China Won’t Achieve Regional Hegemony

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To cite this article: Denny Roy (2020) China Won’t Achieve Regional Hegemony, The Washington Quarterly, 43:1, 101-117

To link to this article: https://doi.org/10.1080/0163660X.2020.1734301

Published online: 19 Mar 2020.
The recent rise of China has been undeniably impressive, prompting many observers to conclude it is destined to achieve hegemony, or the ability to compel the other governments in the region to conform to China’s preferences on political and strategic issues as well as to prevent or roll back any major strategic re-adjustment that China chooses to oppose. Some argue that the United States should accept what appears to be inevitable and get out of China’s way by yielding up America’s own postwar position of strategic preeminence in the Indo-Pacific. But attaining major power status, even to the point of rivaling the United States in economic and military influence, does not make China a hegemon or guarantee that China will continue to ascend until it dominates the region. Discussions of an impending Chinese hegemony in the Indo-Pacific are instead based on the relative growth of China’s economic clout and military power. Superficial material capabilities, however, do not tell the whole story.

If the United States maintains its present level of commitment to Indo-Pacific leadership, Beijing will be unable to establish a Chinese hegemony over the region, although a burgeoning China will be able to reduce US freedom of action. And even if the United States decided to withdraw from its military bases and alliances, China would probably be unable to comprehensively impose its will on the region through military force. China’s potential to dominate is restrained by a combination of both domestic and international factors.

Beijing’s own frequently stated position is that “China will never seek hegemony, expansion or [a] sphere of influence” however, this position lacks
credibility. China has for decades criticized the United States for its military bases and alliances in the western Pacific as well as for policies that allegedly worsen geopolitical tensions. The CCP has defined China’s vital interests—i.e., the issues over which the Chinese would see themselves as defending rather than aggressing—so expansively that fulfilling them all would constitute a Chinese regional hegemony in practical terms. The list includes demands that Taiwan must become a province of the PRC; that the international community recognize China as owner of the Japan-administered Senkaku islands as well as most of the East and South China Seas; that Beijing has the right to veto selected South Korean defense policies (e.g., the THAAD missile defense controversy of 2016–17); that the Japanese government must “not make a fuss about” and cease surveillance of PLA ships or aircraft patrolling the Japanese coastline; and that foreign entities must conform to the Beijing-approved interpretation of myriad important political questions involving China.

In effect, then, the collection of what Beijing identifies as vital interests equates to a Chinese regional sphere of influence—a buffer zone around its territory within which Beijing would have veto power over the activities of foreigners. It is evident that China does indeed seek the preeminent regional role now held by the United States. The question, however, is whether China can feasibly attain these ambitions.

The Legacy of Benign Hegemony

China will not achieve regional dominance for several reasons. The first is that most of the Indo-Pacific countries will resist, rather than facilitate, a change in regional leadership. Some hegemonies are more popular than others. Historically, a hegemon establishes a regional order—arrangements, rules, and norms of international relations—that suits its own interests. The willingness of the dominant power to accommodate the preferences of other states in the region can vary. The United States has been a relatively benevolent hegemon. On two occasions when member states tried to extricate themselves from the Soviet order in Eastern Europe, for example—Hungary in 1956 and Czechoslovakia in 1968—Moscow intervened to quash these movements with military force. By contrast, the US military withdrew from two valuable bases in the Philippines in 1992 when the Philippine government refused to extend their leases. Support among regional middle and smaller powers for American
preeminence is relatively high because many of these states see their economic and security interests well-served by the US-sponsored order’s openness and liberal values. Conversely, many regional countries have historically-based fears of Chinese domination. Vietnam, for example, has suffered a total of nearly a thousand years of Chinese occupation and cultural imperialism during its history. Recent actions such as China’s claim to own nearly the entire South China Sea in contravention of the UN Law of the Sea Treaty (which Beijing itself has signed) revive regional fears of recrudescent Chinese imperialism.

China’s position as the main trading partner for regional states seemingly offers Beijing the prospect of gaining hegemony on the cheap—by leveraging the economic dependence of its neighbors, Beijing could get other governments to accept Chinese leadership on regional political and strategic issues and even to cede some of their autonomy to China. In recent years, Beijing has successfully used its economic weight to wrest concessions with political implications from large corporations and universities in many countries, including the United States. In Cambodia, Laos, and the Philippines under the Duterte administration, PRC economic power appears to have induced policies supporting Beijing’s regional agenda. As much as Beijing would wish otherwise, however, China’s economic influence over Indo-Pacific states generally does not equate to a corresponding amount of political influence, nor does it automatically result in states siding with the PRC. Although China is the top trade partner for Australia and South Korea and is the top supplier of imports into Japan, all three countries remain US treaty allies that host US military forces. Australian Defense Minister Linda Reynolds recently expressed a commitment to work more closely with “nations that share our values” against “countries prepared to flout the rules-based order.”

China is also the largest trading partner of Indonesia and Singapore. After years of trying to stay out of the South China Sea territorial dispute, Jakarta’s policy has recently taken a hard turn against China’s position: renaming a portion of China’s claim the North Natuna Sea, destroying trespassing Chinese fishing boats, and beefing up Indonesian military forces based on Great Natuna Island. While China often criticizes the US military presence in the region, Singapore is so supportive that it built a pier at its Changi Naval Base to accommodate visiting US aircraft carriers.

Recently, the Indo-Pacific region has seen a backlash against perceived Chinese attempts to exploit business and trade relationships for political purposes. Canberra sided with Washington to bar Chinese corporation Huawei from providing undersea internet cables for Papua New Guinea and the Solomon Islands. Upon his return to power in 2018, Malaysian Prime Minister Mahathir Mohamad reviewed his country’s economic relationship with China, warning of
“new colonialism” that “has the effect of diminishing the freedom of action of other countries.”

**Insufficient Military Power to Impose Hegemony**

If China cannot buy political fealty, the alternative—imposing hegemony upon an unwilling Indo-Pacific—would be immensely difficult and expensive. China lacks the military strength to capture hegemony by force. Unquestionably, China’s military buildup and modernization have advanced during the past two decades from a badly outclassed potential conventional US opponent to one that might successfully frustrate US military operations in some scenarios. The Chinese military could seize and hold a disputed South China Sea island from one of the rival claimants, for example, and could threaten serious damage against US forces entering the theater the protect a friendly country. China has the advantages of geographic proximity to likely conflict sites and proficiency in missile technology, both especially useful for the task of warding off an attempt by the United States to surge forces into the region. Nevertheless, the US military is still the world’s most capable across the full spectrum of combat and logistical capabilities.

China also has significant military disadvantages. First, over half of China’s official defense spending goes toward internal security, mostly in restive areas such as Tibet and Xinjiang. Second, China probably cannot leapfrog its way to technological parity with the US military. The increased complexity of military technology has made it harder for competitors to free-ride on research and development and to simply copy leading-edge weapons systems. Despite the opportunities presented by economic globalization and even with China’s massive state-sponsored efforts to steal advanced technology, the Chinese continue to fall short of the standard-bearers in some kinds of weapons systems such as submarines and advanced fighter aircraft. Finally, the People’s Liberation Army (PLA) suffers a dramatic deficit in combat experience relative to the US military. US forces have fought overseas every decade since the beginning of the Cold War, including continuous large-scale military operations in the Middle East for nearly two decades. The US armed forces consequently have deep reservoirs of experienced warfighters at all levels from frontline troops to general officers. By contrast, PLA forces have not fought a war since their 1979 incursion into Vietnam, when they performed less than impressively against Vietnamese troops and withdrew after one month.

**Overreach in the South China Sea**

Chinese foreign policy under Xi represents another error that, in the long term, makes achieving Chinese hegemony more difficult. Before Xi took power,
China was well-positioned for the long haul in the South China Sea. While diplomatically holding to the maximum Chinese claim and continuing the charade of negotiating a Code of Conduct, Beijing was busily building patrol vessels at a rate no rival claimant could match. Xi got greedy. He approved the rapid construction of a network of PLA naval and air bases in the middle of what the rest of the world regards as an international waterway. For the short-term gain of improving China’s military position vis-à-vis the other claimants, Xi’s action galvanized international public opinion into viewing China as an assertive, revisionist, and even expansionist power. This move intensified distrust of Chinese intentions in regional capitals16 and spurred increased anti-China security cooperation, seriously undercutting a major Chinese foreign policy objective.

**A Robust Pro-US Security Network**

The United States has a far stronger network of security partners than does China. Beijing has a single formal ally in North Korea plus an informal alliance with peripheral (although nuclear-armed) Russia. The other substantial countries in the region not only generally support the US-sponsored regional order and oppose Chinese attempts to establish a sphere of influence, but most of them also have either mutual defense treaties or robust security cooperation with Washington. These countries, designated as “major non-NATO allies,” include Japan, Australia, South Korea, Thailand, New Zealand, and the Philippines. US relationships with many non-allies are far deeper than Chinese military cooperation even with the PLA’s sole ally. Singapore allows US forces to use its air and naval bases and hosts a US Navy logistics office. Malaysia is neither a US ally nor an outspoken critic of China, yet it quietly demonstrates that it values America as a strategic partner. The US and Malaysian navies have held joint training drills for 25 years, and last year, for the first time, the two countries’ coast guards also participated, underscoring rising Malaysian concern about Chinese encroachment into Malaysia’s claimed exclusive economic zone.17 Despite the fact that both China and Vietnam are ruled by Communist Party governments, the threat from China has pushed Hanoi into growing security ties with the United States.18 Washington gave Vietnam six coast guard vessels in 2017, and in 2018 the aircraft carrier USS Carl Vinson made a port call to Da Nang, leading to Vietnam’s participation for the first time in the US Navy’s Rim of the Pacific exercises in Hawaii.

These arrangements indicate not only a broad predisposition in the Indo-Pacific to side with the United States but also, especially in the case of formal
allies, an established foundation of infrastructure and experience to make joint military action effective. In a scenario where China tried to bully its way to regional dominance, China would have little help from friends, while a resisting United States could invoke security relationships from most of the rest of the region.

**Caution Resorting to Force**

If the Chinese government expects resistance from a militarily strong United States and several mid-sized US security partners, Beijing is unlikely to fight for hegemony. There is a discernable pattern of caution in China’s behavior—China consistently seeks cheap gains while avoiding costly consequences. This pattern is in keeping with traditional Chinese strategic culture, which calls for indirect approaches to counter the moves of a strong opponent and eschews Pyrrhic victories. Despite consistently tough talk in recent years about a commitment to fight for Chinese territory, Beijing’s actions have been relatively risk-averse. The recent Chinese actions that some characterize as bold or assertive have remained below the line likely to trigger a military response from other countries.

The Chinese government, for example, correctly assessed that the United States would not attempt to physically prevent the construction of Chinese military bases in the South China Sea. The patrols by PLA ships and aircraft around Taiwan and near Japanese islands are menacing signals, but they are clearly not attack runs. In disputed seas, firing on foreign vessels to disable or drive them away would likely bring retaliation in kind, so the Chinese have employed the less provocative but often effective tactic of ramming or threatening to ram. Chinese vessels have repeatedly damaged and occasionally sunk the boats of rival claimants in the South China Sea through intentional collisions, and in 2013, a Chinese ship maneuvered into the path of a US Navy cruiser and then stopped in an effort to drive the US ship out of the area. Beijing attempts to enforce its claims in the South China Sea with fishing boats or with white-hulled Chinese Coast Guard or maritime enforcement vessels, keeping PLA Navy ships on the sidelines unless needed for backup. Beijing specifically criticized the Philippines for breaching this etiquette by calling in a gray-hulled Philippine Navy vessel to arrest Chinese fishermen at Scarborough Shoal in 2012. Despite fears and expectations to the contrary, the Chinese government has not declared an air defense identification zone (ADIZ) over the South China Sea, likely because Beijing believes interference in commercial traffic is a red line for China’s potential adversaries. As Singapore-based analyst Alan Chong observes, China wants to avoid “driving ASEAN into the arms of the United States.”
Many analysts contend that, given China’s fragile economic and domestic political situation, the CCP leadership fears a war with the United States could put the survival of the regime at risk. Therefore, Beijing will be cautious about engaging in a conflict it does not consider politically necessary. Even on the issue of preventing Taiwan independence, unquestionably a core interest for Beijing, the CCP government refrained from attacking as Taiwan President Chen Shui-bian repeatedly stated in public, “Taiwan is an independent, sovereign country.” Beijing may want to be the strongest power in the region, but not badly enough to go to war for it.

For the foreseeable future, both China and the United States can maintain formidable military capabilities in the Indo-Pacific region that will discourage either country from starting a war against the other. Both countries also maintain large and survivable strategic nuclear forces. Thus, China is not poised to wield its newfound military power to impose Chinese domination upon the region. Rather, the former condition of previously unmatched US supremacy is evolving toward a rough military balance that could last decades. China will enjoy increased security over the territory it indisputably owns, but Chinese moves to capture either disputed or unambiguously non-Chinese territory by force will remain prohibitively risky for Beijing.

Internal Factors

China exhibits weaknesses in its hegemonic potential, some of them self-inflicted. Serious political instability inside China would undercut attempts to play a regional leadership role. Yet Xi Jinping’s re-centralization of political power since 2012 has made the Chinese political system more brittle. Eliminating the term limits for his leadership tenure adds to the enemies Xi has made through his anti-corruption campaign. Many ambitious elites outside of Xi’s protégés now see no opportunity to rise up in the ranks of power. Some of them might resort to working against Xi, hoping to benefit from a leadership crisis. Xi’s accumulation of unchecked power has also intensified the danger that he will make a disastrous national policy decision that might otherwise be avoided by a collective leadership arrangement.

Indeed, the Party’s movement in the early post-Mao era from rule by a single all-powerful paramount leader to rule by a small group of top Politburo members was a reaction to the profound harm done to China by Mao’s unchecked decision-
making, including his launch of the Great Leap Forward (1958–62) and Great Proletarian Cultural Revolution (1966–76). Xi has now restored that discredited leadership model.

Furthermore, Xi has increased the likelihood of a disruptive socio-political crisis inside China through his accelerated authoritarianism. Xi’s approaches to managing large groups of people considered possible threats to the authority of the Party have been heavy-handed rather than skillful. These approaches include crackdowns against Tibetan Buddhists and Chinese Christians, mass incarceration and attempted indoctrination of Uyghurs, prematurely dismantling the autonomy promised for Hong Kong, and revived constraints on intellectuals and advocates of a stronger civil society in China. Overreliance on the available tools of oppression in the short term risks worsening public anger and desperation in the longer term. A simmering cauldron of various discontents at home does not help China project power abroad.

Cracks in China’s Economic Foundation
An exceptionally strong economy is a necessary foundation for projecting hegemonic power. China has established itself as the top supplier of manufactured goods to the Indo-Pacific countries, creating a common perception of growing Chinese economic domination. China’s economic strength, however, is easily exaggerated. Official Chinese statistics consistently overstate Chinese growth and wealth. Assessments of the size of China’s economy typically employ GDP adjusted by purchasing power parity (PPP). The PPP method, which controls for the different prices of the same commodities in different economies, artificially inflates the appearance of wealth in a relatively poor country being compared to a richer country. More generally, emphasis on GDP as the key indicator of economic vitality obscures the problem of what economists call “bad GDP.” This term refers to outcomes that do not contribute to national strength such as overproduction and unrepaid debt. Tellingly, China had a larger economy than countries such as Britain and Japan which militarily rode roughshod over China in the nineteenth century. An alternative, and in some ways more meaningful, measurement is GDP per capita. On this score, China was actually below the world average in 2018 (US$11,312) at US$9,771 and far below the US figure of US$62,641.

Several serious structural flaws threaten China’s future economic growth. China’s banks are state-owned and lend mainly to state-owned enterprises (SOEs) which are largely unprofitable. The banking industry could easily collapse under even a moderate economic shock, dragging down the entire financial system. Tackling the country’s massive air and water pollution problems will be a drag on Chinese economic growth far into the future.
Many Americans are deeply concerned that US debt is now over 100 percent of US GDP—but China’s debt has reached 300 percent of China’s GDP. Although large, China’s economy is not especially productive, lagging far behind the United States. The International Monetary Fund calculates that growth in China’s total factor productivity, or the amount of production not accounted for by increased inputs, has averaged only about 2 percent annually since the global financial crisis that began in 2007.

Continued nominal rapid economic growth in China is uncertain. Even according to Chinese official statistics, which are often intentionally inflated, during 2019 China saw its slowest GDP growth rate since 1992, and the slowdown was not a result of China’s trade war with the United States. Rather, it is consistent with a decade-long trend of decline based on gradual changes within the Chinese economy.

China is far from guaranteed to join the short list of countries that have successfully moved from middle-income to high-income, and China’s immense size will make the challenge relatively more difficult. China’s demographic trends suggest changes that will force Chinese economic growth into a long-term period of leveling off. China will certainly “grow old before it grows rich,” at least in terms of per capita GDP. China’s huge population will begin gradually declining around 2025, mainly because couples are choosing to have fewer children because of the rising cost of living and because the “one child” policy, combined with the cultural preference for boys, created a reduction in the female population, resulting in a drop in births. The cohort of workers aged 18 to 30, which supplies factory labor and is crucial to maintaining the country’s economic growth, is already shrinking. By 2030, China will have a retiree for every two working-age people, which will require both the state and individual families to divert a large amount of their resources into care for the elderly. Much of China’s economic dynamism of the post-Mao years resulted from harnessing a gigantic pool of low-cost labor created by young people moving from the countryside into urban factory work. But with 60 percent of China’s population now living in the cities and many other countries providing cheaper labor, China will need to find other ways of sustaining rapid growth.

CCP elites recognize the need for economic restructuring but have struggled to implement it. Outgoing PRC Premier Wen Jiabao famously warned in 2013 that China’s economic growth was “unbalanced, uncoordinated, and unsustainable.” Since Deng Xiaoping began promoting major marketizing reforms in 1978, the Chinese government has struggled to find a balance between two contradictory
imperatives: economic growth and stability. To ensure continued healthy economic growth, China needs to decrease central control, speed liberalization, and stop coddling loss-making SOEs. Such policies, however, damage the Party’s popularity by creating mass unemployment and social upheaval.

The Chinese government led by Hu Jintao (2002–12) decided to implement the principle of allowing the market to determine the allocation of resources. Predictably, this effort floundered because it threatened the accustomed profitability of various powerful interest groups including bureaucracies, provincial governments, industrial sectors, and the military. Xi ascended to paramount leadership in 2012 with a mandate to restart the marketization of the Chinese economy, but, against the usual opposition, he has achieved only modest reforms despite vigorously suppressing dissent and removing many of his enemies. Xi’s efforts are at least partly negated by countervailing policies such as strengthening Party control over business decisions, favoring chosen SOEs over the private sector, increasing political interference in the judicial system, tightening the restrictions on discussion of political issues in China, and requiring China’s best minds to divert their attention away from innovative activities to read Xi Jinping Thought. The CCP seems trapped by its unwillingness to tolerate the political consequences of the changes necessary to unlock China’s economic potential.

The required capabilities for hegemony are a relatively large and healthy economy, a technologically advanced military that can project decisive power far beyond national borders, and a government that is able to pursue a coherent and effective strategy without being impeded by domestic political or social conditions. China need not solve all of its internal problems as a prerequisite to dominating its region—having only a moderately wealthy society, for example, would not necessarily prevent the PRC from having a wealthy state that could pour resources into enhancing national military strength. It is possible that China could muddle through its domestic political, economic, and social challenges for the next few decades while maintaining a solid growth rate and fielding Asia’s strongest military forces. The standard for hegemony, however, is higher than this. It seems unlikely that China will overcome its internal challenges to achieve a sufficiently strong and stable platform from which to attempt to dominate the region.

Even If the United States Withdrew

What if, in a fit of global retrenchment, Washington unilaterally decided to relinquish its leadership role and, as Xi demands, leave it to “Asian people to uphold Asia’s security?” The road to hegemony would certainly become easier
for China. The coalition that might rise up to block Chinese aggressiveness would lose its militarily strongest member (although Washington might opt for an offshore-balancer strategy, leaving open the possibility of re-intervening in Asia under certain wartime conditions). It would be riskier and more expensive for regional countries to stand up to Chinese aggression without the powerful United States alongside or in front of them. The absence of US leadership would further weaken the coalition. Washington currently works to organize Indo-Pacific governments to jointly oppose serious Chinese violations of widely accepted international laws and norms, including Chinese bullying behavior. Americans help advocate for and coordinate unified action among a diverse group of states that are not necessarily natural partners. For regional states considering the consequences of accommodating as opposed to standing up to an aggressive China, the calculations would change in the absence of US involvement, as Beijing would surely surmise.

Nevertheless, even under the conditions of US withdrawal, we can expect that the region would not supinely submit to Chinese domination. By definition, Chinese hegemony would infringe on the highest values of states in the region, including ownership of territory and autonomy in making decisions on certain important international issues. Historically, states usually refuse to yield their sovereignty to an aggressor unless they perceive themselves in a hopeless position. Even without the United States, the region is not so outweighed by China that resistance to Chinese domination would be futile. Japan, India, South Korea, Vietnam, Taiwan, and Australia would be among the more likely to fight back. A coalition of these states would be militarily formidable.

Turning even one of the middle powers in the region into a Chinese satellite, let alone several of them banded together, would be extremely difficult. This is not the Indo-Pacific of antiquity, divided among a myriad of small kingdoms. The region now features modern states with formidable military forces and populations willing to fight for their country. Beijing also knows that even a small war would seriously disrupt the flows of international trade and investment on which Chinese prosperity depends. An aggressive China might also need to watch its back on a new front: with the United States no longer dominant in the western Pacific, the primary strategic motivation for Sino-Russian cooperation would fade, and perhaps their bilateral relations would return to their historically more normal adversarial character.39
More Balance, But Not Chinese Hegemony

Often criticized as free-riding on US security commitments, the current behavior of Indo-Pacific states does not indicate they would submit to Chinese hegemony without a fight. Regional governments are apprehensive about China. In the 2020 edition of an annual survey of the attitudes of Southeast Asian elites, over 60 percent of respondents said they did not expect a rising China to “do the right thing to contribute to global peace, security, prosperity, and governance,” an increase from 51 percent the previous year.40 Yet these governments are not panicking.

Regional defense spending is generally 3 percent of GDP or less.41 Heavily invested in maintaining constructive relations with their main economic partner, regional states are circumspect about actions that might offend Beijing. Their low-key approach does not reflect resignation to capitulation but, rather, two important conditions. First, the United States is still deeply engaged in regional security, allowing these governments the luxury of remaining quiet while Washington takes the lead in challenging Chinese misbehavior. Second, beyond the skirmishes over resource rights and disputed features in the South China Sea, China has not taken strong and egregiously aggressive steps toward regional domination.

Regional states might take more substantial steps to resist China if these conditions change. In the meantime, they are not idle. They are increasing their security cooperation not only with the United States, but also with each other.42 Their strategy toward China is often described as hedging, which is essentially balancing without fanfare while cooperating in other areas such as trade.43 If and when the level of Chinese threat to them rose, regional states would likely raise their level of resistance.

If China was committed to fight for hegemony regardless of the obstacles, the US position in Asia might be considered unsustainable, requiring an ever-rising investment of American resources while buying a diminishing amount of security. This fear, however, appears unfounded. If the United States remains committed to enforcing the norms of Pax Americana in the Indo-Pacific region, if most of the region is not supportive of China taking a leadership role or establishing a larger Chinese sphere of influence, and if the CCP continues to face serious economic, political, and social challenges at home, China will not attempt to seize control of the region or impose new rules of international
relations through military conquest. Although a nationalistic Chinese public goads Xi’s regime toward settling old scores with foreigners, China is enjoying its highest level of prosperity and security in its history, even with the United States regionally preeminent. The potential gains from victory in any hegemonic war do not justify the risks to China. Similarly, in a post-US Indo-Pacific, military conquest of one or more neighbors would not be so feasible that China would likely choose this course over exercising influence through diplomacy and economic power.

Nor will the region as a whole choose to replace the liberal US-sponsored order with a revised Chinese-centered order. China’s economic weight will remain influential for the foreseeable future, but not enough to persuade most governments to sacrifice their autonomy. The United States, with its long-term systemic military and economic advantages, will maintain at least rough parity with China in the Indo-Pacific through the end of China’s rapid growth phase (i.e., consistently 6 percent or above). The future strategic landscape of the western Pacific Rim will be more bipolar than unipolar, requiring Beijing and Washington to manage their disagreements more often than one forcing the other into acquiescence. But China will not dominate, no matter what it or the United States chooses to do.

Notes


