



## THE RISE OF CHINA AND THE CHALLENGE TO TRANS-ATLANTIC COOPERATION

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The rise of China is the defining characteristic of contemporary international security affairs. And for every rising power, there is a declining power and the United States is the declining power. China's rise and America's decline not only challenges America's role as the maritime hegemon in East Asia, but it also challenges America's status in regions across the globe.

The U.S.-China power transition challenges the post-World War II foundations of European security. Since 1945, the United States presence in Europe has been an indispensable strategic pillar of European security and the NATO alliance has been critical to the security of the United States and its European partners. But the rise of China will necessarily influence the future of trans-Atlantic cooperation. Sustained transatlantic cooperation in the twenty-first century will require mutual adjustment to the new roles of the United States and Europe in European security.

### ***The United States and the China Challenge***

The rise of China confronts the United States with a strategic challenge far greater than anything it confronted during the Cold War. Unlike the Soviet Union, China has a dynamic economy that may already be larger than the U.S. economy and that continues to grow two to three times faster than the U.S. economy. The Soviet Union was a Russian empire that occupied distant lands populated by large non-Russian populations and that required constant attention and allocation of resources to maintain domestic stability. In contrast, China's



The Chinese aircraft carrier Liaoning (Hull 16) steams in the western Pacific. Photo: Flickr CC BY.



minority population is a small percentage of its overall population and, despite its authoritarian political system, China's political system is stable and domestic opposition is manageable. And in contrast to the Soviet Union, China is an innovative country that has made significant advances in civilian and military technologies, including communication, surveillance and drone technologies. And whereas the Soviet Union faced significant strategic challenges on its land borders in both Europe and Asia that required costly ground force deployments on multiple fronts, China enjoys hegemony on its entire perimeter on mainland East Asia.

Equally important, in contrast to its economic situation during the Cold War and its Cold War defense policy, the United States no longer possesses the budget flexibility required to sustain its global defense commitments and to contend with the rise of China. On the one hand, the U.S. federal budget is much larger than China's national budget and the United States spends less on defense as a share of GDP than it did during the Cold War. The United States thus possesses the economic resources to compete with China for influence in East Asia and for global influence. On the other hand, politics trumps economics and U.S. domestic politics constrains U.S. military competitiveness.

Seventy percent of the U.S. federal budget funds mandatory spending on entitlement programs, including Medicare, Medicaid, food stamps, and family assistance programs, and interest on the federal debt. The defense budget constitutes over 50 percent of the remaining discretionary budget, so that only 15 percent of the federal budget is non-defense and discretionary and is available to support, in part, education, infrastructure and health insurance programs.<sup>1</sup> Electoral politics prevents cutting funding of social welfare programs to fund greater defense spending. The United States cannot increase the federal deficit to increase defense spending. The deficit is already too high, and management of the COVID-19 crisis will significantly increase the deficit. To reign in the federal deficit, there is strong resistance in the congress to increased defense spending. And the U.S. military and the congress resist reduced U.S. military presence around the world and reduced spending for the U.S. Army and Air Force to increase spending for the U.S. Navy.

China faces none of these economic and budget

problems. It has a lean social welfare budget, its central budget deficit is small and manageable, its army is not fighting wars around the world, and its political system facilitates reallocation of its defense budget to support its naval build-up. Because its economy grows at least twice as fast as the U.S. economy, it can grow its defense budget at twice the rate of the United States without reordering its budget priorities. In 2018, China spent 60 percent of the amount the United States spent on defense as a share of GDP.<sup>2</sup> China is in a better economic position to compete than the United States in the East Asian balance of power.

### ***The Changing East Asian Balance of Power***

These contrasting trends in U.S. and Chinese defense spending are reflected in the changing East Asian maritime balance of power. China has developed a navy that already challenges U.S. maritime superiority. The Chinese Navy commissions nearly three submarines each year, and by 2022 it will have as many as 70 attack submarines.<sup>3</sup> In its 2021 budget request, the Pentagon requested one submarine<sup>4</sup> and in eight years the number of U.S. attack submarines will likely decline to 41 ships. Only in 2038 will the number of attack submarines increase to 66.<sup>5</sup> At current construction rates, in 10 years the Chinese Navy could operate 400 surface ships and 100 submarines.<sup>6</sup> In contrast, in early 2018 the size of the active U.S. fleet was 289 deployable ships.<sup>7</sup> The Congressional Budget Office concluded that if the navy's ship-building budget were the average of its budget over the prior 30 years in real dollars and it maintained its aircraft carrier and ballistic submarine construction schedules, in 2045 the active naval fleet would decline to 237 ships.<sup>8</sup>



(June 18, 2016) The Nimitz-class aircraft carriers USS John C. Stennis (CVN 74), left, and USS Ronald Reagan (CVN 76) conducting dual aircraft carrier strike group operations in the U.S. 7th Fleet area of operations in support of security and stability in the Indo-Asia-Pacific. Photo: US Navy photo, Flickr CC BY.



The changing regional balance of naval power is reflected in declining U.S. influence in East Asia and in the erosion of the U.S. regional alliance system. In 2019, Philippine President Rodrigo Duterte declared that China “wants to be friends” and, in a reference to the China-Philippines’s territorial dispute, said that “If I go to war in a matter of minutes, ...my navy will be pulverized. ... Why would I pick a fight?”. He insisted that the United States lacks the resolve to defend Philippines interests.<sup>9</sup> In 2019 Malaysian Prime Minister Mahathir Mohamad observed that “When China was poor, we were frightened of China. When China is rich, we are also frightened of China.” He explained that that “we have to find some way to deal with China” and that Malaysia had to accept that “we are a small country. Can’t confront China.”<sup>10</sup> Singapore Prime Minister Lee Hsien-Loong insisted that the United States not force Singapore to take sides in the U.S.-China competition and that the world “has to adjust to a larger role for China.”<sup>11</sup> South Korean President Moon assured China that South Korea would not host any additional U.S. missile defense systems and that it would not cooperate in missile defense with the U.S.-Japan alliance. South Korea has also developed policies toward China and North Korea contrary to U.S. policies.

### ***The Rise of China and the Challenge to Trans-Atlantic Cooperation***

Given U.S. economic constraints, the United States cannot simultaneously compete as the lead power against two great powers in balance of power politics in multiple regions; it cannot play the dominant role balancing Russian power in Europe and Chinese power in East Asia.

For the United States, East Asia and Europe have identical strategic importance. Each region flanks U.S. coastlines across the oceans. Thus, it has long been U.S. policy to ensure that neither East Asia nor Europe come under the dominance of hegemonic power that could focus its strategic attention across the oceans and on the western hemisphere.<sup>12</sup> Hence, for the United States, World War II in Europe and in Asia and U.S. Cold War presence in Europe and Asia held equal strategic importance in preventing the rise of a regional hegemon.

U.S. interests have not changed in the twenty-first century, but the challenge to American interests is vastly different than during the Cold War. The balance of power in Europe no longer challenges U.S. security in the Western Hemisphere. First,

Russia does not possess the capabilities necessary to challenge U.S. security. Russia is reforming and modernizing its armed forces, but its air and naval forces remain small and underfunded.<sup>13</sup> Its ground forces can contend with Georgia and the Ukraine, but they cannot contend with U.S. air and artillery capabilities. Russia’s focus on hypersonic missiles and on modernizing its intermediate range ballistic missiles reflects its inability to compete with the United States across the full spectrum of war-fighting capabilities. Similar to North Korea and Pakistan, it depends on the “weapons of the weak.”

Second, given Russian weakness, the European powers have more than adequate resources to balance Russian power without significant U.S. military presence in Europe. Russia’s GDP is similar to the Spanish GDP and vastly smaller than the French, British and German GDPs. In 2019 France spent more on defense than Russia and together the defense spending of Great Britain, France and Germany was more than 2.5 times larger than Russian defense spending.<sup>14</sup> The combined population of Germany, France and Great Britain is 50 percent greater than the population of Russia. And Europe possesses significant advantages over Russia in technology innovation. The European countries can contend with Russian provocations in European waters and on Russia’s East European frontiers without substantial U.S. assistance.

Preoccupied with the rise of China and the shifting East Asian balance of power, unconcerned by any Russian conventional threat to U.S. security, and confident in the relative capabilities of the European countries to contend with Russian power, the United States will draw down its presence in Europe to contend with Chinese power. This will necessarily challenge U.S.-European cooperation in NATO, which has long been premised on joint defense against Soviet/Russian power.

### ***Sustaining a Robust NATO***

For the European countries, an ongoing contribution to U.S. security will be critical to sustaining U.S. interest in Europe and the durability of the NATO alliance. But the European powers cannot contribute to U.S. security by assisting the U.S. effort to contend with the rise of China and by helping to maintain the balance of power in East Asia. The small navies of the European powers are already stretched thin in assuring oil shipments from the Persian Gulf, managing refugee flows from the Middle East and instability in the Levant and North Africa, and

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contending with Russian maritime provocations. A few European ships may periodically participate in naval exercises with Asian countries, but they must quickly return to European waters to deal with more pressing challenges to European security in Europe and on its periphery.

To sustain U.S.-European security cooperation, the U.S. and European contributions to trans-Atlantic security cooperation must be proportionate to their respective interests in European security. Whereas during the Cold War the United States and Europe shared a common and equivalent interest in resisting Soviet power, in the twenty-first century European security concerns vis-à-vis Russia are greater than U.S. security concerns, so that Europe must increase its resistance to Russian military provocations and make a disproportionate contribution to the

European balance of power. Moreover, given trends in U.S. energy independence and declining U.S. budget resources, Europe has a greater interest in maintaining stability in Mediterranean affairs and in the Persian Gulf than the United States, so that it must make a similarly disproportionate contribution to stability on the European periphery.

Given European economic and technological advantages over Russia and its unrealized defense capabilities, America's European security partners can adjust to playing the dominant role in European security affairs. In so doing, not only can Europe contend with its multiple security challenges and remain secure and stable, but, by providing for their own defense, America's NATO allies can also make an important contribution to U.S. security, contributing to robust trans-atlantic cooperation.

- <sup>1</sup> "Spending," Peter G. Peterson Foundation, at <https://www.pgpf.org/finding-solutions/understanding-the-budget/spending>
- <sup>2</sup> "Military expenditure (% of GDP)," World Bank, at <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS>.
- <sup>3</sup> Military and Security Developments Involving the People's Republic of China 2019, pp. 35-36.
- <sup>4</sup> Tony Capaccio, "Navy Swaps Submarine for Destroyer in 2021 Budget Request Shift Stars and Stripes, February 6, 2020, at <https://www.stripes.com/news/us/navy-swaps-submarine-for-destroyer-in-2021-budget-request-shift-1.617742>.
- <sup>5</sup> Congressional Budget Office, "An Analysis of the Navy's Fiscal Year 2019 Shipbuilding Plan," p. 8, October 2018, at <https://www.cbo.gov/system/files/2019-01/54564-FY19Shipbuilding.pdf>.
- <sup>6</sup> John Grady, "Former Navy Intel Officer: Chinese Navy 'Very Competent,' Getting Better," USNI News, May 15, 2019, at <https://news.usni.org/2019/05/15/former-navy-intel-officer-chinese-navy-very-competent-getting-better>.
- <sup>7</sup> United States Navy, "Status of the Navy," May 31, 2019, at [https://breakingdefense.com/2019/07/adm-davidson-china-assaults-international-order/?utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=EBB%2007.19.19&utm\\_term=Editorial%20-%20Early%20Bird%20Briefhttps://www.navy.mil/navydata/nav\\_legacy.asp?id=146](https://breakingdefense.com/2019/07/adm-davidson-china-assaults-international-order/?utm_source=Sailthru&utm_medium=email&utm_campaign=EBB%2007.19.19&utm_term=Editorial%20-%20Early%20Bird%20Briefhttps://www.navy.mil/navydata/nav_legacy.asp?id=146)
- <sup>8</sup> Congressional Budget Office, "An Analysis of the Navy's Fiscal Year 2016 Shipbuilding Plan," p. 20, at <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50926-shipbuilding-2.pdf>
- <sup>9</sup> Christina Mendez and Edith Regalado, "China Just Wants to be Friends with Philippines – Duterte," Philippine Star, April 4, 2019, at <https://www.philstar.com/headlines/2019/04/04/1907099/china-just-wants-be-friends-philippines-duterte>; "Duterte Dares US to Send 7th Fleet to South China Sea, CNN, July 9, 2019, at [https://www.cnnphilippines.com/news/2019/7/9/Rodrigo-Duterte-7th-Fleet-United-States.html?utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=EBB%2007.09.19&utm\\_term=Editorial%20-%20Early%20Bird%20Brief](https://www.cnnphilippines.com/news/2019/7/9/Rodrigo-Duterte-7th-Fleet-United-States.html?utm_source=Sailthru&utm_medium=email&utm_campaign=EBB%2007.09.19&utm_term=Editorial%20-%20Early%20Bird%20Brief); Duterte Invokes Military Pact with US Amid South China Sea Dispute," CNN, July 17, 2019, at <https://cnnphilippines.com/news/2019/7/17/Duterte-Philippines-US-Mutual-Defense-Treaty-South-China-Sea.html>.
- <sup>10</sup> Bhavan Jaipragas "I'd Side with Rich China over Fickle Us: Malaysia's Mahathir Mohamad," South China Morning Post, March 8, 2019, at [https://amp.scmp.com/week-asia/politics/article/2189074/id-side-rich-china-over-fickle-us-malaysias-mahathir?\\_\\_twitter\\_impression=true](https://amp.scmp.com/week-asia/politics/article/2189074/id-side-rich-china-over-fickle-us-malaysias-mahathir?__twitter_impression=true).
- <sup>11</sup> The Text of the speech is at "PM Lee Hsien Loong at the IISS Shangri-La Dialogue 2019," Prime Minister's Office Singapore, May 31, 2019, at <https://www.pmo.gov.sg/Newsroom/PM-Lee-Hsien-Loong-at-the-IISS-Shangri-La-Dialogue-2019>.
- <sup>12</sup> Robert S. Ross, "U.S. Grand Strategy, The Rise of China and U.S. National Security Strategy for East Asia," Strategic Studies Quarterly, vol. 7, no. 2 (Summer 2013).
- <sup>13</sup> Keith Crane, Olga Oliker, and Brian Nichiporuk, Trends in Russia's Armed Forces: An Overview of Budgets and Capabilities, (Santa Monica, CA: RAND Corporation, 2019).
- <sup>14</sup> SIPRI, "Trends in World Military Expenditure, 2018," April 2019, at [https://www.sipri.org/sites/default/files/2019-04/fs\\_1904\\_milex\\_2018\\_0.pdf](https://www.sipri.org/sites/default/files/2019-04/fs_1904_milex_2018_0.pdf).

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