITICAL BARRIERS TO ACCOMMODATION

Many domestic barriers exist to ending the U.S. commitment to Taiwan. Beyond the risks noted above, which will fuel policy-based resistance, the United States' long-standing commitment to and involvement with Taiwan have created historical and ideological connections. Most concretely, the United States is committed under the Taiwan Relations Act to “consider any effort to determine the future of Taiwan by other than peaceful means . . . of grave concern to the United States” and to “provide Taiwan with arms of a defensive character.”<sup>14</sup> Thus, ending the U.S. commitment to Taiwan would require repeal of the Taiwan Relations Act by the U.S. Congress, where repeal would almost certainly face influential opponents. In addition, for many American observers, geopolitical accommodation would be a glaring, concrete admission of American decline that clashed with their image of the United States as the globe's sole superpower.<sup>15</sup>

Although not denying the importance of domestic barriers to changes in U.S. policy toward Taiwan, I focus more narrowly on the question of which policy would best advance U.S. national interests, not on its current domestic political feasibility. This framing is not intended to imply that this article is primarily a theoretical piece. Rather, it is an exercise in policy analysis that draws heavily on international relations theory. Analytically, the desirability and political feasibility of U.S. security policy can often be productively separated. Changing understandings of which policies are desirable can generate changes in the political debate in the United States that influence which policies are politically feasible.

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14. *Taiwan Relations Act*, Public Law 96-8, *U.S. Code* 22 (1979), § 3301.

15. See, however, Paul K. Montgomery and Joseph M. Parent, “Graceful Decline? The Surprising Success of Great Power Retrenchment,” *International Security*, Vol. 35, No. 4 (Spring 2011), pp. 7–44.

INTERNATIONAL MODALITIES AND BARGAINING STAGES

Two questions about the process of achieving a grand bargain between the United States and China are relevant to this study. First, would the bargaining be conducted in secret diplomatic negotiations or in negotiations of which the public was aware? Second, would the grand bargain be negotiated and implemented all at once or in stages? For example, stages could include resolution of how to divide maritime resources without resolution of the sovereignty issues; agreement to defer sovereignty issues; arms control agreements that limit China's conventional ability to threaten Taiwan and Japan and the operation of U.S. forces near China's shores; and the reduction and eventual termination of U.S. arms sales to Taiwan.

Although answers to these questions about how a grand bargain would be achieved could be important, I do not explore them because it is first necessary to determine the desirability of such a bargain—if one is undesirable, then these questions are uninteresting. Moreover, as this article demonstrates, full analysis of the desirability of a grand bargain alone requires a lengthy treatment, which precludes analysis here of the process for achieving one.

Exploring the questions of modality and stages is a natural next step once the desirability of a grand bargain has been established. The analytic challenges posed by the process promise to be substantial, among other reasons because certain partial steps could generate dangers of their own. For example, changes in U.S. policies that suggest the United States might eventually end its commitment to Taiwan could encourage Taipei to move toward declaring independence while it thought the United States would still come to its defense, and simultaneously lead Beijing to doubt that the United States would respond to Chinese use of force against Taiwan.

*Logic of a Strategy of Territorial Accommodation*

To lay the foundation for evaluating a U.S. strategy toward China that includes territorial accommodation, I begin by reviewing the general logic of its benefits and costs. Although territorial accommodation is frequently viewed as a deeply flawed strategy—often associated with British concessions to Germany at the 1938 Munich conference—concessions can be a state's best option for protecting its vital interests. I focus here on unilateral territorial concessions to an adversary designed to reduce the probability of war.<sup>16</sup> Territorial accommo-

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16. The majority of theoretical discussions of accommodation and territorial concessions can be found in the literature on appeasement; consequently, many of my citations refer to this literature. On the range of definitions of appeasement, see Stephen R. Rock, *Appeasement in International Poli-*

dation could, however, be mutual or be part of an overall bargain in which the adversary also makes concessions over other things it values.

#### POTENTIAL BENEFITS

There are three paths that can lead to the success of territorial accommodation.<sup>17</sup> The first is satisfying or partially satisfying an adversary that wants to change the status quo, thereby reducing the costs it is willing to pay to further change the status quo, which in turn reduces the probability of war.<sup>18</sup> When the adversary has limited aims, accommodation has the potential to completely satisfy it. In this case, following accommodation, a greedy state that had limited aims in the prior status quo becomes a security seeker in the new status quo. Thus the possibility of war over those limited aims is essentially eliminated.

The second path to success is increasing an adversary's security, which can occur through a variety of mechanisms. For example, territorial accommodation can directly increase the adversary's security if the state making concessions had deployed forces on the conceded territory that threatened the adversary. Accommodation can also increase the adversary's security if the state deployed forces beyond the conceded territory to protect it and if these forces threatened the adversary. Finally, as explained by defensive realism, if accommodation signals that the state is a security seeker, or even that it has more limited hostile aims than the adversary previously believed, the adversary will be more secure and in turn less dangerous.

The third, partially related, path involves increasing both states' security by making unnecessary the military competition that the states would have engaged in while pursuing capabilities to defend or attack the territory in question. Under certain conditions, this military competition could have reduced both states' capabilities or could have communicated greedy motives, thereby straining their political relationship and making war more likely.

The magnitude of these benefits depends on the state's ability to deter its adversary in the current status quo. For example, if the state can deter its adversary with high confidence, then accommodation designed to reduce the probability of conflict provides smaller benefits than if the state's prospects for

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*tics* (Lexington: University Press of Kentucky, 2000), pp. 10–12. On the distinction between appeasement and retrenchment, see Montgomery and Parent, "Graceful Decline?" pp. 11–13.

17. On additional paths and mechanisms, see Daniel Treisman, "Rational Appeasement," *International Organization*, Vol. 58, No. 2 (Spring 2004), pp. 345–373; and Rock, *Appeasement in International Politics*, pp. 14–15.

18. The state's decision is more complicated if it is a declining power. See Robert Powell, "Uncertainty, Shifting Power, and Appeasement," *American Political Science Review*, Vol. 90, No. 4 (December 1996), pp. 749–764.

successful deterrence are poor. In addition, potential benefits should be evaluated across time. For example, if the status quo is characterized by competition that is increasing the probability of war, and if accommodation would moderate this competition, then the benefits of accommodation are larger than if the probability of war were constant.

#### POTENTIAL COSTS

International relations theorists and policy commentators have long warned of the costs and risks of territorial accommodation. First, there is the direct cost of the concession itself, that is, what the state loses by giving up the territory, measured in terms of security, prosperity, ideological goals, prestige, and so on. If the losses are larger than the risks of competition and war, then the state should not employ a strategy of accommodation.

Second, and more complicated, instead of satisfying the adversary, territorial accommodation could enable or encourage it to demand or forcibly pursue additional concessions. Whether these dangers exist depends on the adversary's motives and the extent of its aims. Accommodation that might satisfy a greedy adversary with limited aims could instead increase the probability of war if the adversary has unlimited aims, or even limited aims that significantly exceed the scope of the concessions. The state will almost always face some uncertainty about the nature and extent of the adversary's aims, so accommodation will rarely be risk free.

Given this uncertainty, territorial accommodation can be dangerous if it increases the adversary's ability to launch additional challenges. Territorial concessions can enhance the adversary's potential offensive capabilities by increasing its wealth or access to critical resources, by providing it with territory that enhances its ability to fight on the offensive, and by freeing up military forces that were previously committed to challenging the conceded territory. In addition, given uncertainty about the adversary's aims, territorial accommodation can be dangerous if it decreases the adversary's assessment of the state's credibility for defending its interests, thereby increasing the adversary's willingness to launch additional challenges.

The literature is divided on how a state's actions influence an adversary's assessment of its credibility. A key strand holds that a state's credibility is connected across issues; making unmatched concessions on one issue can reduce a state's credibility for defending its other interests.<sup>19</sup> Although the broadest version of this argument—concessions on any issue anywhere damage a state's

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19. For early arguments along these lines, see Glenn H. Snyder, *Deterrence and Defense: Toward a Theory of National Security* (Princeton, N.J.: Princeton University Press, 1961), pp. 30–40. Paul K.

credibility on all other issues everywhere—seems implausible, a more conditional argument is logically sound.<sup>20</sup> Specifically, concessions on an issue that an adversary believes is similar along one or more dimensions to a second issue will reduce the state's credibility for defending the second issue. For a rational adversary, an opposing state's credibility is directly related to its understanding of that state's interest in the specific issue. The connectedness logic requires that the adversary be uncertain about the nature or extent of the state's interest in the two issues. The state's action on the first issue provides the adversary with information about the extent of the state's interest in that issue. In addition, because the two issues share significant similarities, the action also can provide the adversary with information about the extent of the state's interest in the second issue. The relevant dimensions along which issues can be similar include geography; the estimated magnitude of the interest; and, related but separable, the nature of the interest (security, economic, identity, etc.).

The opposing strand of the credibility debate holds that a state's past actions do not influence its credibility. According to this line of argument, credibility depends only on an opposing state's power and interests, both of which are known, not on its past behavior.<sup>21</sup> This formulation, however, mischaracterizes the issue of credibility by assuming that the adversary essentially knows the extent of the state's interests. Uncertainty about the state's interests, however, lies at the core of the adversary's uncertainty about the state's credibility. This in turn creates a role for past actions to influence current assessments of credibility. And, although the adversary may be nearly certain that the state places an extremely high value on defending its homeland, the adversary is likely to be more uncertain about the value that the state places on defending its allies and lesser interests.

Given this uncertainty, if the adversary sees logical similarities between the two issues, one would expect that a state's policy toward a lesser (but possibly still important) interest would enable an adversary to update its assessment of the state's interests and, in turn, of the credibility of its commitments. For example, ending an alliance could lead an adversary to reduce its assessment of how likely the state would be to meet certain other alliance commitments. The magnitude of the change would depend on the size of the accommodation, the

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Huth evaluates the evolving debate in Huth, "Reputations and Deterrence: A Theoretical and Empirical Assessment," *Security Studies*, Vol. 7, No. 1 (December 1997), especially pp. 82–89.

20. A related question is whether leaders believe the broad version of the argument; Daryl G. Press contends that they do. See Press, *Calculating Credibility: How Leaders Assess Military Threats* (Ithaca, N.Y.: Cornell University Press, 2005), p. 21.

21. *Ibid.*

extent of uncertainties about the state's interests, and the similarity between the terminated and the continuing alliances. In addition, if the adversary believes that a structural change caused the state to adopt accommodation, it will see a similarity across otherwise disparate issues that are affected by the structural change and will, therefore, reduce its assessment of the state's credibility on all of these issues.

Finally, the state's territorial accommodation could reduce its allies' assessments of its credibility for meeting its commitments to them.<sup>22</sup> As a result, accommodation could damage a state's alliances, thereby reducing the state's security and possibly more than offsetting the direct benefits that accommodation provided vis-à-vis the state's adversary. As with the adversary's assessments of credibility, there is a related and partially divided literature on how a state's actions influence its allies' assessments of its credibility. The rationalist argument parallels the connectedness argument with respect to adversaries, which I discussed above. According to this argument, an ally that is uncertain about the extent of the state's interest in protecting it will observe how the state acts toward other allies to acquire information about the state's interest in it. The information these actions can provide depends on the ally's similarity to other allies, which could be understood along a variety of dimensions, including possibly the size of the allies' economies, their geographic location, their strategic value to the state, and their regime types. An alternative view, built on social psychological arguments, holds that an ally will damage its reputation for resolve, and in turn its credibility, by backing down, but will not enhance its reputation by holding firm.<sup>23</sup> Thus, both perspectives find that accommodation can damage a state's credibility with its allies, although not necessarily under the same conditions and not for the same reasons.

In sum, a strategy that involves territorial accommodation can generate a mix of benefits and costs. The nature and extent of the adversary's motives, whether concessions would significantly increase its military potential and raise doubts about the state's credibility for defending its interests, and how allies would interpret the state's accommodation can all influence the desirability of accommodation.

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22. Not all analysts agree that reducing the credibility of the United States for meeting alliance commitments would have a negative impact on its security; some argue that the United States' high credibility leads its allies to shirk and/or adopt provocative policies. See Stephen M. Walt, *Taming American Power: The Global Response to U.S. Primacy* (New York: W.W. Norton, 2006); and Barry R. Posen, *Restraint: A New Foundation for U.S. Grand Strategy* (Ithaca, N.Y.: Cornell University Press, 2014).

23. Jonathan Mercer, *Reputation and International Politics* (Ithaca, N.Y.: Cornell University Press, 1996).

## U.S. Accommodation of China

This section explores how the factors discussed above influence whether U.S. accommodation of China would increase U.S. security.

### CONFLICTING INTERESTS AND POSSIBLE RANGE OF ACCOMMODATION

Here I briefly describe three issues over which the United States and China have conflicting interests, and a fourth over which they may have conflicting interests. Accommodation and cooperation on these issues could take a variety of forms.

The first issue involves Taiwan, a multiparty democracy with a population of 23 million that has an advanced industrial economy with per capita gross domestic product a few times larger than China's. China considers Taiwan a core interest—an essential part of its homeland that it is determined to bring under full sovereign control.<sup>24</sup> China has made clear its willingness to go to war to prevent Taiwan from becoming independent,<sup>25</sup> while showing restraint as long as Taipei has avoided actions that Beijing considers provocative moves toward independence. Whether China will wait indefinitely to gain full control of Taiwan, however, is unclear. The United States opposes the use of force to resolve the conflict and continues to sell Taiwan arms, as specified by the Taiwan Relations Act.<sup>26</sup> The U.S. defense commitment has evolved from “strategic ambiguity” in the 1990s to a form of “dual deterrence,” in which “the United States implicitly warned Beijing that it would defend Taiwan in the event of an unprovoked attack and implicitly warned Taipei that U.S. support would be in doubt if Taiwan provoked the conflict.”<sup>27</sup>

Second, the United States is linked to a set of sovereignty and maritime disputes in the South China and East China Seas through its commitments to allies and friends in the region.<sup>28</sup> The total amount of territory involved in these

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24. M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton, N.J.: Princeton University Press, 2008), chap. 5.

25. See, for example, Thomas J. Christensen, “Chinese Realpolitik: Reading Beijing's World-View,” *Foreign Affairs*, Vol. 75, No. 5 (September/October 1996), pp. 45–52; and Michael D. Swaine, “Trouble in Taiwan,” *Foreign Affairs*, Vol. 83, No. 2 (March/April 2014), pp. 39–49.

26. On China's view that the United States has failed to meet agreed limitations on arms sales, see Andrew J. Nathan and Andrew Scobell, *China's Search for Security* (New York: Columbia University Press, 2012), pp. 99–105.

27. Richard C. Bush, *Uncharted Strait: The Future of China-Taiwan Relations* (Washington, D.C.: Brookings Institution Press, 2013), p. 215.

28. On the dangers posed by crises related to these disputes, see Avery Goldstein, “First Things First: The Pressing Danger of Crisis Instability in U.S.-China Relations,” *International Security*, Vol. 37, No. 4 (Spring 2013), pp. 49–89.

disputes is strikingly small.<sup>29</sup> In the South China Sea, China is involved in disputes with a number of countries, including the Philippines and Vietnam. Conflicting claims include ownership of small islands and smaller features in the Spratly and Paracel archipelagos. In addition, China maintains an ambiguous claim to much of the South China Sea, pitting it against other countries in the region. The South China Sea may have large oil and gas reserves, although there are substantial uncertainties about their size.<sup>30</sup> Thus, who has sovereignty over this area is important because, among other reasons, it influences which country (or countries) owns these resources. Finally, the disputes also have implications for control of the sea lines of communication that run through the South China Sea.<sup>31</sup>

In the East China Sea, China has disputes with Japan over the Senkaku/Diaoyu Islands and over the maritime boundary that divides the sea.<sup>32</sup> Like the South China Sea, the East China Sea contains potentially large oil and gas reserves, with estimates varying substantially; most currently identified reserves are in uncontested areas.<sup>33</sup> China's and Japan's divergent views on the boundary that divides the East China Sea reflect self-serving interpretations of ambiguities in the United Nations Convention on the Law of the Sea.<sup>34</sup> Beyond resource issues, the islands have substantial nationalist salience in both China and Japan.

Third, China and the United States have conflicting interests over the SLOCs that run from the Strait of Malacca to Chinese and Japanese ports. China relies heavily on seaborne trade, especially in oil, as do key U.S. allies, including Japan and South Korea. Because the imported oil comes primarily from the Persian Gulf, the relevant SLOCs reach across the Indian Ocean. There is little, if any, conflict of interest during peacetime, as uninterrupted

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29. The Senkaku/Diaoyu Islands are approximately 7 square kilometers in area and the Spratlys' 230 so-called features cover about 5 square kilometers.

30. U.S. Energy Information Administration (EIA), "South China Sea" (Washington, D.C.: EIA, updated February 7, 2013), [www.eia.gov/countries/analysisbriefs/South\\_China\\_Sea/south\\_china\\_sea.pdf](http://www.eia.gov/countries/analysisbriefs/South_China_Sea/south_china_sea.pdf).

31. Patrick M. Cronin, ed., *Cooperation from Strength: The United States, China, and the South China Sea* (Washington, D.C.: Center for a New American Security, 2012). For a concise discussion of U.S. policy, see M. Taylor Fravel, "U.S. Policy towards the Disputes in the South China Sea since 1995," policy report (Singapore: S. Rajaratnam School of International Studies, March 2014).

32. Richard C. Bush, *The Perils of Proximity: China-Japan Security Relations* (Washington, D.C.: Brookings Institution Press, 2010), especially chap. 6; and Mark J. Valencia, "The East China Sea Dispute: Context, Claims, Issues, and Possible Solutions," *Asian Perspective*, Vol. 31, No. 1 (2007), pp. 127–167.

33. EIA, "East China Sea" (Washington, D.C.: EIA, September 25, 2012), [http://www.eia.gov/countries/analysisbriefs/east\\_china\\_sea/east\\_china\\_sea.pdf](http://www.eia.gov/countries/analysisbriefs/east_china_sea/east_china_sea.pdf).

34. Charles L. Glaser, "How Oil Influences U.S. National Security," *International Security*, Vol. 38, No. 2 (Fall 2013), p. 138.

trade serves all states' interests. In a crisis or war, however, interruption of the SLOCs could be used coercively. The United States currently controls these SLOCs, which China views as threatening; China's military buildup is beginning to challenge U.S. dominance in Northeast Asia, which the United States sees as threatening.<sup>35</sup> The importance of the SLOCs is largely derivative, because controlling them is primarily important for achieving other interests—for example, protecting Taiwan.

Fourth, the United States and China may disagree about the future of the U.S. military presence and alliances in Northeast Asia. John Mearsheimer argues that once its power has increased sufficiently, China will be determined to drive the United States from the region, because achieving regional hegemony will increase its security. In a similar vein, Aaron Friedberg argues that although China's long-term goals remain uncertain, "what China's current rulers appear to want and what their successors will almost certainly want as well, is to see their country become the dominant or predominant power in East Asia . . . despite repeated claims to the contrary, it does seek a form of regional hegemony."<sup>36</sup> Friedberg identifies multiple reasons for this assessment, including China's national security; its historical identity as the region's predominant power; the desire of the authoritarian regime to retain power; and the natural inclination of a rising power to want to expand its influence, which would require reducing or eliminating the United States' role in the region. According to Friedberg, China faces a difficult dilemma, because U.S. security guarantees reduce Japan's need for nuclear weapons and larger conventional forces. "If it is to establish itself in a position of unquestioned predominance in East Asia," writes Friedberg, "China must find a way to bring Taiwan back, and push America out, while keeping Japan down."<sup>37</sup> As a result, China's strategy and pace for achieving regional hegemony is still to be decided; what is clear, according to his analysis, is the direction in which China wants to head.

In contrast, Michael Swaine concludes that "neither China's existing grand strategy nor public PRC [People's Republic of China] documents, statements, and formal policy actions provide conclusive evidence of . . . [a] commitment to undermine or replace U.S. power."<sup>38</sup> This is consistent with my view, grounded in defensive realist logic, that China can be very secure with the United States maintaining its alliances and forward deployment. Given that

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35. *Ibid.*, pp. 112–146.

36. Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton, 2011), p. 157.

37. *Ibid.*, pp. 156–181, at p. 174.

38. Swaine, *America's Challenge*, p. 339.

hegemony would provide only a small increase in its security, China should find the risks unwarranted. The only significant caveat concerns the U.S. ability to pressure China with a blockade during a conflict over Taiwan.<sup>39</sup> However, whether China has nonsecurity motives for pursuing regional hegemony—including ideational rationales for wanting to be the region's dominant power—is a separate question.<sup>40</sup> If it does, then the current U.S. grand strategy will be incompatible with China's goals, and intense competition is likely to ensue.

#### CHINA'S MOTIVES AND AMBITIONS

The nature and extent of China's motives and ambitions are possibly the key factors determining whether U.S. accommodation would, on net, contribute to U.S. objectives in Asia. Assessing the motives of a rising power is difficult because increased military capability could enhance the ability, and therefore the willingness, of both greedy states and security seekers to achieve expansionist geopolitical objectives.<sup>41</sup> The China case is further complicated by disagreements about the geopolitical status quo, which lead the United States and China to divergent views of whether efforts to acquire disputed territory reflect greedy or security motives.<sup>42</sup>

Many American experts are increasingly concerned that China's ambitions and assertiveness are growing in step with its power.<sup>43</sup> Other experts, however, question whether this is true.<sup>44</sup> Therefore, U.S. policy toward China will necessarily involve balancing the risks generated by this uncertainty.

From the United States' perspective, there is broad agreement on Taiwan—China's goal of unification makes China a limited-aims expansionist state. Whether this desire to revise the status quo reflects greedy or security-seeking

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39. The other caveat is that U.S. alliances in the region could reduce China's ability to prevail in disputes in the South China and East China Seas. This has become a more prominent Chinese concern in the past few years.

40. On status concerns as a potential driver of international competition, see T.V. Paul, Deborah Welch Larson, and William C. Wohlforth, eds., *Status in World Politics* (Cambridge: Cambridge University Press, 2014).

41. Although space limitations preclude a full discussion, there is a second distinct path to a more assertive foreign policy: increasing power could lead a state to adopt less limited fundamental aims, which its increasing power would make easier to imagine and more feasible.

42. International relations theories typically assume that states hold a shared view of the status quo. In cases in which the status quo itself is disputed, states will experience greater disagreement about each other's motives, making such situations both more complicated and more dangerous.

43. Aaron L. Friedberg, "The Sources of Chinese Conduct: Explaining Beijing's Assertiveness," *Washington Quarterly*, Vol. 37, No. 4 (Winter 2015), pp. 133–150.

44. Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?" *International Security*, Vol. 37, No. 4 (Spring 2013), pp. 7–48. Johnston argues that China has not become more assertive in general, but finds that it has become more so in the South China Sea.

motives, however, is a complicated matter, because China and the United States disagree about what constitutes the status quo. From China's perspective, control of Taiwan is a security objective because China considers Taiwan part of its homeland.<sup>45</sup> In contrast, given the United States' understanding of the status quo, China's determination to control Taiwan reflects greedy motives. Since the late 2000s, with the change in Taiwan's leadership, cross-strait relations have been increasingly good; thus, the Taiwan issue has not fueled growing concern about China's assertiveness.

Around the same time, China's policies in the South China and East China Seas started generating growing concern that China's goals are more extensive than previously believed and that Beijing places greater value on achieving them. Careful analysis through 2011 finds that many of these fears were exaggerated: although China was acting more assertively, it had not expanded its maritime claims; and much of China's policy was in reaction to more assertive policies adopted by other claimants. Less reassuring, China's behavior did reflect its growing military capabilities and its leaders' sensitivity to nationalist pressures.<sup>46</sup>

China's more recent policies provide grounds for greater concern. Reacting to the purchase of the Senkaku/Diaoyu Islands by the Japanese government in 2012, China launched a series of persistent and increasingly risky operations against the islands, which are under Japanese administrative control. Perhaps more significant, China appears to have redefined the nature of its interests in the Diaoyu Islands, stating for the first time that they are among its core interests.<sup>47</sup> China's establishment of an air defense identification zone over part of the East China Sea in 2013 has further fueled tensions.<sup>48</sup> China's policy has also arguably become more assertive in the South China Sea. For example, in 2012

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45. In addition, China believes that control of Taiwan would improve its security by increasing its ability to protect the mainland. See Alan M. Wachman, *Why Taiwan? Geostategic Rationales for China's Territorial Integrity* (Redwood City, Calif.: Stanford University Press, 2007).

46. Michael D. Swaine and M. Taylor Fravel, "China's Assertive Behavior, Part Two: The Maritime Periphery," *China Leadership Monitor*, Summer 2011, pp. 1–29.

47. For a range of nuanced views on the significance of this statement, see Shai Oster et al., "What's Really at the Core of China's 'Core Interests'? A *ChinaFile* Conversation," *ChinaFile*, April 30, 2013, <http://www.chinafile.com/what-s-really-core-china-s-core-interests>; and Stephanie T. Kleine-Ahlbrandt, Susan Shirk, and Wang Yizhou, "Does Promoting 'Core Interests' Do China More Harm Than Good? Part Two of a *ChinaFile* Conversation," *ChinaFile*, May 2, 2013, <http://www.chinafile.com/does-promoting-core-interests-do-china-more-harm-good>. Reports in 2010 that China declared the South China Sea a core interest were probably incorrect. See M. Taylor Fravel, "China's Strategy in the South China Sea," *Contemporary Southeast Asia*, Vol. 33, No. 3 (December 2011), p. 296; and Johnston, "How New and Assertive Is China's New Assertiveness?" pp. 17–20.

48. Michael D. Swaine, "Chinese Views and Commentary on the East China Sea Air Defense Identification Zone (ECS ADIA)," *China Leadership Monitor*, Spring 2013, pp. 1–54.

China used patrol ships to prevail over the Philippines in a dispute over the Scarborough Shoal.<sup>49</sup> More recently, a serious crisis ensued when a Chinese-controlled oil company installed a large oil rig in waters claimed by Vietnam.<sup>50</sup>

Although none of these territorial claims is new, China's changing definition of its interests and its more assertive behavior are causes for concern. First, if China's changing policies simply reflect its increased military capabilities, then its actions are a reminder of the obvious—as its improved military capabilities increase the probability of success or reduce the costs of conflict, or both, China will become more willing to use, and threaten to use, force in pursuit of its goals.<sup>51</sup>

Second, and probably more worrisome, China's actions could reflect an increase in the value that its leadership places on achieving its goals. The shift in China's framing of the Senkaku/Diaoyu dispute implies a reduced willingness to compromise on this issue. Although this could simply reflect the reduced risks of fighting, it could also result from an increase in the value that China places on prevailing. China appears to have largely abandoned its "peaceful rise" strategy, which was intended to avoid scaring neighboring countries and, in turn, to avoid generating military buildups and the formation and deepening of opposing alliances.<sup>52</sup> China's recent actions suggest that it now places lower priority on avoiding provoking other states.

Drawing conclusions about China's motives from its behavior is not straightforward, however, because China might be acting out of a sense of increased insecurity. If so, its actions would reflect changes in its view of its international environment, not changes in its motives. Many experts describe China as an insecure state. For example, Andrew Nathan and Andrew Scobell write, "Vulnerability to threats is the main driver of China's foreign policy. The world as seen from Beijing is a terrain of hazards, stretching from the streets outside the policymaker's window to the land borders and sea lines thousands of miles to the north, east, south, and west and beyond to the mines and oilfields of distant continents."<sup>53</sup> David Shambaugh concludes that China is "undergoing an identity crisis of significant proportion," and that "it is not so

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49. M. Taylor Fravel, "Growing Competition in the South China Sea," in Michael A. McDevitt, Fravel, and Lewis M. Stern, *The Long Littoral Project: South China Sea* (Arlington, Va.: Center for Naval Analysis, March 2013), pp. 51–58.

50. Austin Ramzy, "A View from the Sea, as China Flexes Muscle," *New York Times*, August 10, 2014.

51. Increased capabilities could also increase a country's security, thereby making it less likely to use force. This is less likely to be the case, however, when the status quo is contested.

52. Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (Redwood City, Calif.: Stanford University Press, 2005).

53. Nathan and Scobell, *China's Search for Security*, p. 3.

much an aggressive or threatening China with which the world should be concerned, but rather an insecure, confused, frustrated, angry, dissatisfied, selfish, truculent and lonely power. More than anything, China wants to be prosperous, secure, respected, and left alone in its own geocultural orbit."<sup>54</sup>

Additionally, recent U.S. policy could be a cause of China's insecurity. Robert Ross argues that the U.S. rebalance toward Asia has increased China's insecurity, which in turn has led China to pursue more assertive policies. He is especially critical of the shift in U.S. policy toward direct involvement in China's sovereignty disputes over the Spratly Islands in the South China Sea, and concludes that "Beijing predictably saw this departure from past U.S. policy as gratuitous, expansionist and threatening. . . . China pushed back against the pivot [rebalance] with concrete policies rather than the merely aggressive rhetoric it employed in the past."<sup>55</sup>

Overall, then, one is left with grounds for concern about China's motives, but also much uncertainty. Thus far, recent Chinese behavior does not offer clear evidence of expanding goals or goals that go beyond security.<sup>56</sup> This leaves open the possibility that as its power grows, China will become more determined to fully achieve its current sovereignty claims, but not adopt nonsecurity goals that would drive more ambitious territorial expansion. At the same time, one cannot exclude the possibility that China's motives will become more malign as its power increases. Consequently, U.S. assessments of the risks of accommodation will have to factor in this additional layer of uncertainty.

A third feature of China's policy that is cause for concern is that growing nationalism or weak civil-military relations, or both, may be contributing to greater Chinese assertiveness vis-à-vis its maritime disputes and could contribute to expansion of China's future goals.<sup>57</sup> One interpretation suggests that China is less dangerous than if it were not plagued by these problems, because it is reassuring that China's leaders do not prefer more assertive policies, and only sometimes feel compelled to pursue them to avoid negative na-

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54. David Shambaugh, *China Goes Global: The Partial Power* (New York: Oxford University Press, 2013), pp. 316, 317.

55. Robert S. Ross, "The Problem with the Pivot: Obama's New Asia Policy Is Unnecessary and Counterproductive," *Foreign Affairs*, Vol. 91, No. 6 (November/December 2012), pp. 70–82. See also Michael S. Chase, "Chinese Suspicion and U.S. Intentions," *Survival*, Vol. 53, No. 3 (June/July 2011), pp. 133–150.

56. Some among China's political elite, however, have questioned Japan's ownership of the Ryukyu Islands chain, which includes Okinawa. See Jane Perlez, "Calls Grow in China to Press Claim for Okinawa," *New York Times*, June 14, 2013.

57. Johnston argues that there is in fact little support for the claim that Chinese nationalism is increasing, but he does note its constraining influence on decisions by China's leadership. See Johnston "How New and Assertive Is China's New Assertiveness?" pp. 37–38, 19.

tionalist reactions. An alternative interpretation is more compelling and far less reassuring—if nationalist pressures from Chinese elites and the broader public are pushing China’s leaders to act more assertively or preventing them from stepping back once crises occur, China could be driven to adopt more assertive policies than those preferred by its leaders. Consequently, it is worrisome that careful observers frequently note the role of nationalist pressures in influencing China’s policies. For example, Taylor Fravel and Michael Swaine argue that China’s willingness to use force to resolve territorial disputes in the East China Sea could have increased because “acute nationalist sensitivities toward Japan exist among the Chinese public.” Iain Johnston explains that the Chinese ministry of foreign affairs could not state publicly that reports that China had declared the South China Sea a core interest were wrong, because this “might have raised the ire of nationalists within the population and the elite.”<sup>58</sup> If unchecked, nationalism has the potential to lead China to adopt nonsecurity goals—for example, the status that could be envisioned accompanying the acquisition of the economic and military power needed to be a superpower—that could require pushing the United States out of East Asia.<sup>59</sup> Chinese nationalism, however, does not appear to have begun to approach this level of influence.<sup>60</sup> Accommodation would be more dangerous if the United States eventually faces this type of China, although the much greater peril would be the full incompatibility of the two states’ regional goals.

### *Ending the U.S. Commitment to Defend Taiwan*

This section assesses of the benefits, costs, and risks of ending the U.S. commitment to Taiwan,<sup>61</sup> and clarifies the trade-offs that such a strategy of accommodating China would create.

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58. Swaine and Fravel, “China’s Assertive Behavior, Part Two,” p. 9; and Johnston, “How New and Assertive Is China’s New Assertiveness?” p. 19.

59. On types and impacts of nationalism, especially what he terms “asymmetric nationalism,” see Stephen Van Evera, “Hypotheses on Nationalism and War,” *International Security*, Vol. 18, No. 4 (Spring 1994), pp. 5–39. On the difference between status and nationalism, see Deborah Welch Larson, T.V. Paul, and William C. Wohlforth, “Status and World Order,” in Paul, Larson, and Wohlforth, *Status in World Politics*, p. 18. Nationalism could fuel status concerns, however.

60. James Reilly, *Strong Society, Smart State: The Rise of Public Opinion in China’s Japan Policy* (New York: Columbia University Press, 2012).

61. Others have raised the possibility of accommodation on Taiwan. For example, Charles W. Freeman Jr. questions the wisdom of the United States’ commitment to Taiwan: “Perhaps it’s once again time to throw off the intellectual shackles imposed by longstanding policy and address the imperatives of long-term strategic interests.” See Freeman, “Beijing, Washington, and the Shifting Balance of Prestige,” remarks to the China Maritime Studies Institute, Newport, R.I. May 10, 2011. Zbigniew Brzezinski asserts that “any long-term U.S.-Chinese accommodation will have to address the fact that a separate Taiwan, protected indefinitely by U.S. arms sales, will provoke inten-

THE BENEFITS OF ACCOMMODATION ON TAIWAN

Although a number of regional sovereignty and maritime disputes have the potential to sour the U.S.-China relationship and draw the United States into crises that could escalate into larger wars, the key danger appears to be Taiwan's status. China has long made clear that it considers unification a paramount political and national security goal.<sup>62</sup> In contrast, at least until recently, the disputes in the South China and East China Seas seemed to be of secondary importance, with the sovereignty disputes concerning islets and very small islands that are strategically unimportant and have uncertain and negotiable economic value. The escalating troubles in the South China and East China Seas arguably reduce the special importance of Taiwan and weaken the case for accommodation, which I address in a later section.

The most direct benefit of ending the U.S. commitment to Taiwan would be a reduction in the probability of war between the United States and China over Taiwan's status. Current U.S. policy is designed to prevent Taiwan from declaring independence and to make clear that the United States will not come to Taiwan's aid if it does. Nevertheless, the United States will find itself under pressure to protect Taiwan no matter what the source of a Chinese attack. Whether Taiwan provoked an attack might be unclear, which would increase pressure for U.S. involvement. Moreover, the United States has limited control over Taiwan's policy, which puts it in the unfortunate position of being hostage to decisions made in Taipei.

None of the above dangers is new, but others are. China's improved military capabilities may increase its willingness both to start and to escalate a Taiwan crisis. Fifteen years ago, China had little capability to invade or blockade Taiwan. Today it can begin to imagine successfully invading Taiwan, and its capability will only increase with time.<sup>63</sup> Much of the concern about China's

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sifying Chinese hostility." See Brzezinski, "Balancing the East, Upgrading the West: U.S. Grand Strategy in an Age of Upheaval," *Foreign Affairs*, Vol. 91, No. 1 (January/February 2012), p. 103. Bill Owens calls for reviewing the Taiwan Relations Act, especially its commitment to sell arms to Taiwan. See Owens, "America Must Start Treating China as a Friend," *Financial Times*, November 17, 2009. Michael Swaine argues that the United States should consider "negotiating directly with Beijing, in consultation with Taipei, a set of mutual assurances regarding PLA [People's Liberation Army] force levels on the one hand, and major U.S. arms sales and defense assistance to Taiwan on the other hand, that are linked to the opening of a cross-Strait political dialogue." See Swaine, *America's Challenge*, pp. 359–363. See also Christopher Layne, "China's Challenge to U.S. Hegemony," *Current History*, January 2008, pp. 13–18.

62. Some of this section draws on Glaser, "Will China's Rise Lead to War?"

63. Jim Thomas, John Stillion, and Iskander Rehman, "Hard ROC 2.0: Taiwan and Deterrence through Protraction" (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2014). See also David A. Shlapak et al., *A Question of Balance: Political Context and Military Aspects of the China-Taiwan Dispute* (Santa Monica, Calif.: RAND Corporation, 2009). On how improved Chinese capabilities could fuel Chinese misperceptions, see Steve Tsang, "The U.S. Military and American Commitment to Taiwan's Security," *Asian Survey*, Vol. 52, No. 4 (July/August 2012), pp. 777–797.

so-called antiaccess/area-denial (A2/AD) strategy focuses on its ability to reduce the U.S. ability to come to Taiwan's aid.<sup>64</sup> In addition to its improved conventional capabilities, China is modernizing its nuclear forces to increase their survivability and their ability to retaliate following a large U.S. counter-nuclear attack.<sup>65</sup> Arguably, the United States' current ability to destroy most or all of China's nuclear force enhances its bargaining position in a severe crisis or conventional war over Taiwan. Consequently, China's nuclear modernization may make China more willing to start a crisis, less willing to make compromises once conflict occurs, and more willing to escalate.

A common counterpoint to the argument above is that China-Taiwan relations have improved dramatically since 2008, so the probability of war is low.<sup>66</sup> This, in turn, means the expected benefits offered by policies that would keep the United States out of a China-Taiwan conflict have decreased. Although this argument has merit, it is hard to be confident that cross-strait relations will remain good. Taiwan might again elect a more pro-independence government, or China might ramp up pressures for unification. Jia Qingguo, a professor at Peking University, recently wrote: "[P]olitical pressures on the Chinese government when it comes to Taiwan are tremendous and growing. In the past, the Chinese people knew that China was weak and could not stop the United States from selling weapons to Taiwan. Now, many believe that China should no longer tolerate such insulting behavior. Confronted with this mounting domestic pressure, the CCP [Chinese Communist Party] is finding it increasingly difficult to justify its weak responses."<sup>67</sup>

More important, however, is that focusing on the quality of current cross-strait relations overlooks two other less direct, but potentially more significant, benefits of U.S. accommodation on Taiwan. First, U.S. support for Taiwan is one of the most important, possibly the most important, policy-driven sources of China's suspicions about U.S. motives and intentions. Although the United

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For earlier assessments, see Michael A. Glosny, "Strangulation from the Sea? A PRC Submarine Blockade of Taiwan," *International Security*, Vol. 28, No. 4 (Spring 2004), pp. 125–160; David A. Shlapak, David T. Orletsky, and Barry Wilson, *Dire Strait? Military Aspects of the China-Taiwan Confrontation and Options for U.S. Policy* (Santa Monica, Calif.: RAND Corporation, 2000); and Michael O'Hanlon, "Can China Conquer Taiwan?" *International Security*, Vol. 25, No. 2 (Fall 2000), pp. 51–86.

64. Roger Cliff et al., *Entering the Dragon's Lair: Chinese Antiaccess Strategies and Their Implications for the United States* (Santa Monica, Calif.: RAND Corporation, 2007).

65. Michael S. Chase, "China's Transition to a More Credible Nuclear Deterrent: Implications and Challenges for the United States," *Asia Policy*, July 2013, pp. 69–101.

66. For an excellent analysis of the recent history and emerging policy debate, see Bush, *Uncharted Strait*.

67. Jia Qingguo and Alan D. Romberg, "Taiwan and Tibet," in Nina Hachigian, ed., *Debating China: The U.S.-China Relationship in Ten Conversations* (Oxford: Oxford University Press, 2014), p. 179.

States does not take a position on what the final outcome of the Taiwan issue should be, China considers U.S. support of Taiwan a key source of “strategic distrust.” A recent study by two leading authorities on U.S.-China relations concludes that Beijing views U.S. arms sales to Taiwan “as confirming American arrogance and determination to interfere in China’s domestic affairs and to prevent peaceful unification from occurring, thereby harming a clearly-articulated Chinese core interest.” In a similar vein, their report argues that “continuing to provide Taiwan with advanced weapons . . . is viewed as pernicious in Chinese eyes and has added to suspicion that Washington will disregard Chinese interests and sentiments as long as China’s power position is secondary to America’s.”<sup>68</sup> Nathan and Scobell conclude that “most Chinese see strategic motives at the root of American behavior. They believe that keeping the Taiwan problem going helps the U.S. tie China down.”<sup>69</sup> Similarly, a prominent Chinese analyst argues: “The position the U.S. takes on the Taiwan issue determines the essence of American strategy toward China, and thus determines the quality and status of U.S.-China relations.”<sup>70</sup> Xu Hui, a professor at China’s National Defense University, holds that “U.S. policies toward Taiwan have been and are the fundamental cause of some anti-American sentiment among the Chinese public. . . . I assure you that a posture change of the U.S. policy on Taiwan will remove the major obstacle for our military-to-military relations and also strengthen Sino-American cooperation by winning the hearts and minds of 1.3 billion Chinese people.”<sup>71</sup> In short, ending the U.S. commitment to Taiwan has the potential to dramatically improve U.S.-China relations, which in turn could increase the possibility of cooperation on other issues and reduce the probability of competition and conflict.

Second, ending the U.S. commitment to defend Taiwan could greatly moderate the intensifying military competition between the United States and China, which is adding to strains in their relationship.<sup>72</sup> Most directly, the United States is developing its AirSea Battle concept to counter China’s

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68. Kenneth Lieberthal and Wang Jisi, *Addressing U.S.-China Strategic Distrust* (Washington, D.C.: Brookings Institution Press, March 2012), pp. 45–46, p. 13. The authors together wrote the first quoted statement; Wang wrote the second one. “Strategic distrust” is their term.

69. Nathan and Scobell, *China’s Search for Security*, p. 105. See also Bush, *Uncharted Strait*, p. 210.

70. Quoted in Andrew Bingham Kennedy, “China’s Perceptions of the U.S. Intentions toward Taiwan: How Hostile a Hegemon?” *Asian Survey*, Vol. 47, No. 2 (March/April 2007), p. 217.

71. Christopher P. Twomey and Xu Hui, “Military Developments,” in Hachigian, *Debating China*, p. 162. Similarly, Jia writes: “In China, the Taiwan problem is considered the most important and most sensitive issue between China and the United States. . . . [S]uch sales reinforce Chinese suspicions that the United States has an evil intention of splitting Taiwan from China forever. This strategic distrust hampers China-U.S. cooperation on many issues.” See Jia and Romberg, “Taiwan and Tibet,” pp. 177, 183.

72. See, for example, Lieberthal and Wang, *Addressing U.S.-China Strategic Distrust*, pp. 43–45.

A2/AD capabilities, which are intended primarily to undermine the U.S. ability to come to Taiwan's aid.<sup>73</sup> The impact of the U.S. commitment to Taiwan on China's military requirements and capabilities, however, arguably reaches much further. China worries that in a conflict over Taiwan the United States will interrupt its SLOCs. This vulnerability would leave China open to U.S. coercion during severe crises and conventional wars.<sup>74</sup> The United States dominates the SLOCs from the Persian Gulf to the Strait of Malacca and still enjoys significant military advantages in the South China and East China Seas. The requirement for both China and the United States to control these SLOCs during a crisis or war creates a security dilemma, which adds to strains in the U.S.-China relationship. There is no military-technical solution to this security dilemma, however, because two countries cannot control the same space.<sup>75</sup>

A decision by the United States to end its commitment to Taiwan could moderate this security dilemma in two important ways. By eliminating the scenario that is most likely to bring the United States and China into a large war, accommodation should significantly reduce the importance that China places on controlling its SLOCs. Although China would likely still find U.S. control undesirable, the military threat the United States posed to China's security would be greatly reduced. In addition, as explained above, U.S. accommodation could signal that U.S. goals in the region are limited, which should contribute to improving the U.S.-China relationship by increasing China's assessment that U.S. motives are benign, which would in turn further reduce the severity of the security dilemma.<sup>76</sup>

#### COSTS AND RISKS OF U.S. ACCOMMODATION ON TAIWAN

Accommodation on Taiwan would carry a variety of costs and risks for the United States. The first involves the potential costs to U.S. political and ideological values. The United States has a significant interest in promoting and protecting freedom and democracy around the globe. Cutting the U.S. commitment to Taiwan would put these values at risk. If China were to gain control

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73. Andrew F. Krepinevich, "Why AirSea Battle?" (Washington D.C.: Center for Budgetary and Strategic Assessment, 2010); and Jan Van Tol et al., "AirSea Battle: A Point-of-Departure Operational Concept" (Washington, D.C.: Center for Budgetary and Strategic Assessment, 2010). For comparison of AirSea Battle to alternative U.S. strategies, see Aaron L. Friedberg, *Beyond Air-Sea Battle: Debate over U.S. Military Strategy in Asia* (London: International Institute for Strategic Studies, 2014).

74. Sean Mirski, "Stranglehold: The Context, Conduct and Consequences of an American Naval Blockade of China," *Journal of Strategic Studies*, Vol. 36, No. 3 (June 2013), pp. 385–421.

75. For a more in-depth discussion of the SLOCs problem, see Glaser, "How Oil Influences U.S. National Security."

76. On how information about motives influences the security dilemma, see Glaser, *Rational Theory of International Politics*.

over Taiwan, its authoritarian government might be unwilling to accept the political institutions and personal freedoms that Taiwan's people currently enjoy. Many proponents of preserving the U.S. commitment to Taiwan point to the importance of protecting these values.<sup>77</sup> I agree that these are important values and that Washington should be reluctant to jeopardize them. Nevertheless, states usually should, and usually do, give priority to their key national security interests. The United States should not be an exception: it should pursue these political and ideological interests only if the risks to its national security are relatively small in comparison.

The next set of potential risks concern U.S. security. The first of these involves possible reductions in China's assessments of the United States' resolve for protecting its interests in Northeast Asia. As discussed earlier, territorial accommodation can lead an adversary to doubt the state's resolve to protect other interests, which is dangerous if the state's concessions do not leave the adversary fully satisfied.<sup>78</sup> Two mechanisms could be at work here. One mechanism depends on China seeing a similarity across one or more features of the potentially connected interests, including their geography, the nature and extent of the U.S. interests, and the U.S. history of involvement with these interests. If China is uncertain about U.S. resolve to protect Taiwan and other American interests, and if China believes that similar factors determine U.S. resolve to protect all of these interests, then accommodation on Taiwan would reduce U.S. credibility elsewhere. The other mechanism comes into play if China believes that U.S. accommodation on Taiwan reflects a change in a factor that also affects U.S. decisions on these other issues; in that case, U.S. credibility on these issues would be reduced. The broad change that is currently most relevant is the shifting balance of power, specifically, increasing Chinese military capabilities in East Asia. If China's leaders believe that the United States chose accommodation on Taiwan in response to China's growing re-

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77. See, for example, Nancy Bernkopf Tucker and Bonnie Glaser, "Should the United States Abandon Taiwan?" *Washington Quarterly*, Vol. 34, No. 4 (Fall 2011), p. 34. On the importance that U.S. elites place on protecting democracy in Taiwan, see Kennedy, "China's Perceptions of the U.S. Intentions toward Taiwan," pp. 279–282.

78. Another danger, which I address below, is that concessions could increase the domestic political influence of Chinese proponents of more assertive policies—including nationalists and the military—thereby resulting in China becoming greedier and more expansionist. These are standard second-image reversed arguments. See Peter Gourevitch, "The Second Image Reversed: The International Sources of Domestic Politics," *International Organization*, Vol. 32, No. 4 (Autumn 1978), pp. 881–912; and Charles L. Glaser, "Political Consequences of Military Strategy: Expanding and Refining the Spiral and Deterrence Models," *World Politics*, Vol. 44, No. 4 (July 1992), pp. 519–525. For discussions that allude to this type of interaction in the Chinese context, see Kenneth Lieberthal in Lieberthal and Wang Jisi, "An Overview of the U.S.-China Relationship," in Hachigian, *Debating China*, p. 4; and Christensen, "Fostering Stability or Creating a Monster?" p. 111.

gional military capabilities, then they would also reasonably conclude that the United States could be expected to make concessions on other regional issues as well.

These mechanisms are reflected in prominent arguments against accommodation of Beijing on Taiwan. For example, Nancy Tucker and Bonnie Glaser argue that “China would respond to appeasement as have virtually all governments: It would conclude that a weaker United States lacking vision and ambition could be pressured and manipulated.”<sup>79</sup> Richard Bush argues, “Should the United States concede to Beijing on Taiwan, the lessons that China would learn about the intentions of the region’s dominant power would likely discourage moderation and accommodation on other issues, like Korea or maritime East Asia.”<sup>80</sup>

These are powerful arguments, which the United States needs to take seriously. There is a clear similarity across the disputes—they are all located in East Asia. Thus, China could be expected to reason that U.S. accommodation on one of these disputes indicates a greater willingness to make concessions on all the others. Arguably, ending the U.S. commitment to Taiwan might even lead China to believe that its growing power will enable its leadership to convince the United States to fully exit East Asia. In addition, China’s view of the shifting balance of power could reinforce these conclusions: many Chinese officials believe that the shifting balance of power partly reflects the failings of the U.S. domestic political system and the superiority of the China’s model of governance and development; the result is a new international system in which China’s growing power should generate greater influence and the major powers should acknowledge its rising status.<sup>81</sup> Because this transformation influences all issues in East Asia, U.S. accommodation on Taiwan could validate these expectations and put other U.S. interests at greater risk.

A second potential threat to U.S. security is that territorial accommodation could reduce U.S. military capabilities. Although numerous analysts suggest that China’s control of Taiwan would have this effect, little sustained analysis of this issue is publically available. One possibility is that U.S. accommodation would free up military forces and investments that China now commits to coercing and if necessary attacking Taiwan, which would in turn enable China to shift resource to better challenge the U.S. ability to protect the East Asian SLOCs and possibly beyond.<sup>82</sup> According to this argument, because the

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79. Tucker and Glaser, “Should the United States Abandon Taiwan?” p. 33.

80. Bush, *Uncharted Strait*, p. 232.

81. Wang in Lieberthal and Wang, *Addressing U.S.-China Strategic Distrust*, pp. 8–11.

82. On the possibility that the Chinese navy might be able to expand its reach into the Indian Ocean, see Michael J. Green and Andrew Shearer, “Defining U.S. Indian Ocean Strategy,” *Washington Quarterly*, Vol. 35, No. 2 (Spring 2012), pp. 180–181, 186.

Taiwan mission has absorbed the vast majority of the Chinese army's force modernization and organizational training,<sup>83</sup> the resources made available for other missions would be large.<sup>84</sup>

This danger is smaller than critics suggest, however. If China decides to fully pursue more ambitious missions, it would have to make large investments that would likely dwarf the amount it is spending on Taiwan-specific missions. Consequently, whether China eventually gains control of Taiwan is unlikely to be decisive in determining China's ability to invest in efforts to control the South China and East China Sea SLOCs, and beyond. Related, it is likely that Chinese capabilities dedicated to Taiwan will eventually become so effective that Beijing will be able to reallocate some of its future military investment to other missions.<sup>85</sup> Moreover, ending the U.S. commitment to Taiwan could reduce China's determination to pursue more challenging distant naval missions because the United States will not interrupt these SLOCs, except possibly during a severe crisis or major war. Eliminating the possibility of war over Taiwan would therefore greatly reduce Beijing's incentives to make investments in these missions. China could, however, pursue greatly expanded power projection capabilities for a variety of other reasons,<sup>86</sup> including worst-case planning that imagines the United States will interrupt its SLOCs under even the most unlikely conditions, a Mahanian view of naval power that connects "commercial health with naval primacy,"<sup>87</sup> or the belief that superpower status requires power projection capabilities.<sup>88</sup> Finally, one should not exaggerate the security risks of being unable to fully control these SLOCs. The United States does not need to control the Strait of Malacca and the East Asian SLOCs to enable shipping to reach Japan during a war with China. Instead, bypass routes could allow shipping to reach oil ports on Japan's east coast.<sup>89</sup> Also, the

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83. Mark Cozad, "China's Regional Power Projection: Prospects for Future Missions in the South and East China Seas," in Roy Kamphausen, David Lai, and Andrew Scobell, eds., *Beyond the Strait: PLA Missions Other Than Taiwan* (Carlisle, Pa.: Strategic Studies Institute, April 2009), pp. 287–326.

84. In addition, some (though not all) of the resources that China has invested in scenarios involving Taiwan could be shifted to these other power projection missions.

85. *Ibid.*, pp. 305–306.

86. For an overview of current assessments of China's naval goals, see Ronald O'Rourke, *China Naval Modernization: Implications for U.S. Naval Capabilities—Background and Issues for Congress* (Washington, D.C.: Congressional Research Service, September 5, 2013), pp. 5–8.

87. Toshi Yoshihara and James R. Holmes, *Red Star over the Pacific: China's Rise and the Challenge to U.S. Maritime Strategy* (Annapolis: Naval Institute Press, 2010), p. 19.

88. On this possibility, see Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China* (Washington, D.C.: Department of Defense, 2013), p. 15. The report states, "Chinese leaders indicate that, in their view, the development of a modern military is necessary for China to achieve great power status."

89. EIA, "World Oil Transit Chokepoints" (Washington, D.C.: EIA, August 22, 2012). Accessing South Korean ports could be more difficult than accessing Japan's.

ability to deny China use of these SLOCs would be sufficient to preserve the U.S. ability to coerce China.

Taiwan's geographic location creates another possible military danger by giving China the opportunity to deploy its forces further forward.<sup>90</sup> For example, Chinese control of Taiwan would provide China's navy more direct access to the open Pacific, which might increase China's power project capabilities.<sup>91</sup> Chinese analysts identify the importance of Taiwan for enabling China to "break through" the barrier created by Japan, including the Ryukyu Islands, Taiwan, and the Philippines.<sup>92</sup> In a similar vein, Toshi Yoshihara and James Holmes, of the U.S. Naval War College, argue: "Control of Taiwan . . . would allow the PLA to erect its own Great Wall at sea, giving Beijing some say over the exercise of foreign naval and military power in nearby seas and skies. . . . Analysts view Taiwan as the one geographic asset that can grant Chinese forces direct access to the Pacific. If the island is a guard tower in an offshore Great Wall, then its offensive value is unmatched."<sup>93</sup>

Dissecting the strategic value of Taiwan requires assessing how Chinese control would influence China's ability to perform specific military missions. Available analyses provide little reason to worry that possession of Taiwan would significantly increase China's military reach or its ability to project power.<sup>94</sup> Control of Taiwan would, however, enhance China's A2/AD capabilities by increasing its ability to send submarines into the Philippine Sea. Owen Coté explains that Taiwan plays an important role in enabling the United States "to form effective acoustic barriers through which Chinese [diesel attack submarines/guided missile diesel submarines] must pass in transiting" from the shallow waters along China's coast into the deep water of the Philippine Sea.<sup>95</sup> This access is valuable because the United States plans to operate carrier battle groups in the Philippine Sea and Chinese diesel submarines would make these operations more difficult and riskier. The impact of losing this anti-

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90. For discussion of the full set of geostrategic considerations, see Wachman, *Why Taiwan?*

91. On the SLOCs argument, see Tucker and Glaser, "Should the United States Abandon Taiwan?" p. 32. On access to the Pacific, see Yoshihara and Holmes, *Red Star over the Pacific*, pp. 50–56.

92. Wachman, *Why Taiwan?* p. 138.

93. Yoshihara and Holmes, *Red Star over the Pacific*, pp. 20–21. See also Vincent Wei-cheng Wang, "The Chinese Military and the 'Taiwan Issue': How China Assesses Its Security Environment," *Southeast Review of Asian Studies*, Vol. 29 (2007), p. 130.

94. On this point, see Robert S. Ross, "Navigating the Taiwan Strait: Deterrence, Escalation Dominance, and U.S.-China Relations," *International Security*, Vol. 27, No. 2 (Fall 2002), pp. 55–56; and Steinberg and O'Hanlon, *Strategic Reassurance and Resolve*, pp. 242–243.

95. Owen R. Coté Jr., "Assessing the Undersea Balance between the U.S. and China," working paper (Cambridge, Mass.: Massachusetts Institute of Technology Security Studies Program, February 2011), p. 12. Guided missile submarines carry antiship cruise missiles that pose a threat to U.S. ships. Coté finds that diesel submarines likely pose a larger threat than the nuclear attack submarines that China will be able to build in the short to medium term. See *ibid.*, pp. 11–12.

submarine warfare barrier might not be large, however, because China increasingly has a variety of other ways to threaten U.S. carrier battle groups and undermine their effectiveness, such as antiship cruise missiles that can be launched from a diverse array of platforms (including guided missile diesel submarines), systems designed to counter U.S. space and cyber capabilities, and an emerging antiship ballistic missile capability.<sup>96</sup> Nevertheless, U.S. carrier battle groups would experience some reduction in effectiveness.

A third potential security danger is that accommodation by the United States could undermine its allies' assessments of the credibility of the United States to come to their aid if attacked by China. More specifically, critics believe that ending the U.S. commitment to Taiwan could lead the Japanese to doubt America's commitment to defend Japan, which would undermine the U.S.-Japan alliance and in turn reduce U.S. security. Tucker and Glaser argue, "A U.S. decision to abandon Taiwan—leading to unification of an unwilling Taiwan with China—would be particularly alarming to Japan. . . . If Japan begins to doubt U.S. reliability, that could deal a fatal blow to the U.S.-Japan alliance."<sup>97</sup>

Although a decision by the United States to end its commitment to Taiwan would certainly send political shock waves across the region, these concerns are overstated. There are similarities between the U.S. commitments to Taiwan and Japan, but also clear differences. U.S. security interests in Japan are much greater; as a result, the alliance involves much stronger political commitments and the deep integration of U.S. and Japanese military capabilities. In addition, the United States has a clear rationale for ending its commitment to Taiwan that does not apply to Japan: the U.S. commitment to Taiwan strains the U.S.-China relationship and increases the probability of war in ways that the U.S. commitment to Japan does not. Japan should appreciate these differences and therefore recognize that the ending of the U.S. commitment to Taiwan would not indicate a coming diminution of the U.S. commitment to Japan. U.S. leaders could work to make sure that their Japanese counterparts fully appreciate these differences.

In addition, the United States could take other actions that would starkly distinguish its policies toward Japan from its policies toward Taiwan, which should help to offset doubts that accommodation on Taiwan might create. Most obviously, the United States could increase the size and improve the

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96. Evan Braden Montgomery, "Contested Primacy in the Western Pacific: China's Rise and the Future of U.S. Power Projection," *International Security*, Vol. 38, No. 4 (Spring 2014), pp. 130–139.

97. Tucker and Glaser, "Should the United States Abandon Taiwan?" p. 33. Also voicing concern about U.S. alliances are Shelley Rigger, "Why Giving Up Taiwan Will Not Help Us with China" (Washington, D.C.: American Enterprise Institute for Public Policy Research, November 2011), p. 3; and Nathan and Scobell, *China's Search for Security*, p. 239.

quality of the forces it commits to Japan's protection. Other policies could include further deepening U.S.-Japan joint military planning and continuing high-level discussions of the requirements for extending deterrence to Japan. Growth in Chinese conventional and nuclear forces has increased the importance of these interactions; ending the U.S. commitment to Taiwan would make them still more valuable.<sup>98</sup>

Finally, as China's power continues to grow, Japan's need for U.S. security guarantees will also grow. Doubts about U.S. reliability are therefore likely to convince Japan to work harder to strengthen the U.S.-Japan alliance, not to abandon it or to bandwagon with China.<sup>99</sup>

### *The Logic of a Grand Bargain*

The preceding assessment lays bare the complexity of a U.S. policy of territorial accommodation. On the one hand, ending the U.S. commitment to Taiwan could greatly reduce and might even eliminate the possibility of a large war between the United States and China by keeping the United States out of a China-Taiwan conflict. In addition, accommodation could improve China's understanding of U.S. goals and its image of the United States, and moderate military competition in Northeast Asia, thereby setting U.S.-China relations on a promising trajectory that takes advantage of the relatively benign structural environment in which China's rise will occur. On the other hand, accommodation would be costly—running contrary to U.S. political and ideological interests—and risky, possibly reducing U.S. security by fueling Chinese underestimates of U.S. resolve and by encouraging China to adopt more extensive geopolitical aims.

The United States' choice of whether to end its commitment to defend Taiwan is complicated further by uncertainty about the nature and extent of China's goals. If China places relatively little value on expanding its control and influence beyond Taiwan, then even if U.S. accommodation generated doubts about U.S. resolve, they would be of little consequence. In contrast, if

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98. James L. Schoff, *Realigning Priorities: The U.S.-Japan Alliance and the Future of Extended Deterrence* (Cambridge, Mass.: Institute for Foreign Policy Analysis, March 2009); and Richard J. Samuels and James L. Schoff, "Japan's Nuclear Hedge: Beyond 'Allergy' and Breakout," in Ashley J. Tellis, Abraham M. Denmark, and Travis Tanner, eds., *Strategic Asia 2013–2014: Asia in the Second Nuclear Age* (Seattle: National Bureau of Asian Research, 2013), pp. 233–264.

99. On basic alliance logic for security-seeking states, see Stephen M. Walt, *The Origins of Alliances* (Ithaca, N.Y.: Cornell University Press, 1987). Another possibility is that Japan would decide to acquire nuclear weapons. See Samuels and Schoff, "Japan's Nuclear Hedge"; and Mike M. Mochizuki, "Japan Tests the Nuclear Taboo," *Non-Proliferation Review*, Vol. 14, No. 2 (July 2007), pp. 303–328.

China highly values winning all of its maritime disputes and pushing the United States out of Northeast Asia, then reductions in U.S. credibility would be more costly. Similarly, if China's aims are both limited and stable, then U.S. accommodation would not risk creating a more dangerous China. In contrast, if China's goals are still evolving and if U.S. accommodation would empower domestic hard-liners, then U.S. security would be reduced.

Therefore, the question arises whether policies exist that would reduce the risks while preserving the benefits of U.S. accommodation on Taiwan. If combining certain concessions by China in an overall package—a grand bargain, for lack of a better term—could achieve this goal, then the United States' best option might be to make ending its commitment to Taiwan contingent on China making concessions of its own. The preceding analysis suggests that the United States should design such a grand bargain with a variety of purposes in mind: to gain information about the nature and extent of China's motives; to demonstrate its resolve to retain U.S. security commitments in the region; and, related, to preserve the credibility of its commitments to its allies.

Likely the most common way to envision a grand bargain is as an agreement in which two actors make concessions across multiple issue to create a fair deal—that is, one in which both benefit equally—that would have been impossible in an agreement that dealt with a single issue. A different way to envision a grand bargain is as an agreement in which the states trade across multiple issues, making both states better off, but not necessarily equally. A grand bargain in Northeast Asia is likely to take the latter form, partly because the agreement would be in response to a power shift that favors China and partly because China's interests in the region are greater than those of the United States.

The first component of a grand bargain, and probably the most important, would be for China to resolve its maritime disputes on "fair" terms.<sup>100</sup> Oddly, there seems to be both a little and a lot at stake in these disputes. Gaining sovereignty over the offshore islands would strengthen China's claims to the oil and gas reserves, which have increased the importance of the disputes. At the same time, however, the disputes have severely hindered the exploration and extraction of these resources, and joint extraction and sharing agreements could provide all parties with substantial resource benefits. Growing nationalism has given the disputed territorial claims importance far beyond their material and strategic value, and it has damaged the prospects for any type of agreement.

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100. The United States is not directly involved in these disputes, but it could encourage or pressure its allies to make compromises.

An ideal solution would be for China and its neighbors to place the territories under some sort of international control as a maritime preserve and to share the resources.<sup>101</sup> Other solutions include joint governance over the use of the islands/islets, agreement not to object to other states' sovereignty claims, and agreement to end unilateral military patrols near the disputed territories.<sup>102</sup>

China's willingness to reach an agreement on the offshore islands and related maritime disputes would provide the United States with valuable information. Most obviously, it would demonstrate that China's aims are limited (at least for now). Closely related, it would demonstrate a degree of reasonableness in Chinese foreign policy priorities and decisionmaking: given that the value of Taiwan dwarfs the value of these maritime disputes, Chinese unwillingness to reach this type of bargain would indicate deep inflexibility in its emerging foreign policy and possibly overconfidence in its ability to use its growing power to achieve all of its aims. China's claims in these disputes are also weaker than its claims to Taiwan: for example, China did not claim the Senkaku/Diaoyu Islands until 1970, which suggests that it should be able to moderate this claim if the benefits were sufficiently large. In addition, an agreement would provide the United States with insights into the balance of power within China's foreign policy decisionmaking. If China's more assertive policies have reflected the growing influence of the People's Liberation Army, narrow nationalist pressures, or both, then Chinese concessions would demonstrate that the country's leaders could control these forces when the stakes are sufficiently large. Taken as a whole, this information about China's goals would make U.S. accommodation over Taiwan less risky.

Insisting on Chinese concessions would also demonstrate U.S. resolve to protect American interests. By making its willingness to end its commitment to Taiwan contingent on Chinese concessions, the United States would make clear that it is willing to run the risk of protecting Taiwan and its allies' interests in the South China and East China Seas, if China were uncompromising. Once again, the key issue from the U.S. perspective comes back to information—if China is more likely to have unlimited aims, then the risks of U.S. accommodation are larger and the United States should therefore be less willing to adopt this strategy. As argued above, China's refusal to accept a

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101. This idea was floated in "Barren Rocks, Barren Nationalism," *Economist*, August 25, 2012, <http://www.economist.com/node/21560882>.

102. See Akikazu Hashimoto, Michael O'Hanlon, and Wu Xinbo, "A Framework for Resolving Japan-China Dispute over Islands," *Los Angeles Times*, December 1, 2014, <http://www.latimes.com/opinion/op-ed/la-oe-ohanlon-china-japan-senkaku-diaoyu-islands-20141130-story.html>. For criticism of Hashimoto, O'Hanlon, and Wu's proposal, see Robert A. Manning, "China and Japan's East China Sea Dilemma: No Simple Solutions," *National Interest*, January 7, 2015, <http://nationalinterest.org/feature/china-japans-east-china-sea-dilemma-no-simple-solutions-11983>.

grand bargain, especially one that is so clearly weighted toward its interests (unless China is determined to push the United States out of Northeast Asia), would indicate more ambitious Chinese aims. Thus, compared to unilateral concessions, insisting on a package deal that included Chinese concessions would demonstrate a higher level of U.S. resolve. In addition, resolution of the maritime disputes would directly increase U.S. security by eliminating disputes that, via alliance commitments, could draw the United States into dangerous crises with China.

A second component of a grand bargain would be official Chinese acceptance of the United States' long-term security role in East Asia, including its alliances and forward-deployed forces. There have been periods when China viewed the U.S.-Japan alliance relatively favorable. For example, in 1980 China's leader, Hua Guofeng, stated: "We appreciate Japan's efforts to strengthen its alliance with the United States."<sup>103</sup> Since then a variety of factors, including the decline of Soviet power and the redefinition of the U.S.-Japan alliance starting in the mid-1990s have reduced, if not eliminated, China's positive assessment.<sup>104</sup> In recent years, some Chinese elites have begun expressing harshly negative views. For example, in 2014 the deputy chief of the general staff of the People's Liberation Army described the U.S. alliance system as "an antiquated relic of the Cold War that should be replaced by an Asia-centric security architecture."<sup>105</sup> Although open to varying interpretations, President Xi Jinping's call for an Asian security order managed by Asian countries and his criticism of "alliances as unhelpful for the region's security" can be viewed as offering a vision of the future in which the United States no longer plays a security role in East Asia. Increasingly, there is support in China for the conclusion that "in Beijing's eyes, the U.S. led security architecture is outliving the usefulness it once provided by ensuring the regional stability necessary for China's development. Instead, China views the alliance system as increasingly incapable of providing lasting security and itself a potential source of threat."<sup>106</sup>

Especially in light of Beijing's increasingly negative assessment, official rec-

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103. Quoted in Jianwei Wang and Xinbo Wu, "Against Us or with Us? The Chinese Perspective of America's Alliances with Japan and Korea" (Stanford, Calif.: Asia/Pacific Research Center, Stanford University, May 1998), p. 20. Wang and Wu note that this statement and a similar one the same year were the "nearest a Chinese leader had ever come to publicly endorsing the U.S.-Japan alliance."

104. Wang and Wu, "Against Us or with Us?"; and Xinbo Wu, "The End of the Silver Lining: A Chinese View of the U.S.-Japan Alliance," *Washington Quarterly*, Vol. 29, No. 1 (Winter 2005/06), pp. 119-130.

105. Helene Cooper and Jane Perlez, "U.S. Sway in Asia Is Imperiled as China Challenges Alliances," *New York Times*, May 31, 2014.

106. Timothy R. Heath, "China and the U.S. Alliance System," *Diplomat*, June 11, 2014, <http://thediplomat.com/2014/06/china-and-the-u-s-alliance-system>.

ognition and acceptance of the United States' continuing alliance commitments would be a valuable signal (not cheap talk). It would indicate the dominance of certain domestic forces over others and the Chinese leadership's willingness to accept domestic political costs to advance China's foreign policy. Such action would not guarantee stability in China's policy, but it would provide greater confidence that China was willing to accept a revised geopolitical status quo. Maybe more important, if China were unwilling (or unable) to provide this official acceptance, the United States would have to be more worried that China's leaders believe that its role in East Asia requires pushing the United States out of the region.

A grand bargain would not constitute the entirety of U.S. policy—unilateral measures and alliances would remain essential components of the United States' policy toward Northeast Asia. When uncertain about an adversary's motives or when facing a state with mixed motives—a combination of security seeking and greed—a state should pursue a mix of cooperative and competitive policies.<sup>107</sup> Maintaining and enhancing U.S. commitments to the region would provide some of the necessary balance in the overall policy of the United States. These components of U.S. policy would be necessary and appropriate even if China were unwilling to make the types of concessions discussed above, but they would become even more important in the context of a grand bargain. The key challenge is for the United States to sustain its credibility for protecting its allies. As already discussed, to help accomplish this, the United States could commit additional forces to the region, forward deploy larger forces, invest more in overall U.S. military capabilities, and increase the integration of alliance military planning. These measures would provide the additional benefits of helping to offset increases in China's military power and to sustain the grand bargain by enhancing the U.S. ability to deter China from breaking the agreement. There is a potential downside, however: increased U.S. capabilities would likely appear threatening to China. But this danger would be reduced by America's ending its commitment to Taiwan because a U.S. buildup would no longer threaten this vital Chinese interest and would therefore be more clearly intended only to defend U.S. allies. If, however, China wants to push the United States out of the East Asia, then it would be strongly opposed to, and provoked by, these measures. In this case, though, given the priority that U.S. grand strategy places on preserving the

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107. Robert Jervis, *Perception and Misperception in International Politics* (Princeton, N.J.: Princeton University Press, 1976), chap. 3; and Glaser, *Rational Theory of International Politics*, pp. 81–85, 94–102.

United States' alliances in East Asia, increasing U.S. capabilities would enhance its security.

### *Counterarguments*

There are several possible counterarguments to my proposal of a grand bargain between the United States and China.

#### COMMITMENT PROBLEMS AND BARGAIN BREAKDOWNS

One could argue that a grand bargain is of little or no value because China faces a commitment problem.<sup>108</sup> According to this argument, as China becomes more powerful, the costs of reneging on the deal will decrease, making defection China's best option; recognizing this danger in advance, the United States should be unwilling to enter into a grand bargain. More specifically, this argument holds that China will eventually be much better able to reassert its claims in the South China and East China Seas, and to pressure U.S. allies to cut their ties to the United States, and therefore will pursue these more aggressive policies; consequently, a grand bargain is no better for the United States than are unilateral concessions.

This argument overstates the commitment problem. Whether China faces a commitment problem depends on its aims: if China's aims are limited and would be largely satisfied by U.S. accommodation, then China does not face a commitment problem; increases in China's power would not make breaking the agreement its best option. The barrier from the U.S. perspective is that China's aims are uncertain. Given this information problem, the United States would find itself uncertain about whether China faces a commitment problem. The more the United States believes it likely that China's aims go well beyond the terms of the grand bargain, the less attractive the grand bargain is as a long-term policy designed to respond to China's growing power.

If a grand bargain brought only risks and China was likely to break out of the bargain, then the United States should not pursue it. As I have shown, however, a grand bargain could bring a variety of benefits, including providing information about China's aims, which would reduce the likelihood of a commitment problem; communicating U.S. resolve to protect American interests; and possibly contributing to a Chinese domestic consensus on limited aims. In addition, as explained above, the United States should pursue policies

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108. On commitment problems, see James D. Fearon, "Rationalist Explanations for War," *International Organization*, Vol. 49, No. 3 (Summer 1995), pp. 401-409; and Powell, *In the Shadow of Power*, pp. 7-9.

that would contribute to preserving the grand bargain and reducing the costs if it fails, including maintaining military capabilities sufficient to protect its allies, which should help convince China that breaking the agreement would harm its interests. Because neither the ability of the United States to protect its allies nor its credibility for doing so would be significantly diminished by the grand bargain or its unraveling, and because China's goals could well be sufficiently limited that the United States does not actually face a commitment problem, the grand bargain has good prospects for increasing U.S. security.

#### TAIWAN IS NO LONGER THE KEY ISSUE

A second counterargument is that Taiwan is no longer the key issue straining U.S.-China relations. Consequently, focusing on Taiwan is misguided. As discussed earlier, cross-strait relations have been improving for many years. At the same time, China's disputes with its neighbors in the South China and East China Seas have become more intense, and increasingly define day-to-day tensions in the region. Possibly most worrisome, Sino-Japanese relations have become increasingly strained in the past few years, taking the spotlight off Taiwan.

Two rejoinders help to put this counterargument into perspective. As I have already argued, the dangers generated by the U.S. commitment to Taiwan go well beyond the immediate possibility of the United States fighting China to protect Taiwan and, therefore, are not adequately captured by focusing solely on the cross-strait relationship. The U.S. commitment to Taiwan is among the key factors fueling Chinese doubts about U.S. motives in the region and Chinese worries about a war over Taiwan make control of the Northeast Asian SLOCs far more important. These worries contribute to military competition and strained political relations, thereby increasing the probability of conflict over the longer term. Second, a grand bargain would deal fully with this counterargument by requiring resolution of these other disputes.

#### CHINA MAY NOT RISE

A third counterargument focuses on the possibility that China's economic growth may falter, preventing China from becoming a fully capable major power. Under these conditions, U.S. accommodation would be wasted, with the United States unnecessarily suffering the costs of the grand bargain.<sup>109</sup> According to this argument, the United States should wait to learn more about China's economic trajectory.

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109. In this spirit, but focusing on different proposed concessions, see Denny Roy, "The Problem of Premature Appeasement," *Survival*, Vol. 55, No. 3 (June/July 2013), pp. 192–193.

As with many of the knotty issues raised by the strategy of accommodation, this argument involves weighing a number of uncertain outcomes. Waiting would not be without its own risks. Most directly, waiting not only delays the possibility of improving U.S. relations with China, but also reduces the probability of improving them in the future. The likely growing strains in the countries' relationship during the waiting period would reduce the probability of eventually reaching a grand bargain. Given the likelihood that China will meet its economic potential, albeit with stumbles along the way, negotiating a grand bargain now is less risky than waiting.

### *Alternative U.S. Policies*

Three broad alternatives to a grand bargain between the United States and China deserve consideration: unilateral territorial accommodation; a concert of Asian powers, which is one of the few alternatives to current U.S. policy that has received careful attention; and the current U.S. policy of rebalancing to Asia.

#### UNILATERAL TERRITORIAL ACCOMMODATION

If accommodation on Taiwan would increase U.S. security even without reciprocal Chinese concessions, then it is necessary to consider whether the greater benefits that would be provided by a grand bargain warrant the risks of forgoing the benefits of unilateral accommodation altogether. In other words, if a grand bargain is likely infeasible, should the United States unilaterally end its commitment to Taiwan? It is necessary to consider this possibility because the long-standing disputes in the South China and East China Seas might continue to defy resolution. Possibly most significant, the recent escalation of tensions between China and Japan, and the hardening of their positions, suggests that the prospects for resolution of the Senkaku/Diaoyu dispute are decreasing.

Although the probability of achieving a grand bargain may be low, the United States should not now unilaterally end its commitment to defend Taiwan. China appears too likely to misinterpret such a large change in U.S. policy, which could fuel Chinese overconfidence and intensify challenges to U.S. interests—most importantly, the U.S. security role in Northeast Asia. In large part, this judgment is informed by China's more assertive regional policies and pronouncements over the past decade. I do believe, though, that this is a close call. Prior to 2008 or so, unilateral accommodation might have been the United States' best option. Thus, a sustained moderation in China's policies could support a different decision in the future. Finally, U.S. pursuit of a grand bargain would not prevent the United States from eventually moving to

unilateral accommodation—if during U.S. pursuit of a grand bargain China made clear that agreement was impossible, unilateral accommodation would remain a fallback option.

U.S. unilateral adoption of less dramatic changes in the government's Taiwan policy—most importantly, slowing or ending U.S. arms sales to Taiwan<sup>110</sup>—is an option that might provide a better balance of risks and benefit. Even this much smaller change in U.S. policy, however, risks sending China the wrong signal.

Another way to balance feasibility and benefits, therefore, could be to look for a path that divides the grand bargain into smaller, more attainable increments. One can imagine a series of steps, including the United States ending its arms sales to Taiwan and China ending its use of force to advance its maritime claims, that could be implemented sequentially to create a phased grand bargain. This approach would enable the United States to revert to its current Taiwan policy if China failed to uphold its side of the phased agreement. Another possibility might include partial resolution of the maritime disputes. An agreement that delayed resolution of the sovereignty disputes far into the future, or indefinitely, while settling the resource disputes would be more feasible to achieve than a full resolution. This type of agreement could be possible because, for the most part, the sovereignty disputes can be separated from the resource disputes. In fact, China and Japan reached this type of arrangement in 2008, although it has yet to be implemented.<sup>111</sup> The United States could pursue a variant of this staged approach that would enable it to try to push the diplomatic process forward. In this more proactive model, the United States would make its initial concession unilaterally, while explaining that further concessions would hinge on China's reciprocation of its initial move.

#### CONCERT OF ASIAN POWERS

Likely the most discussed major alternative to current U.S. policy has been put forth by Hugh White, who calls for a concert of Asia's major powers.<sup>112</sup> He compares a concert to two other options—U.S. withdrawal from East Asia and intensified competition—and concludes that although complex and difficult to

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110. For a thorough assessment of U.S. arms sales, see Pin-Fen Kok and David J. Firestein, *Threading the Needle: Proposals for U.S. and Chinese Arms Sales to Taiwan* (New York: EastWest Institute, 2013).

111. Reinhard Drifte, "From 'Sea of Confrontation' to 'Sea of Peace, Cooperation, and Friendship?—Japan Facing China in the East China Sea," *Japan Aktuell*, March 2008, pp. 27–51.

112. White, *The China Choice*, pp. 133–135. For analyses of White's argument, see Yuen Foong Khong, "Primacy or World Order? The United States and China's Rise—A Review Essay," *International Security*, Vol. 38, No. 3 (Winter 2013/2014), pp. 153–175; and Roy, "The Problem of Premature Appeasement," pp. 183–202.

achieve, a concert is far preferable to the others, both of which he finds highly undesirable. In the broadest terms, the concert requires the United States and China to share power in East Asia. For White, the defining element of this concert is agreement among “the major powers not to seek primacy in a strategic system”; “members agree not to try to deprive one another of the status of a great power.” Among other requirements, the success of the concert depends on members accepting fully the legitimacy of the others’ political systems and committing to oppose any state that tries to dominate another member. In addition, members have the right to use force to protect their interests and to build the forces this requires, but “forces strong enough to threaten the independence of other great powers are not acceptable.” White argues that agreeing to the requirements of the concert would be difficult and costly for both the United States and China. The United States would find it challenging to accept the legitimacy of China’s political system, and to treat China as a military and political “peer,” which would include accepting “China’s growing capability to limit US military options in the Western Pacific.” For its part, China would have to “forgo its dream of leading Asia” and “accept that even as the world’s richest power, it will not exercise primacy in Asia as America has done.”<sup>113</sup>

Although White’s Asian concert would include valuable political understandings between the United States and China, it would fall short primarily because it fails to address the key dangers facing the two countries. It would contribute little to resolving the region’s sovereignty and maritime disputes, and therefore leave largely unchanged the probability of severe crises, escalating military competition and growing strains in the U.S.-China political relationship. White’s concert gives priority to getting the United States and China to forgo military efforts designed to dominate the region. This priority is misplaced because a large war between the United States and China is most likely to escalate from smaller disputes that were not initially intended to overturn the system, including a conflict over Taiwan.

Nevertheless, some features of White’s concert would contribute to long-term peace in Northeast Asia. Chinese acceptance of a continuing, if diminished, U.S. security role in the region would certainly be valuable; it matches my grand bargain’s requirement that China officially accept a continuing U.S. military and security role in Northeast Asia. It is far less clear whether the concert offers China enough to warrant accepting this requirement, if it does not

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113. White, *The China Choice*, pp. 141, 148, 141–142. Although Japan and India do not play a central role in White’s analysis, he includes them as the other major power members of the concert. Among the challenges White sees is the need for Japan to assume its major power responsibilities, which he implies would require it to acquire nuclear weapons. See *ibid.*, p. 149.

already. U.S. acceptance of the “essential legitimacy” of China’s political system would likely be a good correction to U.S. policy, although it promises to be unpopular with both the American public and elites. This useful element could be added to the components of the grand bargain laid out in this article.

#### STATUS QUO—U.S. REBALANCE

A third possible alternative to the grand bargain is to continue with the status quo—the U.S. rebalance to Asia, including maintaining the U.S. commitment to Taiwan, muddling through in the South China and East China Seas, deepening and expanding U.S. alliances, and pursuing trade initiatives that strengthen U.S. economic engagement in the region. The basic case for the status quo option holds that the prospects are very good that China’s rise will be peaceful and, therefore, U.S. accommodation and the risks involved in a grand bargain are unwarranted. A number of observations can be combined to support this position. As described at the beginning of this article, structural factors—including geography, nuclear weapons, and information about motives—are conducive to China’s peaceful rise. These structural factors are reinforced by the greatly improved quality of cross-strait relations, which reduces at least for the near term the possibility of a war over Taiwan that draws in the United States. Moreover, one can argue that key components of the rebalancing strategy are meeting with success—Southeast Asian countries increasingly want to work with the United States in pursuit of security, and Japan has begun to enhance its military capabilities in preparation for playing a larger role in providing for its own security. In addition, the status quo option is appealing because the United States does not make any concessions.

Although there is much to this argument, it underplays the risks. Military competition over the SLOCs, which is ultimately largely tied to Taiwan, and the associated political strains will continue to intensify with China’s investment in military capabilities and U.S. reactions to it. Strained political relations in turn have the potential to fuel competition in the nuclear and economic arenas, among others. Consequently, the current policy is not unlikely to produce an outcome that resembles the U.S.-Soviet security competition that characterized the Cold War. The Cold War was sufficiently dangerous that the United States has strong incentives for avoiding a multidecade replay. Of course, even if such a replay were to occur, there would be important differences. The good news is that a U.S.-China cold war would not be driven by a deep ideological competition, which played a central role in the U.S.-Soviet case. Other considerations, however, could make China a more dangerous rival. China promises to be a more capable competitor, with a much healthier

economy than the Soviet Union's, that will likely eventually produce a gross domestic product much larger than that of the United States. And, unlike the Soviet Union, China is a rising power and may therefore be more determined to have its way in redefining roles in East Asia. Also, China and the United States disagree about the legitimate geopolitical status quo in Northeast Asia, including the status of Taiwan, which would make a new cold war even more dangerous.

Finally, if China has still greater regional ambitions and is determined to push the United States out of East Asia, then a grand bargain would likely be infeasible. The United States' best option would then be to proceed with roughly its current policy. This would be a more dangerous outcome than a grand bargain not because the United States would have chosen the wrong policy, but because in this case the United States' goals and China's regional goals are largely incompatible.

### *Conclusion*

A grand bargain, in which the United States ends its security commitment to Taiwan and China reaches diplomatic solutions to its sovereignty and maritime disputes in the South China and East China Seas, while officially recognizing a long-term security role for the United States in East Asia, is currently the United States' best option for dealing with China's rise. Two alternative strategies have advantages and the choice between them and the grand bargain is not clear-cut. Unilateral accommodation would immediately eliminate the most dangerous flash point in East Asia and potentially improve U.S.-China relations, while avoiding the delay involved in complex negotiations with China that might eventually fail. The rebalance to Asia avoids the risk that U.S. accommodation would mislead China into doubting U.S. resolve and would become the United States' best option if it becomes clearer that China has regional ambitions that include pushing the United States out of East Asia. A grand bargain strikes a balance between these alternatives and is currently the United States' best bet.

A grand bargain is unlikely to be achieved quickly. In the interim, the United States should seek to develop policies that avoid or at least delay further strains in the U.S.-China relationship, while continuing to protect its interests. Regarding Japan, the United States should continue working to strengthen the alliance, but also continue to make clear its opposition to policies that unnecessarily provoke China. Striking this balance will be especially difficult in the military realm given the crosscutting pressures facing the United States. The United States will need to work to maintain the credibility of its alliance

commitments, which will include responding to improving Chinese military capabilities. Given the security dilemma that exists over control of the maritime spaces bordering China, these efforts will appear threatening to the Chinese leadership. The United States could pursue conventional arms control discussions designed to reduce the dangers. Although arms negotiations promise to be conceptually and politically difficult, astute observers have highlighted arms control's potential value.<sup>114</sup> Importantly, however, the situation facing the United States and China reflects a disagreement over the control of territory, which in turn creates incompatible military requirements. Thus, a geopolitical solution to Northeast Asia's disputes is likely required to avoid intensifying military competition and worsening political relations, as well as the accompanying increase in the probability of crises and war.

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114. Lieberthal and Wang, *Addressing U.S.-China Strategic Distrust*, pp. 43–45; and Steinberg and O'Hanlon, *Strategic Reassurance and Resolve*, chap. 5.