



Ethan Gunnlaugsson is a second-year Political Science major. He has chosen a concentration in Global Politics and is minoring in Economics. A Chicago native, Ethan hopes his academic and professional careers may take him around the world someday. Next fall, he is planning on studying abroad in Copenhagen, Denmark. After graduating from Cal Poly in 2020, Ethan aspires to pursue further education and eventually earn his doctorate. One day he hopes to work for a think tank out of Washington, DC. In his spare time, Ethan enjoys golfing and is also a dedicated member of the Phi Sigma Kappa chapter here at Cal Poly.

By Emily Spacek

CHINA'S REGIONAL EXPANSION: EVALUATING THE TRUMP ADMINISTRATION'S RESPONSE

Ethan Gunnlaugsson

Abstract

This paper examines relative power relations in Asia between the United States and China while assessing how the United States might approach a potential change in the balance of power of the region. The United States, under President Trump, has enacted numerous policies that target the rise of Chinese power, but most appear to be protectionist measures. These include the application of tariffs on Chinese imported goods, investigations that bypass multilateral institutions on China's coercive economic behavior and the removal of the United States from Trans-Pacific Partnership negotiations. This paper uses empirical findings and employs the lens of realism to analyze the implications of the Trump Administration's policies. The findings display that President Trump's policies to date are not an effective balance against China's rising power, and they may potentially lead to a decline of the United States' power in Asia.

The Emergence of China and Necessity to Respond

A few decades ago when the United States supported China's rise into the global trading system, it accelerated the country's growth and hastened its rise as a geopolitical rival.¹ Over time, China privatized state owned enterprises, eliminated tariffs, opened up the country to foreign investment and joined the World Trade Organization. These actions led to unprecedented economic growth, and now China is the second largest economy in the world by aggregate GDP.² During its economic rise, China has not always followed the institutional rules that are at the heart of the current international system. For example, China has taken steps to increase its power in the International Monetary Fund and the World Bank in order to serve its own purposes and has economically coerced its neighbors.³ It has also built up incredible military strength which is used to defend its illicit territorial claims of "indisputable sovereignty" over land and maritime territory covering most of the South China Sea.⁴ Although many US officials hoped China would one day become a responsible stakeholder in the international system, it has not behaved in a way that satisfies this expectation.

What's more, President Xi Jinping and the Communist Party of China continue to push forward expansion plans. The Belt and Road Initiative, launched in 2013, aims to create a Eurasian trade route dominated by China and further expand and diversify the country's economy.⁵ To help fund the infrastructural

¹ Ashley J. Tellis and Robert D. Blackwill, "Revising U.S. Grand Strategy Toward China," *Council on Foreign Relations* (April, 2015).

² Xenia Wickett, John Nilsson-Wright and Tim Summers, "The Asia-Pacific Power Balance: Beyond the US-China Narrative," *Chatham House* (September, 2015).

³ *op. cit.*, fn. 1

⁴ Ely Ratner, "Course Correction: How to Stop China's Maritime Advance," *Foreign Affairs*, Vol. 96, no. 4 (July/August, 2017): 64-72.

⁵ J.P. "What is China's belt and road initiative: The many motivations behind Xi Jinping's key foreign policy," *The Economist*, May 15, 2017.

development, China founded the Asian Infrastructure Investment Bank in 2015, of which eighty countries have joined.⁶ A trade route of the size President Xi has in mind would be competitive with the Transatlantic trade route dominated by the United States, which causes concern in Washington. If the Belt and Road Initiative were successfully completed, Chinese currency, technical standards and preferences for trade as a whole would be more widely accepted throughout the continent.⁷ Infrastructure is a great vehicle for expanding influence, and this project is one of the most obvious signs from China that the country has a mission of solidifying its position as a great regional power. A result of the many recent developments, countries in the region see Asia as "increasingly dominated by adversarial power relations" between the United States and China.⁸

The two fundamental objectives at stake are China's need for economic growth to avoid collapse and the United States' need for maintaining its order to ensure security. For now, the United States remains an influential power in Asia. But the rise of China has reached a point where the country has the ability to change the balance of power of the region in its favor over the United States. This is evident through its military buildup, activities in the South China Sea, and coercive economic diplomacy, amongst other actions.⁹

It is natural for regional hegemons to oppose the rise of other hegemons in order to have no competitors for global hegemony.¹⁰ Therefore, the United States does not want China to

⁶ Jennifer Lind, "Life in China's Asia: What Regional Hegemony Would Look Like," *Foreign Affairs*, Vol. 97, no. 2 (March/April, 2018): 71-82.

⁷ Jonathan E. Hillman, "China's Belt and Road Initiative: Five Years Later," (testimony, US Senate, Washington, DC, January 25, 2018).

⁸ *op. cit.*, fn. 2

⁹ Jake Sullivan, "The World After Trump: How the System Can Endure," *Foreign Affairs*, Vol. 97, no. 2 (March/April, 2018): 10-19.

¹⁰ John J. Mearsheimer, "Structural Realism," in Tim Dunnes, eds., *International Relations Theories: Discipline and Diversity* (Oxford: Oxford University Press, 2006): 71-88.

achieve hegemony in Asia. This assumption is formed under the guidelines of renowned political scientist John Mearsheimer's "offensive realism" theory, which assumes that states will seek to gain as much power as possible and pursue hegemony when the circumstances are right.¹¹ Under these assumptions, China's economic and military rise can be interpreted as an attempt to remove the United States from a position of dominance in the region and gain regional hegemony. Also following these assumptions, the United States needs to take steps to maintain economic, political and military balance in Asia in order to ensure China does not achieve its goal. Although there is a strong conception that the US exerts too much effort to project power around the globe, Mearsheimer presents a more focused strategy which he refers to as "offshore balancing."¹²

The strategy identifies Asia as one region with the potential to produce a hegemon with "abundant economic clout" and ability to project power around the globe.¹³ Therefore, the United States must actively engage with countries throughout Asia to ensure a hegemon does not arise. China has explicitly stated it does not seek to remove the United States' presence from the region, nor achieve hegemony, and to some, its actions in the South China Sea can be interpreted as no more than an attempt to guarantee its own free movement throughout the territory.¹⁴ Yet, another essential part of realist theory is that states do not and cannot know the true intentions of other states.¹⁵ Considering former Chinese president Deng Xiaoping's dictum of laying low and hiding capabilities

¹¹ *Ibid.*

¹² John J. Mearsheimer and Stephen M. Walt, "The Case for Offshore Balancing: A Superior U.S. Grand Strategy," *Foreign Affairs*, Vol. 95, no. 4, (July/August, 2016): 70-83.

¹³ *Ibid.*

¹⁴ Steven F. Jackson, "Does China Have a Monroe Doctrine? Evidence for Regional Exclusion," *Strategic Studies Quarterly*, Vol. 10, no. 4 (November, 2016): 64-89.

¹⁵ *op. cit.*, fn. 10

while developing strength still influences Chinese strategic thought, the United States should interpret Chinese actions in Asia as attempts to increase its relative power over the US.

Even if realist theory were untrue, East Asia is still the most important region for the United States' global economic and security interests because of its economic capacity.¹⁶ The South China Sea is vital to the United States as it carries one-third of global maritime worth and provides access through the Indo-Pacific, another economically vibrant sub-region.¹⁷ Great powers also tend to entrench their influence by using regional institutions.¹⁸ If China were to dominate this area, surrounding countries would succumb to Chinese pressure, harming the United States liberal international order. The authoritarian state of China holds less regard for human or political rights than the United States, and it has already showed signs of trying to impose its ways of domestic politics on its neighbors.¹⁹ Currently, China undergoes a forced migration of moving 250 million rural residents into newly constructed cities in order to ignite economic growth.²⁰

Not only does the migration represent the CPC's disregard for the individuality of China's own citizens, it shows its willingness to assert authoritarian power in order to make economic gains. Since World War II, the United States has led the effort to create and expand open trade systems out of self-interest.²¹ The success of a system like the Belt and Road Initiative or the solidification of power in the South China Sea could allow China to take a more leading role in this expansion, which it

¹⁶ Ian Bremmer, *Superpower: Three Choices for America's Role in the World* (New York, NY: Penguin Publishing Group, 2015)

¹⁷ *op. cit.*, fn. 4

¹⁸ *op. cit.*, fn. 6

¹⁹ *op. cit.*, fn. 6

²⁰ Ian Johnson, "China's Great Uprooting: Moving 250 Million Into Cities," *The New York Times*, June 15, 2013.

²¹ *op. cit.*, fn. 7

could use to reflect its own interests. Given these circumstances, the United States must take concrete steps to maintain influence in Asia in order to balance China's emerging power in the region. Thus, the rest of this paper will examine the actions of President Trump's Administration that pertain to China's emergence and the implications of these policies to determine how effectively they maintain balanced power with China in Asia. The Trump Administration's Policies Towards China and Asia

President Trump began making serious decisions about the United States' involvement in Asia on his first weekday of office. On January 23, 2017, President Trump withdrew the United States from the twelve country trade deal called the Trans-Pacific Partnership.²² The agreement was brokered by former president Barack Obama and intended to remove both "tariff and non-tariff trade barriers" between the twelve countries, including Japan and Australia, and decrease the Asian region's economic dependence on China.²³ In a memorandum released by the Office of the Press Secretary regarding the withdrawal, President Trump stated that trade is of "paramount importance" to his administration, but he would pursue trade on a more advantageous "bilateral" basis.²⁴

On the other hand, The Congressional Research Service of the Library of Congress observed that the agreement could be used as a "vehicle to advance wider Asia-Pacific free trade area" and could "deepen U.S. integration in a vibrant region for the future."²⁵ However, President Trump did not believe in these possibilities based on his executive decision to leave the TPP. The negotiations

²² Peter Baker, "Trump Abandons Trans-Pacific Partnership: Obama's Signature Trade Deal," *The New York Times*, January 23, 2017.

²³ *Ibid.*

²⁴ Donald J. Trump, "Presidential Memorandum Regarding Withdrawal of the United States from the Trans-Pacific Partnership Negotiations and Agreement," (memorandum, White House, Washington, DC, January 23, 2017).

²⁵ Ian F. Fergusson, Mark A. McMinimy and Brock R. Williams, "The Trans-Pacific Partnership (TPP): In Brief," *Congressional Research Service* (February 9, 2016).

continued without the United States, and on March 8, 2018, the remaining eleven countries signed the agreement renamed the Comprehensive and Progressive Trans-Pacific Partnership.²⁶

The signing of the new Trans-Pacific Partnership agreement occurred around the same time President Trump unilaterally announced a massive tariff of 25% on imported steel and 10% on aluminum in the United States. He argued that the overcapacity in the market for these goods was due to China's state-backed economic policies.²⁷ To justify the import tariffs, President Trump ordered the US Department of Commerce to launch an investigation under Section 232 of the Trade Expansion Act of 1962, which has not been used since the creation of the WTO in 1995, on the effects of steel and aluminum on national security.²⁸ If they were able to determine that the actions of China were a threat to the country's security, the tariffs could be legally accepted. Oddly, China only accounts for 2% of US steel imports, so the tariffs are unlikely to inflict too much damage on its economy.²⁹ Yet President Trump continues to escalate tariffs in response to China's "unfair retaliation."³⁰ When China published a list of \$50 billion dollars of American products to be hit with tariffs on April 4, 2018, President Trump threatened additional tariffs on \$100 billion of Chinese goods.³¹ President Trump also initiated an investigation into China's alleged intellectual property theft under Section 301 of the Trade Act of 1974 on August

²⁶ Eva Vergara and Luis A. Henao, "11 Nations sign Pacific trade pact as Trump plans US tariffs," *AP News*, March 8, 2018.

²⁷ Roncevert G. Almond, "Trump's Trade War: A Contest for the Future of the President... and the World," *The Diplomat*, March 14, 2018.

²⁸ *Ibid.*

²⁹ Alex He, "Intellectual Property will make or break US-China relations," *The Hill* (March 22, 2018).

³⁰ Ana Swanson and Keith Bradsher, "Trump Doubles Down on Potential Trade War With China," *The New York Times*, April 5, 2018.

³¹ *Ibid.*

14, 2017.³² Section 301 gives the US Trade Representative broad authority to take measures against a foreign countries unfair trade practices, of which President Trump accuses China of having.³³ Specifically, the US is challenging China for performing forced technology transfers, where if a US company wishes to do business with other Chinese firms, they are forced to share their intellectual property. These United States investigations also bypass the World Trade Organization and could lead to broad sanctions and restrictions on China, which would provoke retaliatory measures against the US.³⁴

While President Trump's economic policies surely intend to cause damage to China, it is unclear how much damage they will also inflict on the United States or other countries around the world. Officials have argued that while tariffs on Chinese goods do not intend to help American industry, they are necessary to prevent China from continuing to "violate international trade rules."³⁵ Rather than prompt China to change its behavior, the administration's tariffs so far have sparked retaliation that especially targets American carmakers and soybean farmers.³⁶ Whether the administration's economic policies are attempts to actively maintain a regional balance in Asia or simply unilateral movements to encourage China to adapt to the rules of global institutions is unclear.

Sticking to offensive realist theory, the United States also needs to balance Chinese military power. During Trump's presidential tenure, China has continued to claim additional land territory, and the country has deployed "increasingly

³² "USTR Announces Initiation of Section 301 Investigation of China," (announcement, Office of the United States Trade Representative, Washington, DC, August 14, 2017).

³³ *op. cit.*, fn. 29

³⁴ *Ibid.*

³⁵ Sheryl Gay Stolberg and Ana Swanson, "Farmers' Anger at Trump Tariffs Puts Republican Candidates in a Bind," *The New York Times*, April 7, 2018.

³⁶ *Ibid.*

sophisticated" military assets onto its artificially created islands in the South China Sea.³⁷ While the administration was more involved in other Asian affairs in 2017, moving forward it appears prepared to tackle the growing military threat that China presents.

The 2018 National Defense Strategy released by the Department of Defense clearly argues that China is coercing neighbors and pursuing a military modernization program to achieve "Indo-Pacific regional hegemony" in the near term and "displacement of the United States" in the future.³⁸ Key objectives for the United States, according to the National Defense Strategy, include maintaining "favorable regional balances of power" in the Indo-Pacific and "defending allies from military aggression."³⁹ Furthermore, the National Security Strategy of 2017 stated that in Asia, the United States would strengthen partnerships with countries like Singapore, Vietnam, Indonesia and Malaysia to help them become "cooperative maritime partners."⁴⁰

Since releasing the National Defense Strategy, the administration has sent a US missile destroyer within 12 nautical miles of the Chinese occupied Scarborough Shoal as a gesture to challenge its occupation.⁴¹ It has also sent Defense Secretary James Mattis to Indonesia and Vietnam. To afford using the military to counter China, President Trump also proposed a \$716 billion increase in the defense budget for 2019 earlier this year.⁴² While President Trump's military policies towards Asia are still developing, they appear strong

³⁷ Richard J. Heydarian, "The Trump Administration's South China Sea Policy Takes Shape," *China-US Focus* (February 2, 2018).

³⁸ Department of Defense. 2018. *Summary of the 2018 National Defense Strategy of the United States of America*. January 19.

³⁹ *Ibid.*

⁴⁰ President of the United States. 2017. *National Security Strategy of the United States of America*. December 18.

⁴¹ *op. cit.*, fn. 37

⁴² David S. Cloud, "Trump proposes huge increase in military spending," *The Los Angeles Times*, February 12, 2018.

and focused on maintaining a regional balance of power.

Implications of the Trump Administration's Policies Towards China and Asia

Now that many of the Trump Administration's significant policies directed at Asia have been presented, their implications can be analyzed. The first of President Trump's economic decisions in Asia, the withdrawal of the US from TPP agreements, was not an effective approach at balancing China's power in the region. For President Trump to keep the United States' regional presence strong, one analyst argued, he would need to "expand economic and investment relations in Southeast Asia" and "provide further development assistance."⁴³ Although he pursues bilateral trade agreements with other states, President Trump has yet to find many countries willing to negotiate one.⁴⁴ President Trump may not be successful in expanding economic relations in Asia because the world will continue lowering trade barriers with or without the United States.⁴⁵ An obvious example of this is the fact that the other eleven countries signed the Comprehensive and Progressive Trans-Pacific Partnership. According to Joshua Meltzer, a senior fellow at Brookings Institution, the agreement is now a "trade-bloc that discriminates against the US."⁴⁶ He went on to say that the ability of the US to shape the rules of trade in the region is now diminished. Furthermore, the Chilean foreign minister recognized that the signing of the agreement was a strong sign by the countries involved against protectionist pressures and in favor of a world open to free trade.⁴⁷

⁴³ Hang Nguyen, "The Obama Administration and Southeast Asia: Dynamics of a New Engagement," *Indian Journal of Asian Affairs*, Vol. 29, no. 1/2 (June-December, 2016): 39-56.

⁴⁴ Doug Palmer, "Trump's Asia trip highlights lack of trade deals," *Politico* (November 8, 2017).

⁴⁵ Joshua Kurlantzick, "The alternative paths of multilateral trade deals," *Aspenia Online* (November 21, 2017).

⁴⁶ *op. cit.*, fn. 26

⁴⁷ *Ibid.*

A realist perspective argues for the United States to consciously balance China's rise by developing new, trusted strategic relationships throughout the Indo-Pacific region.⁴⁸ Yet, President Trump's economic policies have not succeeded in building these relationships. While the steel and aluminum tariffs are unlikely to affect China as much as other countries, they send a negative message about the United States' trade policy and impede the ability to mount an effective coalition of countries to counter China's unfair trade practices.⁴⁹ Rather, they punish allies in North America and the European Union, causing political damage. It is likely that the US will need to strongly justify its tariffs on the basis of national defense in order to avoid going through a WTO dispute resolution process.⁵⁰ If the US lost the legal battle, it would be required to remove the implementation of its steel and aluminum tariffs.

The United States could ignore the ruling, but then other states could legally invoke countermeasures to the US imposed tariffs, sending the world down a dangerous path of protectionism.⁵¹ President Trump is correct to point out that China engages in unfair trade practices, but he addresses the problem in a harmful manner. In 2017, Xi Jinping became the first Chinese leader to attend the World Economic Forum, where he gave a keynote speech that notably condemned protectionist policies. In his speech, President Xi announced that China would remain "committed to promoting free trade and investment through opening up and saying no to protectionism."⁵² As China follows the rest of the world by advancing free trade, it could be

⁴⁸ *op. cit.*, fn. 1

⁴⁹ Matthew P. Goodman and Ely Ratner, "A Better Way to Challenge China on Trade: Trump's Harmful Tariffs Aren't the Answer," *Foreign Affairs* (March 22, 2018).

⁵⁰ *op. cit.*, fn. 27

⁵¹ *Ibid.*

⁵² Xi Jinping, "Jointly Shoulder Responsibility of Our Times, Promote Global Growth," (speech, World Economic Forum, Davos, Switzerland, January 17, 2017).

detrimental to the United States to go the route of protectionism.

The steel and aluminum tariffs have already sparked retaliation from states, but the Section 301 investigations could cause even more damage. If followed through, they will almost surely result in China responding with similar tariffs, damaging the US economy by raising consumer prices.⁵³ In a hearing before the Section 301 Committee Office of the United States Trade Representative, Scott Kennedy did argue that IP is an instrumental tool in a “larger contest of economic power” with China.⁵⁴ However, Kennedy also claimed that if the United States “gives up efforts to create multilateral rules... it will leave wide swaths of global commerce with outdated rules or empty spaces without any rules.”⁵⁵

Rather than utilize multilateral rules and guidelines under the World Trade Organization, President Trump made a unilateral decision to attack China by launching the Section 301 investigations. The administration should consider more effective ways to protect the intellectual property rights of Americans. Besides using the World Trade Organization to investigate China’s intellectual property theft, the Trans-Pacific Partnership could have been an effective tool in preventing China from using its IP policies. The agreement’s high standards could have encouraged China to improve its practices regarding intellectual property.⁵⁶ But when the United States abandoned the negotiations, the remaining countries removed the provisions on intellectual property that the US was demanding.⁵⁷ By removing the provisions, China will not have to face the pressure that

⁵³ Daniel Rosen, “Is Trade War the Only Option? An Alternative Approach to Taking On China,” *Foreign Affairs* (March 20, 2018).

⁵⁴ Scott Kennedy, “China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation,” (testimony, Section 301 Committee Office of the United States Trade Representative, Washington, DC, October 10, 2017).

⁵⁵ *Ibid.*

⁵⁶ *op. cit.*, fn. 29

⁵⁷ *op. cit.*, fn. 26

would have been created by the original TPP to abide by them.

There appears to be a lack of trust with the Trump Administration in the multilateral institutions created under the US led liberal international order. As mentioned previously, the president recently took steps to include other countries in contesting military aggression in the South China Sea. But these actions are just one example of multilateral movement organized by the United States. The National Security Strategy and National Defense Strategy both call for team efforts with countries around Asia to prevent the formation of Chinese regional hegemony, but only time will tell if the president continues to pursue these policies in regards to military action. On the other hand, as detailed by President Trump’s major protectionist economic policies towards Asia, he wishes to go alone in stopping China’s economic coercion. The attitude of the administration runs the risk of the US approach towards balancing China being more confrontational than competitive.⁵⁸ Here lies the most fatal flaw in all of President Trump’s policies towards Asia.

The failure in this policy is that the president is separating the United States from the liberal international order that China is abusing for its own benefit. Instead of attacking China, the United States should write new trade and investment rules for the twenty-first century.⁵⁹ If President Trump’s new trade and investment rules follow a protectionist model, they will fail miserably. The rest of the world, including China, has explicitly shown that they will continue lowering trade barriers and interacting through multilateral fronts. This is evident through the signing of the CPTPP and the international support for China’s Belt and Road Initiative. Furthermore, the United States has already experienced backlash for protectionist proposals by the

⁵⁸ Kurt M. Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs*, Vol. 97, no. 2 (March/April, 2018): 60-70.

⁵⁹ *Ibid.*

Trump Administration. As the leader of the current international order, the United States has the ability to help reshape the order, but it should not flip it on its head. It should strengthen the system to fix flaws that allow for Chinese coercion, but the United States should not go about it alone. Ian Bremmer argued for increased economic interdependence with China to ensure that any action China takes to destabilize the United States or its overseas interests will be met with a high cost.⁶⁰ Slamming investigations and tariffs that attack China will only reduce economic interdependence, which makes it easier for China to economically coerce its neighbors without facing punishment.

The United States under President Trump heads in a direction that will result in the country's presence in Asia being severely compromised. China is already the largest trading partner with many countries in Asia.⁶¹ Countries in Asia continue to increase economic interdependence while President Trump's United States moves towards protectionism. If this trend continues and China completes its Belt and Road Initiative, it will become the center of trade across the entire Eurasian continent. China will also find it easier to bend its neighbors to its will with economic incentives. Not only will this further remove United States economic presence in Asia, it will make Indo-Pacific countries less inclined to prevent China's military expansion in the South China Sea.⁶² Once this happens, the United States will only have its own military at its disposal, and it is difficult to imagine the United States starting an all out war with China. As Mearsheimer argues, there is military power and socioeconomic power, and socioeconomic power is what funds military power.⁶³ Therefore, the continuation

⁶⁰ *op. cit.*, fn. 16

⁶¹ *op. cit.*, fn. 43

⁶² *op. cit.*, fn. 1

⁶³ *op. cit.*, fn. 10

of US protectionism under President Donald Trump only assists China's objective of achieving regional hegemony. US protectionist policies make it easier for China to gain economic dominance in Asia, which may lead to military dominance and the eventual removal of the United States presence in the region.

It is important to note that the theory followed in this paper is not the only framework for observing the situation in Asia. One could also follow defensive realist theory, which would still assume that China's actions intend to increase its power. However, defensive realism would assume China will never seek to expand its power into global hegemony, and it will coexist peacefully with its neighbors and the United States. While an argument can be made for either side, or any other political framework of thought, the Asia-Pacific region is an especially important one to the United States for reasons other than preventing a hegemon from forming. It contains the biggest trade waterway in the world, the South China Sea, and the region's most powerful country, China, is an authoritarian state. Without a United States presence in Asia it is impossible to know how China will mold the region. However, the possibility of an authoritarian wave led by China spreading throughout the continent should be enough to scare the United States into taking action. The United States created the liberal international order based on democracy after World War II and fought hard to expand it, so why turn back to protectionism now and run the risk of a Chinese regional hegemony reversing its vision for the world?