

# “The Enemy Retreats, We Pursue.” China’s Maritime Strategy in the Western Pacific as a Reflection of U.S.-China Strategic Interaction

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It is now abundantly clear that China under Xi Jinping is mounting a multi-faceted challenge to the United States and the nations of the Western Pacific by claiming sovereignty over what Beijing considers its inner-island defense line. China’s claims span the vast region from the Senkaku (Diaoyu) Islands in the East China Sea to the Spratly (Nansha) Islands in the South China Sea and everything in between. Beijing is not only claiming sovereignty over existing islands, but is creating new ones, reclaiming and militarizing rocks, shoals, and islets, creating new facts of possession and proclaiming that their sovereignty over all these lands dates “since ancient times.”

An arbitral tribunal at the Permanent Court of Arbitration in The Hague, Netherlands, recently ruled that there exists no historical basis for Chinese claims and, in fact, Chinese claims are relatively recent, dating from the nineteen seventies.<sup>1</sup> What accounts for China’s actions? A survey of the disputes shows that *all* of China’s claims originate in an exploitation of U.S. decisions. Disputes over the Senkaku Islands, Taiwan and adjacent islands, and the islands of the South China Sea, *all*

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<sup>1</sup> “The Hague Tribunal on the South China Seas Rules in Favor of the Philippines,” *Reuters*, July 12, 2016.

have their origins in U.S. decisions that China subsequently exploited, then justified in terms of sovereignty claims dating back “since ancient times.” This article will analyze U.S.-China interaction with respect to Chinese actions and claims and assess their validity.



China is determined to be the gatekeeper of South China Sea lanes, replace the U.S. as dominant power, and encircle Taiwan.

### *The San Francisco Treaty System*

The story begins with the victory of the Chinese Communists over the Nationalists in 1949. In its broadest sense, the Communist victory was the result of several factors, but one of the most decisive was the Truman Administration’s withdrawal of U.S. support from the Nationalists.<sup>2</sup> Defeated on the mainland, Chiang Kai-shek had retreated to the island of Taiwan, there to make a last stand. Immediately following the proclamation of the

<sup>2</sup> See Richard C. Thornton, *China, A Political History, 1917-1980* (Boulder: Westview, 1982), chapter VIII.

People's Republic, Mao Zedong marshaled forces to assault the island to complete his conquest.

In retreating to Taiwan, Chiang had positioned forces in islands off the China coast from Shanghai to Canton (Guangdong) in a forward defense; Dengbu, off Shanghai in the Zhoushans; Matsu, off Fuzhou; Kinmen, off Xiamen; Mansan, off Canton, on Hainan Island, and on Woody Island in the Paracels (Xisha). His government also laid claim to all of the islands of the South China Sea, issuing what has come to be known as the "eleven dash line," a vague, unprecedented, but sweeping claim to islands and seas no previous Chinese regime had ever claimed and on which Chiang Kai-shek was not in position to act.

At the time, the newly established People's Republic ignored Chiang's claim. Mao's immediate objective was the final conquest of the Nationalist government. Thus, Mao attempted to seize the two islands most directly in the path of an assault on Taiwan, Dengbu and Kinmen, before commencing the assault on Taiwan. Launching attacks in late October and early November 1949, Mao's forces were decisively beaten by Nationalist forces wielding superior but declining air and naval power.<sup>3</sup>

At this point, President Harry Truman entered the fray once again, hoping to create the basis for establishing diplomatic relations with the new Communist regime. On January 5, he announced that the United States would no longer supply the Nationalist government with arms, effectively giving the green light for an assault on Taiwan. Truman's gambit failed, however, as Mao signed a thirty-year treaty of friendship and alliance with the Soviet Union five weeks later and began assembling a junk-based amphibious force of two hundred thousand men for a cross-strait invasion of the island.

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<sup>3</sup> For an account of the battles, see Richard C. Thornton, *Odd Man Out: Truman, Stalin, Mao and the Origins of the Korean War* (Washington, D.C.: Brassey's, 2000), 37-39 and 114-17.

Although Chiang anticipated that the Sino-Soviet alliance would mean a reprieve from the United States, such was not the case. When Washington reaffirmed its decision to stay out of the civil war, Chiang had no alternative but to withdraw his forces from their forward positions and defend against the now inevitable final assault. As Mao's forces attacked Hainan Island on April 16, Nationalist forces managed a fighting retreat from Hainan and nearby Woody Island in the northern part of the Paracel Islands, which they had also occupied. They also withdrew from Dengbu before Communist forces landed, but held on to Matsu and Kinmen.

The outbreak of the Korean War forced Mao to cancel his plans to conquer Taiwan, as Truman ordered the Seventh Fleet to patrol the Taiwan Strait and incorporated the island into the newly developed global containment strategy. The Sino-Soviet Treaty and NSC-68, essentially reciprocal concepts, fixed the structure of power in the Western Pacific, but it was the San Francisco Peace Treaty in September 1951 that established its international legal underpinning.



President Truman addresses the Japanese Peace Treaty Conference in San Francisco. The treaty establishes Pax Americana in the Western Pacific. *Photo: Harry S. Truman Library and Museum*

The treaty ended the state of war between Japan and the Allied Powers, who recognized the Japanese people's full

sovereignty over Japan. Japan renounced all claim to Korea, Formosa and the Pescadores (Penghu) islands, the Kurile Islands, the Paracel Islands, the Spratly Islands, and that portion of Sakhalin that Japan acquired in the Treaty of Portsmouth, 1905.

The United States became the sole administering authority of all of the territories Japan relinquished, including Taiwan, whose status would remain legally in limbo until resolved by international action, either by the United Nations, or national plebiscite. Contrary to the declared “purpose” of the Cairo Declaration of 1943, the treaty did not convey sovereignty over Taiwan (Formosa) and the Pescadores to the Republic of China.

The United States also became the sole administering authority of the Japanese-held WWI mandated islands from the League of Nations, (Kwajalein, Palau, Saipan, Truk, Majuro, and Jaluit) as well as the spoils of WWII, the Ryukyu, Daito (including Senkaku), Bonin, Rosario, Volcano, Parece Vela, and Marcus Islands. The treaty made no disposition of either the Paracel or Spratly Island groups.

Neither Beijing nor Taipei had been invited to the conference, and were therefore not parties to the treaty, but Taipei held on to Kinmen and Matsu, and China laid claim to the Paracel and Spratly islands, but did not occupy them. The Soviet Union attended the conference, but opposed the treaty. Nevertheless, Moscow retained control of the Kurile Islands, including Japan's Northern Territories, seized at the very end of the war, redefining them as the Southern Kuriles to justify their seizure.

The treaty was as much a political document as a legal one, a fact that most commentators have chosen to ignore.<sup>4</sup> The

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<sup>4</sup> See John Price, “A Just Peace? The 1951 San Francisco Peace Treaty in Historical Perspective,” *Japan Policy Research Institute*, Working Paper No. 78, June 2001.

central purpose of the treaty was to establish a sustainable legal underpinning for the United States' position in the Western Pacific by reinforcing the Cold War balance of power already congealing in the Korean War. As such, what were termed errors and omissions in the treaty was intended to create impediments to altering the structure of power enshrined by it.

When President Eisenhower ascended to the presidency in 1953, one of those omissions quickly led to crisis. Eisenhower lifted the naval blockade of the Taiwan Strait, opening the door to a broad Beijing advance of claims. In January of 1953, as part of a feeble effort to contest the U.S. position in the Western Pacific, Beijing acknowledged that the Senkaku Islands were part of the Ryukyu Island chain.<sup>5</sup> In March, Beijing published a variation on the Nationalist Government's eleven-dash line for the South China Sea, reducing it to nine dashes, but retaining its geographical scope, declaring that Woody Island in the Paracels was its administrative center. China's claim went little noticed at the time because Beijing was too weak to take action and because another crisis erupted closer to home--the first Taiwan Straits crisis.

The Nationalist-controlled islands of Kinmen and Matsu located two and ten miles off the Fuzhou coast, respectively, were not mentioned in the San Francisco Treaty. With the withdrawal of the naval blockade of the Strait, Chiang deployed over seventy thousand troops onto the islands, hoping to employ them as springboards for attacks on the mainland. The deployment prompted Mao to retaliate by shelling them. Skirmishing on several other coastal islands commenced as well.

On December 2, 1954, the United States and the Republic of China (Taiwan) signed a mutual defense treaty, which inexplicably still omitted Kinmen and Matsu. Despite warnings against further attacks, fighting continued around both

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<sup>5</sup> "Battle of the People in the Ryukyu Islands Against the U.S. Occupation," (in Chinese), *People's Daily* January 8, 1953.

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islands until the U.S. Congress on January 29, 1955 passed the Formosa Resolution, which authorized the president to use American forces to defend Taiwan and the islands in its possession in the Taiwan Strait. Eisenhower's threat to employ nuclear weapons to defend Taiwan also appeared to have an important effect in resolving the conflict, albeit temporarily, but the islands of Matsu and Kinmen remained under control of the Nationalist Government.

The second Taiwan Straits crisis in the summer of 1958 was similar to the first, but was a function of several interrelated developments, principally the failure of Mao's Great Leap Forward, Chiang's attempt to exploit it, and the temporary diversion of U.S. naval power from the Pacific to the Persian Gulf to deal with the contemporaneous Lebanon crisis.

The economic instability triggered by the failure of the Great Leap Forward prompted Chiang Kai-shek to deploy troops forward onto the islands of Matsu and Kinmen just as he had in 1953-4 and Mao reacted in the same way as he had then by shelling the islands, but proclaiming that this time he would "liberate" Taiwan, as well. Although bombastic in word, Mao was cautious in deed, however, waiting to act until the United States had deployed Pacific-based naval forces to the Persian Gulf to deal with the Lebanon crisis, which masked a larger concern over Middle East oil.

Mao may have thought he could invoke Soviet support based upon his reading of the Sino-Soviet treaty, but he was mistaken. Moscow informed him that the treaty only supported China in international crises, not internal matters, which defined the China-Taiwan dispute. Eisenhower's firm support for Taiwan, escorting Taipei's support ships up to the islands, led once again to a return to the status quo and the islands remained under control of the Nationalist Government, where they still reside.

*War in Vietnam; Change in the Western Pacific*

The first indicator of change in the U.S. position in the Western Pacific occurred in 1962. Hoping to reassure Mao that the United States would not support Chiang Kai-shek's efforts to destabilize the mainland while Beijing turned to deal with the conflict along the border with India, President John F. Kennedy quietly shut down the CIA's commando training center on Saipan. In retrospect, closing the facility where the CIA trained Nationalist commandos marked the beginning of a reduction of American power in the Western Pacific, although the region-wide Vietnam War buildup temporarily masked it.

The first major change in the U.S. position came during the latter stages of the Vietnam War, which had captured all attention during the sixties. The issues were the Senkaku Islands and Taiwan. The Senkaku issue appeared to be a dispute between Beijing and Tokyo, but was of a completely different origin. In fact, the Senkaku Islands dispute arose as a function of two other simultaneous developments: U.S.-China rapprochement and U.S.-Japan negotiations regarding the reversion of Okinawa. Both developments were part of the Nixon Administration's Pacific-wide drawdown of forces during the endgame of the Vietnam War.

The United States administered the Senkakus as part of its postwar occupation of Okinawa from 1953, in accordance with the San Francisco Peace Treaty. China's maps without exception referred to the Senkaku Islands as the Senkaku Islands, not as Diaoyutai, the Chinese name for them, assigned sovereignty to Japan, and did not dispute their status.<sup>6</sup> The imminent change of the U.S. position in the Western Pacific, however, gave the Chinese the opportunity to lay a claim to the islands.

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<sup>6</sup> See Michael Turton, "Constructing China's Claims to the Senkaku," *The Diplomat*, November 6, 2013.



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During the rapprochement negotiations the Chinese side demanded that the United States not transfer the Senkakus to Japan along with Okinawa, while the U.S. side insisted Beijing agree to a peaceful settlement of the conflict with Taipei. The result was two compromises. Washington did transfer the Senkakus along with Okinawa to Japan, but distinguished between administrative rights and sovereignty. The transfer of “administrative rights over the islands,” Washington maintained, “. . . can in no way prejudice any underlying claims . . . or diminish the rights of other claimants.”<sup>7</sup> This strained formulation opened the door to “other claimants” as Beijing (and Taipei) immediately and for the first time laid claim to the Senkaku Islands.

At the same time, President Nixon finessed the issue of Taiwan. While insisting upon the “peaceful settlement formula,” the agreed formulation on Taiwan was that the United States “acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China.”



Rapprochement with China sidestepped disagreement over the Senkakus and Taiwan. *Photo: Nixon Library online.*

<sup>7</sup> Mark Manyin, *Senkaku (Diaoyu/Diaoyutai) Islands Dispute: U.S. Treaty Obligations* (Washington, D.C. Congressional Research Service, September 25, 2012), 9.

Both sides understood that this formula was a scheme to delay a settlement indefinitely. However, the formula also made Washington a co-conspirator with Beijing in the fiction that Taiwan was a part of China and ignored the rights and views of the indigenous majority.

The Shanghai finesse permitted Washington and Beijing to proceed with rapprochement, leaving Taiwan's sovereignty status undecided, but the Senkaku compromise opened the door for a major Beijing demarche. Not only did it allow Beijing to make an end-run around Taiwan, but also to strike a sharp if unrecognized blow at the U.S.-Japan alliance. Whatever distinction Washington thought it had made between administrative rights and sovereignty, the United States was committed by the U.S.-Japan Security Treaty to defend the Senkakus as Japan itself and failure to honor that commitment would irreparably damage the alliance and undermine the legal position of the U.S. in the Western Pacific. The U.S. decision insured that the Senkaku Islands would remain a divisive issue.

From mid-1970 both Beijing and Taipei abruptly changed their positions on the Senkakus. In September three members of the Taiwan National Assembly accompanied a group of citizens to the islands and planted the Nationalist flag there. Then, on December 29, 1970, *People's Daily* asserted its claim that the Senkakus, "like Taiwan have been since ancient times Chinese territory."<sup>8</sup> Both governments subsequently altered texts and maps to declare that a dispute indeed existed, and to support their claims that the Senkakus and Taiwan were Chinese from ancient times.<sup>9</sup>

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<sup>8</sup> Wada Hiruki, "Resolving the China-Japan Conflict Over the Senkaku/Diaoyu Islands," *Japan Focus*, October 28, 2010.

<sup>9</sup> For Beijing's claims, see Wu Tienying, *An Examination of the Ownership of the Diaoyu Islets Before the 1894-95 Sino-Japanese War* (Beijing: Social Sciences Press, 1994). For the Chinese Nationalist claim, see "The East China Sea Peace Initiative," *Washington Post*, October 10, 2012, A5. See also Ko-hua Yap, "The

*"Since Ancient Times"—A Specious Thesis*

The "since ancient times" thesis is an attempt to provide historical heft to a contemporaneous opportunity, but has no historical basis. As such it is a classic instance of the ancient Chinese stratagem to make someone believe there is something when there is nothing (*wu zhong sheng you*). The argument posits mere observation of a surface maritime feature as proof of sovereignty. If the essential definition of sovereignty is control of territory and central governorship of a population over time, it is plain that China has never held sovereignty over any of the islands in the Western Pacific. Indeed, throughout its history, the very entity we call "China" was a congeries of regimes beset by internal conflict as states warred against states and dynasties strove to fend off foreign invaders from land and sea. The history of China is replete with invasions by Mongols, Manchus, Jurchens, Europeans and Russians.

China as a socio-economic culture was more advanced and influential than China as a political entity for most of its history. In fact, non-Chinese ruled "China" for almost half of its more than two thousand years of dynastic rule. These non-Chinese regimes were: the Northern Wei dynasty, 386-534; the Liao dynasty, 907-1125; the Jin dynasty, 1115-1234; the Yuan dynasty, 1206-1368; and the Qing dynasty, 1616-1911.

As for Taiwan, the island had never been an integral part of any Chinese dynasty. As late as the fourteenth century, the official history of the Ming Dynasty (1368-1644) described Taiwan as the "Eastern Barbarian Lands," or foreign territory. Nor had the later Qing Dynasty (1644-1911) controlled the island, except nominally for less than a decade.

The truth is that Taiwan had been a pirate redoubt for centuries, first for Japanese (*Wokou*), Chinese, and Korean pirates; then, for Dutch, Portuguese, Spanish traders, and

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Diaoyutai Islands on Taiwan's official Maps: Pre and Post 1971, *Asian Affairs* vol. 39, no. 2 (2012), 90-105.

innumerable smugglers and other brigands. Pirates controlled the China coast from Taiwan and other island strongholds, including the Tsushima and Chejudo islands, some commanding huge fleets that repeatedly rampaged, raided, plundered, and pillaged coastal villages and ports.

China was a wealthy land, politically splintered and ripe for conquest. The response of both the Ming and Qing empires to the pirate threat, over a period of hundreds of years (!), was to turn inward, draw away from the coast, and adopt a policy of isolating China from the sea. Imperial decrees forced the relocation of coastal villages miles away from the coast, burning all private vessels, and prohibiting all but official trade and tribute with non-Chinese entities. This was the policy of Haijin, or sea ban.<sup>10</sup>

The pro-Ming pirate Koxinga defeated the Dutch ensconced on Taiwan in 1662, and then used it as his base of operations *against* the Qing. Even in 1683 when Admiral Shi Lang had defeated the pirates commanded by Koxinga's grandson and the Kangxi Emperor declared Taiwan to be a prefecture of Fujian province, the island's relationship to the mainland remained unchanged. Admiral Shi Lang, too, kept the island isolated as his private enclave, coming to terms with but never fully pacifying the aboriginal tribes who inhabited the eastern half of the island.

Over two hundred years later, in 1885, and from an even weaker position of an empire in terminal collapse, Empress Cixi declared Taiwan to be a province of China in a desperate attempt to prevent Japan from outright seizure, to no avail. By this time, Japan had become the new power dominating the China coast. As a result of the modernization stimulated by the Meiji Restoration of 1868, Japan had built a formidable army and navy, which largely eliminated the pirate threat, only to replace it.

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<sup>10</sup> The seven voyages of the Ming Admiral Zheng He are a notable exception, but an exception nonetheless.

From the late nineteenth century, Japan became the dominant power in all of Asia absorbing the Ryukyu kingdom of Okinawa in 1879 (and the Senkaku Islands in 1895), and acquiring Taiwan as part of the settlement of the Sino-Japanese war of 1894-95, colonizing and ruling the island for the next fifty years. Japan defeated Russia in 1905, absorbed Korea in 1910, set up a puppet state in Manchuria in 1931, and thoroughly dominated coastal China—indeed, the entire Western and Central Pacific, including the Paracels, the Spratlys, and the mandated territories, until its defeat in WWII.

Meanwhile, imperial China went in another direction. The Qing Empire collapsed in 1911, fragmenting into warlord regimes. The Republic of China that arose from the ashes of empire never fully and formally unified the country, lost control of all of north and east China to Japan in the 1930s, was driven far inland during WWII, and succumbed afterward to the ravages of civil war against the Communists. From this very brief historical survey it is plain that “since ancient times” China could not unify its own nation, even safeguard its own coast, and never exercised sovereignty over Taiwan. Control of the Senkaku Islands, a flyspeck by comparison, is a complete fiction as is the notion that the islands in the South China Sea were ever China's.

*“When the Enemy Retreats, We Pursue.” Mao Zedong*

Mao's guerrilla war dictum has governed Chinese policy on land and sea for many decades. After the Nixon visit to China in 1972, and Sino-Japanese rapprochement, the Senkaku and Taiwan issues simmered down, but the Paracel Islands issue heated up. As the Vietnam War moved toward its sorry conclusion with the defeat of South Vietnam, the Chinese realized that United States withdrawal provided an opportunity to expand their holdings in the Paracel islands, to include those features then controlled by the beleaguered Government of South Vietnam. Thus, in January 1974 Chinese forces seized several of the islands. Hanoi, then receiving support from Beijing

for the final conquest of the South, observed quietly, but took no action. From the spring of 1975, however, the now unified Republic of Vietnam seized control of six islands in the Spratly island group that had been held by South Vietnam.<sup>11</sup>

The Senkaku and Taiwan issues returned to the headlines in early 1978, when Sino-Japanese normalization negotiations began, followed by U.S.-China normalization negotiations later that same year. The Japanese, understanding full well that the Senkaku issue would arise once again, sought to strengthen their claim by sending a team to the islands to erect a lighthouse. Beijing reacted by sending some eighty small craft to the islands demanding that they be “returned” to China. These moves temporarily interrupted the initial phase of treaty negotiations, until cooler heads prevailed.<sup>12</sup> After a brief standoff, negotiations resumed as both countries agreed with Deng Xiaoping’s admonition to let future generations settle the dispute in the interest of establishing diplomatic relations.

Although the Chinese focused on Japan, contesting Tokyo’s claims to the Senkakus, the underlying issue continued to be the U.S. position in the Western Pacific codified in the U.S.-Japan Security Treaty. Raising the issue (by both sides) posed the question once again, as in 1971, of the U.S. commitment to defend Japan and its position in the Western Pacific.

Similarly, U.S.-China normalization negotiations nearly foundered over Taiwan. While bowing to Beijing’s demand that the United States break relations with Taiwan, abrogate its defense treaty, and remove all of its troops from the island, Washington insisted that China adhere to the peaceful settlement formula written into the Shanghai Communiqué and also agree to permit the United States to sell arms to Taiwan for self defense.

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<sup>11</sup> John W. Garver, “China’s Push Through the South China Sea: The Interaction of Bureaucratic and National Interests,” *The China Quarterly* (1992), 1005.

<sup>12</sup> Daniel Tretiak, “The Sino-Japanese Treaty of 1978: The Senkaku Incident Prelude,” *Asian Survey*, vol. 18, no. 12 (December 1978), 1241-42.

China's leader Deng Xiaoping objected to Washington's twin demands, reserving the right to revisit them, but quickly decided to proceed with normalization, which occurred on January 1, 1979. Deng agreed to proceed because President Carter appeared to concede to the Chinese claim of sovereignty over Taiwan. President Carter had employed a bait and switch tactic on the issue. In announcing the decision to establish diplomatic relations, Carter had declared, "The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China."<sup>13</sup>

This statement appeared to indicate American recognition of Chinese sovereignty over Taiwan, but appearances were deceiving. American spokesmen immediately issued a clarification that the meaning of the word "acknowledges" in the statement meant only that the United States *understood* the Chinese *position*, not that it had conferred sovereignty. The Chinese objected, but neither Carter's semantic gyrations, nor Beijing's bold assertions could disguise the fact that China could not exercise sovereign power over territory it did not control.

The U.S. Congress, in passing the Taiwan Relations Act on April 26, 1979, not only further clarified Washington's position on Taiwan, but also issued a major statement of American policy toward the entire Western Pacific. Declaring that it was American policy "to help maintain peace, security, and stability in the Western Pacific," the Act sought to make clear that establishing diplomatic relations with Beijing rested "upon the expectation that the future of Taiwan will be determined by peaceful means." Any attempt to do otherwise would be "a threat to the Western Pacific area and of grave concern to the United States." With these objectives in mind, the United States will "provide Taiwan with arms of a defensive character" so as to "maintain the capacity . .

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<sup>13</sup> Joint Communiqué on the Establishment of Diplomatic Relations Between the United States and the People's Republic of China," *New York Times*, December 16, 1978, 1.

. to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system of the people on Taiwan.”<sup>14</sup>

President Ronald Reagan, basing his position squarely on the Taiwan Relations Act, successfully reached agreement on a quid pro quo regarding Taiwan as part of his effort to develop a strategic partnership with Beijing. The August 17, 1982 communiqué declared that in return for China’s agreement to seek a peaceful settlement of the Taiwan question, the United States agreed to reduce arms sales to the Nationalist Government over time, but with no fixed termination date.<sup>15</sup>

The U.S. commitment was absolutely contingent upon Beijing’s adherence to the peaceful settlement formula. In a memorandum for the record, President Reagan declared: “U.S. willingness to reduce its arms sales to Taiwan is conditioned absolutely upon the continued commitment of China to the peaceful solution of the Taiwan-PRC differences. It should be clearly understood that the linkage between these two matters is a permanent imperative of U.S. foreign policy.”<sup>16</sup>

The agreement settled the issue of Taiwan for the time being and seemed to lay a firm foundation for the future development of U.S.-China relations. However, the rise of Gorbachev and the U.S. shift to détente with the Soviet Union following the Iran-Contra scandal marked a major turn in the Rubik’s cube that was the U.S.-Soviet-Chinese relationship. The U.S. shift prompted a similar change in Sino-Soviet posture, ending the decades-long conflict between the two, as symbolized by the Tiananmen crisis. But that, too, did not last as the

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<sup>14</sup> Lester Wolff and David Simon, eds., *Legislative History of the Taiwan Relations Act* (New York: American Association for Chinese Studies, 1982) 288.

<sup>15</sup> See Richard C. Thornton, *The Reagan Revolution, II: Rebuilding the Western Alliance* (Victoria: Trafford, 2005), chapters 5 and 6.

<sup>16</sup> For the memorandum, see James Lilley, *China Hands: Nine Decades of Adventure, Espionage, and Diplomacy in Asia* (New York: Public Affairs, 2004), 248.



dissolution of the Soviet Union in late 1991 led to additional turns in U.S. and Chinese policy.

*The Eclipse of Deng Xiaoping's Tao Guang Yang Hui (Hide Brightness, Nourish Obscurity)*

In late 1991, the event driving U.S. strategy was the imminent and unanticipated collapse of the Soviet Union. Concerned about establishing areas of stability around the periphery of the Soviet collapse, President Bush made one of the most consequential decisions in American history. In November he sent Secretary of State James Baker to Beijing to make the Chinese an offer they could not refuse.

Baker would convey President Bush's offer of American assistance to accelerate China's modernization, opening the door to an unprecedented transfer of wealth, technology, and Western expertise to China, on a scale greater than the American effort to promote the recovery of West Germany and Japan after WWII. The prospect was for the People's Republic to replace and counterbalance the defunct Soviet Union as a global power. It was an offer the Chinese did not refuse. Over the next fifteen years, by conservative estimates, nearly a trillion dollars was transferred to China, jump-starting their transformation into the country we see today. The decision led Chinese leaders to jettison Deng Xiaoping's strategy of keeping a low profile.

Beijing not only made the necessary domestic legal changes to facilitate interaction with the West, they employed the "the enemy retreats, we pursue" stratagem to take advantage of a simultaneous American retreat in the Western Pacific, which had also just begun.<sup>17</sup> In the Philippines, months of fruitless negotiations over the U.S.-Philippines Security Treaty resulted in the Philippines Senate refusing to renew the treaty in September 1991. At the end of the year, the Philippines government ordered the United States to leave the strategic naval base at Subic Bay,

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<sup>17</sup> See Michael Marti, *China and the Legacy of Deng Xiaoping* (Washington, D.C.: Brassey's, 2002) for Deng's skillful management of the opening to the West.

ending the powerful American protective presence in the South China Sea held since 1945.<sup>18</sup>

The U.S. decision, by President George H.W. Bush, seemed to be extraordinarily shortsighted, but it was consistent with long-term strategy of withdrawal from the Western Pacific. Chinese leaders concluded that the U.S. commitment to strengthen China in the wake of the Soviet collapse was an unrequited gift that gave Beijing the green light to fill the vacuum. Within two months of the U.S. withdrawal from Subic, in February 1992 the Chinese began to claim that all of the islands in the East and South China Seas, including Taiwan and the Senkakus, had been theirs “since ancient times,” a completely bogus claim.

At the 24<sup>th</sup> session of the Seventh National People’s Congress on February 25, 1992, Beijing promulgated Order no. 55 concerning “the territorial seas and the contiguous zone.” Aside from declaring a twelve-mile territorial sea along its coast and a further twelve-mile contiguous zone based on the United Nations Convention on the Law of the Sea (UNCLOS), article 2 asserted that *all* of the islands in the East and South China Seas “belong to the People’s Republic of China.” These included “Taiwan and all islands appertaining thereto including the Diaoyu [Senkaku] Islands; the Penghu [Pescadores] Islands; the Dongsha [Pratas] Islands; the Xisha [Paracel] Islands; the Zhongsha Islands [Macclesfield Bank and Scarborough Shoal] and the Nansha [Spratly] Islands.”<sup>19</sup>

This was an odd, yet brazen, juxtaposition of claims. All of the named islands lay well *outside* China’s proclaimed “territorial sea and contiguous zone” and only the Pescadores had traditionally been considered as “appertaining” to Taiwan. Furthermore, it was the first time that Beijing had included the

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<sup>18</sup> David Sanger, “Philippines Orders U.S. to Leave Strategic Navy Base at Subic Bay,” *New York Times*, December 28, 1991.

<sup>19</sup> *Law of the People’s Republic of China Concerning the Territorial Sea and the Contiguous Zone—1992*, adopted by the 24<sup>th</sup> Session of the Standing Committee of the Seventh National People’s Congress on February 25, 1992.

Senkaku Islands in its territorial sea claim.<sup>20</sup> According to the Law of the Sea treaty, which China had signed ten years earlier, but not yet ratified, “a coastal state’s sovereignty cannot extend beyond the 12-nm limit of the territorial sea.”<sup>21</sup>

Nevertheless, to counter Vietnamese claims, Chinese naval personnel began surreptitiously placing markers on features in the South China Sea to designate “symbolic sovereignty.” Then, Beijing enlisted an American oil company to use as its pawn. In May, China National Offshore Oil Corporation signed an agreement with Denver, Colorado-based Crestone Energy Corp. to explore for oil in the Vanguard Bank located in the western Spratlys, some two hundred miles south-west of Vietnam’s main garrison on Spratly Island. It was China’s first concession to a foreign company in the Spratlys in twenty years. The Chinese pledged to use “all necessary military force to protect the company’s operations.”<sup>22</sup> It was, in short, China’s first step in a bald-faced bid to fill the vacuum emerging from the U.S. retreat. The islands of the Western Pacific now magically became China’s inner defense zone.

There is little doubt that had the United States managed to retain its fleet presence at Subic Bay, the Chinese would not have been tempted to act because there would have been no vacuum to fill. With no permanent naval base in the Western Pacific except Japan, the United States could no longer protect the sea-lanes through which over \$5 trillion in cargo traveled per year and was left with asserting freedom of navigation rights through the area—and Beijing challenged those.

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<sup>20</sup> Beijing’s 1958 *Declaration on the Territorial Sea*, for example, omitted the Senkaku/Diaoyutai from its list.

<sup>21</sup> Robert Beckman, “The UN Convention on the Law of the Sea and the Maritime Disputes in the South China Sea,” *The American Journal of International Law*, Vol. 107:142 (2013) 142-63. See also *Limits in the Seas, China’s Maritime Claims in the South China Sea*, Department of State, no. 143, December 5, 2014, 16.

<sup>22</sup> Garver, *China’s Push Through the South China Sea...* 1017.

Beijing's Order No. 55 was a turning point in China's maritime strategy, as it began to exert pressure on every one of the claimed islands, and against U.S. forces. This, at a time when the United States was supposed to be the sole superpower. It was also a turning point in that for millennia China was never a sea power, but faced inland toward the threats from the north and west. The turn to the sea was truly a new direction for China.

Beijing served notice of the change to the United States in late October 1994 when a Han-class submarine began to shadow the carrier *Kitty Hawk* in the Yellow Sea one hundred miles west of Kyushu, Japan. The three-day encounter included Chinese air interception of planes from the carrier, and the approach of the submarine to within twenty miles of the vessel. It was the first of many such encounters from then on.

*Promises, Power, and Deception*

The Chinese pledge to seek a peaceful resolution of the Taiwan dispute, embodied in the August 17, 1982 U.S.-China communiqué, was the first casualty of China's new strategy. As China's power grew, with missile deployments along the coast, and ships and planes acquired from Russia, Beijing became more aggressive. In late 1992, Bush, attempting to maintain a balance in the strait, agreed to sell 150 F-16s to Taiwan.<sup>23</sup>

Beijing immediately countered, claiming that Taiwan's leaders had agreed on the basic principle of one China. Beijing had turned an unofficial conversation with Taipei's representatives into an official declaration. Despite Taipei's immediate denial that what came to be called the "1992 Consensus" ever occurred, Beijing has attempted to use the so-called consensus as a litmus test for talks with the island's leaders ever since.

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<sup>23</sup> Michael Richardson, "F-16 Sale to Taiwan 'A 2-Edged Sword,'" *New York Times*, September 4, 1992, 1.

Having circumvented its pledge to seek a peaceful resolution of the Taiwan issue, new leader Jiang Zemin now moved to test Washington's resolve regarding Taipei—and also the Philippines. First, on January 30, 1995, in an “eight point proposal,” Jiang made the tautological argument that *a priori* agreement to the principle of one China was a “prerequisite for peaceful reunification.” Then he said “we do not promise not to use force, [but] if used, force will not be directed against our compatriots in Taiwan, but against the foreign forces who intervene in China's reunification and go in for ‘the independence of Taiwan.’”<sup>24</sup> Jiang's statement was a direct threat to attack the United States, if Washington sought to assist Taiwan.

Second, at the same time, indeed, within a week, the Chinese acted to test whether the United States would honor its mutual defense treaty with the Philippines since its recent departure from Subic Bay. On February 8, Philippine authorities discovered that Beijing had erected several flimsy structures on Mischief Reef in the Spratlys, located over eight hundred miles from Hainan Island, but only 135 miles from Palawan Island. They were wind shelters, the Chinese said, and refused to dismantle them, as Manila demanded.

More to the point, when Manila sought U.S. support, the Clinton Administration declined to become involved, deeming the Spratly Islands as lying outside the purview of the U.S.-Philippines Mutual Defense Treaty. (Clinton thus declined to do in 1995 regarding Mischief Reef what Eisenhower had done in 1955 with regard to Jinmen and Matsu—extend the protection of a mutual defense treaty to include the island.) On the other hand, the United States and the Republic of Vietnam established diplomatic relations that year beginning a slow but perceptible improvement in relations.

Taiwan President Lee Teng-hui responded to Jiang's eight-point proposal in April with a six-point counterproposal,

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<sup>24</sup> *Taiwan Affairs Office of the State Council PC*, January 30, 1995.

insisting that reunification should be based on the facts that the two countries were “separate political entities,” and all issues between them should be settled peacefully. The Clinton Administration, which had not responded to Jiang’s proposal, agreed (but only after prodding by the Congress) to issue President Lee a visa to attend a class reunion at Cornell University in June. Beijing perceived the U.S. action as an attempt to promote “two Chinas” and stories proliferated in the press about how China might seize Taiwan by force.<sup>25</sup>

Following Lee’s return, Beijing demonstrated its resolve to carry out its threat, holding two series of missile tests, July 21-26 and August 15-25, with warheads splashing down within forty-five miles of the Penghu Islands and redeploying several squadrons of aircraft to coastal airfields within 250 miles of Taiwan. The Clinton Administration hurriedly acted to calm the waters.<sup>26</sup>

At a summit meeting on October 24, Presidents Clinton and Jiang Zemin reportedly reached agreement that the Taiwan issue would be dealt with in accordance with the three U.S.-PRC communiqués, including the August 17, 1982 communiqué. The administration sought to test China’s agreement in December by sending the *Nimitz* carrier group through the Taiwan Strait, the first time American ships had traversed that body of water since 1976. If President Clinton thought that the Chinese would adhere to the peaceful resolution agreement regarding Taiwan, he would be soon disappointed.

After the turn of the year, Beijing intensified the pressure on Taiwan, coordinating their moves with the first-ever presidential election on March 23. On March 5, Beijing announced that it would conduct missile tests from the 8<sup>th</sup> to the 15<sup>th</sup> and live-fire military exercises in the Strait until the 20<sup>th</sup>. The missile impact zones were thirty miles off Taipei and Kaohsiung, respectively, significantly and dangerously closer than the

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<sup>25</sup> Steven Levine, “China in 1995,” *Encyclopedia Britannica* online.

<sup>26</sup> “Taiwan Strait: 21 July 1995 to 23 March 1996,” *Global Security.org*.

previous year's tests. Three missiles were fired, two to the north and one to the south.

If Beijing thought to intimidate the Taiwan people the attempt backfired. They reelected President Lee Teng-hui with a resounding 54 percent majority. But it was the U.S. response that was telling. The *Independence* carrier battle group deployed to station off the north east coast of Taiwan and the *Nimitz* carrier battle group deployed to the South China Sea southeast of Taiwan. Neither formation ventured toward the Strait.



Beijing remained assertive in the South China Sea despite the Clinton Administration's carrier deployments.

The 1996 missile tests blatantly interfered with navigational and over flight rights in international waters. Fearful that Beijing would attempt to apply restrictions beyond the strait, the State Department requested clarification. China's response was not only to reassert sovereignty claims over the islands of the South China Sea, but also now offered to "guarantee" safe passage through and over them. A foreign ministry spokesman declared that China would "fulfill its duty of guaranteeing freedom

of navigation and over flight in the South China Sea according to international law.”<sup>27</sup>

China’s and Japan’s ratification of the UNCLOS treaty in late May and early June 1995 saw another round of contention over the Senkaku islands. In ratifying the treaty, China reaffirmed the claim made in order no. 55 which included the Senkakus. Japan’s response was to strengthen its claim, as members of the Japanese Youth Federation (Nihon Seinensha) sailed to the Senkakus to build a lighthouse on one of the islands. Tensions increased as charge followed countercharge through the summer.<sup>28</sup>

Tokyo maintained that it had no jurisdiction over the acts of private citizens. Beijing protested, but responded in kind with a group of Chinese activists, who sailed from Hong Kong and attempted to land on the islands. Blocked by the Japanese Coast Guard, four of the activists attempted to swim to the islands, but one drowned. During the furor, LDP leader Ryutaro Hashimoto supported Japan’s claim to the islands, while Chinese premier Li Peng reiterated China’s claim.

Complicating the issue, a week later, a group of Taiwanese reached the islands planting both Taiwan and PRC flags, an ominous sign that on this issue, at least, Taiwan supported Beijing. The crisis was brought to a close during meetings commemorating the 25<sup>th</sup> anniversary of establishing diplomatic relations in September. Japan stated it would not “recognize” the lighthouse and both sides pledged to manage their relations peacefully. Again, it was a temporizing compromise, not a lasting agreement. The United States played no apparent role.

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<sup>27</sup> “News Briefing by Chinese Foreign Ministry,” *Beijing Review* May 8-14, 1995.

<sup>28</sup> James Manicom, *Bridging Troubled Waters* (Washington: Georgetown University Press, 2014), 50-51.



*Hiding a Knife Behind a Smile (Xiao Li Cang Dao)*

With the United States in evident retreat from the Western Pacific, the Chinese decided to advance into the South China Sea. The first step was to establish a “legitimate” basis for their actions and to reassure their immediate targets, the ASEAN states, of China’s intention to proceed peacefully. The *Declaration on the Conduct of Parties in the South China Sea* of November 2002 represented the first step.

The salient points of the DOC were the determination to develop and promote “good neighborliness and mutual trust.” The parties reaffirmed their commitment to UNCLOS and “principles of international law which shall serve as the basic norms governing state-to-state relations.” They committed themselves to uphold “freedom of navigation in and freedom of over flight above the South China Sea.” They agreed to resolve disputes by peaceful means “in accordance with universally recognized principles of international law, including the 1982 UN Convention on the Law of the Sea.” In this regard the parties agreed not to inhabit “the presently uninhabited islands, reefs, shoals, cays, and other features” of the South China Sea.

The DOC was designed to reassure all parties, but especially the United States, that China would play by existing rules and laws. But this was a deception. Beijing’s main objective was to buy time. In 2002, China’s naval strength was still unequal to the task of confronting the U.S. navy, although the strength of the South Fleet was growing fast.<sup>29</sup> The naval strength of China’s main competitors in the region, Vietnam, Malaysia, and the Philippines was still negligible. Even combined they were no match for China.

The DOC slowed down but did not prevent competitive position building over the next several years. In what seemed like a maritime version of Weiqi, Chinese chess, China, Vietnam,

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<sup>29</sup> Ralf Emmers, “Keeping Waters Calm in the South China Sea,” *The Straits Times*, November 21, 2002, 23.

Malaysia, and even Taiwan continued to stake-out modest claims to several previously uninhabited “islands, reefs, shoals, cays, and other features” in the South China Sea. China’s objective was to keep a low profile and maintain the relative status quo until its naval buildup enabled it to move openly, or circumstances forced action.

*Striking While the Iron is Hot (Chen Re Da Tie)*

Changed circumstances forced Beijing to move in toward the end of the decade. These changes were legal steps by Vietnam and Malaysia, combined with what appeared to be a new U.S. policy. Newly elected U.S. president Barack Obama launched a “pivot” to Asia, the first of several policy “lines” that he would not honor, but which Beijing could not have known at the time. On May 6, 2009 Vietnam and Malaysia submitted a joint petition, and on May 7 Vietnam unilaterally submitted an additional petition to the UN Commission on the limits of the Continental Shelf, to extend the limits of their continental shelves beyond 200 nautical miles. The respective petitions sought to assert maritime rights in areas encompassing the Spratly and Paracel Islands.

On May 7, Beijing objected, addressing two “*notes verbales*” to the UN Secretary General. They reiterated the premise in Order No. 55 of 1992, claiming that China has “indisputable” sovereignty and jurisdiction over the islands in the South China Sea, adjacent waters, and seabed. The notes included a map of the so-called “nine-dash line,” the first time that China officially presented this map to the international community. As before, however, China did not clarify the nature or legal basis of its claim, or provide map coordinates.

Nevertheless, in 2011, when Vietnamese survey ships ventured out to chart the waters Chinese patrol boats were there to block them, cutting cables, ramming ships, and brandishing weapons. Chinese ships did the same to a Philippine-contracted private oil survey vessel in the Reed Bank, off Palawan, and seven hundred miles from Hainan Island. Each side blamed the

other for conducting “illegal” activities, but the incident occurred well inside the Philippines’ EEZ.<sup>30</sup>

China’s new, aggressive approach soon produced a reaction throughout the region. The following year, on April 8, 2012, Philippine patrol boats attempted to arrest Chinese fisherman manning eight fishing boats at Scarborough Shoal, but Chinese patrol craft again were there to block the arrest. Scarborough Shoal lies within the Philippines EEZ due west of Manila and five hundred and fifty miles from Hainan Island.

After a month-long confrontation marked by protests in Manila, Hong Kong, and Beijing, the United States mediated a mutual withdrawal, which was to be followed by negotiations. Both sides withdrew, but as soon as the Philippine ships left, Chinese forces quickly and surreptitiously returned, built a barrier at the entrance of the shoal effectively controlling it, and prevented a Philippines return. China had acted with deception, humiliating the Philippine government, not to mention demeaning the United States.

In retrospect, the Scarborough Shoal incident was the last straw. Frustrated, the Philippine government decided to take the issue to an international tribunal at The Hague for arbitration under UNCLOS and filed its case on January 23, 2013. Both the United States and the United Kingdom agreed to abide by the tribunal’s ruling, but China refused. Meanwhile, the Sino-Philippines confrontation sent warning signals to Tokyo and Hanoi, as both immediately acted to secure their respective rights, but in different ways.

Following Tokyo governor Shintaro Ishihara’s declared intention to purchase the Senkaku islands from its owners, on September 11, 2012, the Japanese government decided to purchase them, instead, and then proceeded to nationalize the islands. Professing to be outraged, China commenced a series

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<sup>30</sup> “China Accuses Vietnam in South China Sea Row,” *BBC-Asia Pacific*, June 10, 2011.

of harassing moves by sea and air around the islands culminating, in November 2013, with declaration of an air defense identification zone over most of the area, an act that affects all states.<sup>31</sup>

Hanoi, on the other hand, in late June passed legislation extending Vietnamese sovereignty over the Paracel and Spratly islands, while strengthening security ties with the Philippines and the United States. The Chinese immediately countered, establishing Sansha city on Hainan as the administrative center for the Paracels, Spratlys, and Macclesfield Bank.<sup>32</sup>

Changed circumstances had produced a turning point. The combination of Vietnamese, Malaysian, and Philippine efforts to assert rights and appeal for legal redress in an international tribunal, and a seeming prospect of greater U.S. involvement on their behalf, suggested that time was running out for Beijing. Perhaps the decisive factor, however, was the change in the Chinese leadership, as Xi Jinping came to power in November 2012.

Denouncing Manila's move to the tribunal and Hanoi's legislative actions, China embarked upon a major escalation of its presence in the South China Sea. Their strategy was to move preemptorily, gain control of strong points, and fortify their position to restrict access. The implications of these moves were immediately apparent. China had determined to gain control of the South China Sea, become the gatekeeper of the sea-lanes through it, replace the United States as the dominant power, and encircle Taiwan.

From early 2013, employing its large, Hainan-based fishing fleet as an advance pawn backed by a newly established Coast Guard, China moved to take control of seven key sea features in the South China Sea, enlarge their footprints with

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<sup>31</sup> Howard French, "China's Dangerous Game," *The Atlantic*, November 2014.

<sup>32</sup> Roberto Tofani, "Hardened Lines in the South China Sea," *Asia Times Online* July 4, 2012. For an update, see Chunjuan Nancy Wei, "Beijing's Formidable Strategy in the South China Sea," *The Diplomat*, May 21, 2015.

land reclamation, and fortify each one with airstrips, helipads, missile emplacements, docks, and facilities to sustain habitation.<sup>33</sup> Fiery Cross, one of the largest of the Spratly group, came first, followed by Subi Reef, Gaven Reef, Johnson South Reef, Cuarteron Reef, Hughes Reef, and Mischief Reef. Combined with control of Scarborough Shoal and the Paracel Islands the Chinese have built a formidable position of strength in the region.

President Obama, touring Asia in the spring of 2014 declared in Tokyo that the Senkakus were covered by the U.S.-Japan Security Treaty and in Manila on April 28 signed an "Enhanced Defense Cooperation Agreement" with the Philippines. The agreement provided for a U.S. return to Clark Air Base and Subic Bay in addition to granting U.S. access to eight additional bases, including one on Palawan.<sup>34</sup> The United States also agreed to limited sales of defense equipment to Vietnam for the first time, in the form of patrol boats and surveillance technology.

In early October, Beijing declared that China "would not stand for violations of its territorial waters in the name of freedom of navigation exercises."<sup>35</sup> Washington commenced freedom of navigation exercises in the South China Sea, in late October 2015 sending the destroyer *Lassen* to within 12 miles of Subi Reef. Beijing sent two Chinese ships, the destroyer *Lanzhou* and the frigate *Taizhou* to shadow the U.S. ship and deployed several fighter aircraft to Woody Island. On December 10, two B-

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<sup>33</sup> Simon Denyer, "China's Front-line Fishermen," *Washington Post*, April 13, 2016, A1 and James Holmes, "No, China's Coast Guard Won't Reduce Tensions," *The Diplomat*, July 29, 2013.

<sup>34</sup> Ankit Panda, "Obama: Senkakus Covered Under US-Japan Security Treaty," *Diplomat*, April 24, 2014. Some have claimed that Washington manufactured the Scarborough Shoal incident to persuade the Philippine government to restore base rights to the United States, but such a view ignores Chinese strategy and provocative behavior covering several years. See Peter Lee, "South China Sea Dispute: Rewriting the History of Scarborough Shoal," *Asia Times Online*, April 16, 2016.

<sup>35</sup> "China Threatens the U.S., Says 'Will Not Tolerate Violations of its Territorial Waters,'" *Reuters*, October 9, 2015.

52s straying “accidentally off course,” flew over Cuarteron Reef in the Spratlys. The Chinese protested, raising concerns that Beijing might declare an air identification zone there, too.<sup>36</sup>

China continues to fortify its outposts, sail “sovereignty enforcement patrols,” send fishing fleets and conduct oil surveys into neighboring states’ EEZs, with impunity. Chinese actions have made a mockery of the 2002 Declaration of Conduct. Worst of all, there is no sense of a limit to the Chinese advance. The pace of Chinese activity is perceptibly accelerating and the question is: What is to be done? Is rebalance, or retreat, the answer? But the big question is: Where is the United States?

U.S. policy of taking no position on territorial disputes was viable as long as there were no challenges to the status quo. With China claiming the entire Western Pacific island chain, this policy is no longer tenable. China’s sovereignty claims must be challenged—legally, historically, and with force, and shown to be empty and unsustainable. The Hague Tribunal ruling against China provides a legal anchor on which to base future action, but it is only the first step.

The ruling, however, could be a double-edged sword, for it turns the situation for the United States, though not for the regional powers, into a zero-sum game. Either Washington meets China’s challenge, or shrinks from it. Retreat means that regional powers will accommodate to Chinese power and that will mean the end of the international system the United States put in place after WWII. Recent evidence suggests that recently elected Philippines President Rodrigo Duterte is in the process of doing just that.<sup>37</sup> China will have replaced the United States with a system that resembles the tributary system of old. But, after all, that is China’s objective.

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<sup>36</sup> Preeti Naiwa, “China’s ‘Undeterred’ Strategy on the South China Sea: a ‘Challenge’ for the US,” *Pacnet* #3, CSIS, January 7, 2016.

<sup>37</sup> Andrew Browne, “Philippines’ Shift Heartens Beijing,” *Wall Street Journal*, October 5, 2016. See also Ben Blanchard, “Duterte aligns Philippines with China, says U.S. has lost,” *Reuters*, October 20, 2016.



Xi presses China's advantage amid fraying Philippines-U.S. ties.  
*Photo: Thomas Peter/Reuters*

Does it matter that China, the rising power, expands its sway in the Far East? It does indeed. Little recognized in discussions about American power is the fact that the United States became a global hegemon in large part by linking its economy with the second-largest economy, thus dwarfing the next five economies combined. That economy, until 2009, was Japan, when China surged to second place. Would it matter if China succeeded in splitting the U.S.-Japan alliance? It would indeed. Aside from the geopolitical implications, the result would be a much smaller wealth, resource, and technology pool from which to draw. The United States could not afford to maintain a global hegemonic position. That role would have to be ceded to others. Japan is already exploring new security arrangements. The United States is at a critical moment and the question is: What is to be done?