

**SEIZING THE INITIATIVE:  
Competitive Strategies and Modern  
U.S. Defense Policy**

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## **Executive Summary**

*Broadly construed, competitive strategies seek to leverage a nation's strengths against an adversary's weaknesses to advantageously shape a competition. One of a larger set of influence strategies, the Department of Defense (DoD) experimented with such an approach during the Cold War; and it more recently explored the related concept of dissuasion. While neither universally applicable nor substitutable for grand strategy (the "what"), competitive strategies (the "how") can help inform defense resource allocation, force posture, and associated choices to more favorably manage United States (U.S.) interests in the emerging international security landscape. While not a panacea, it could prove an effective way for the U.S. to balance competing regional security objectives and to advance key national interests.*

*Of the possible cases where such an approach may apply, the U.S. should give greatest consideration to its prospective utility in the cases of a rising China and a recidivist Russia. But it is unlikely that the U.S. will seek to develop and implement either parallel or combined competitive strategies. In a context of substantial economic constraints, Russia's aggressive opportunism is probably amenable to a modern-day hedging strategy. At the same time, China draws upon a substantial and growing resource base, invests heavily to modernize its armed forces, grows more assertive internationally, and for the past two decades has engaged in a high-consequence security competition with the United States. While Russia and China each challenge—and, in key respects, seek to overturn—the existing liberal international order, their prescriptions and their capacity to execute vary considerably. Indeed, shaping a future Asian order that allows for China's peaceful rise but reinforces the stability and vitality of the U.S.-backed regional security network is a principal international security challenge.*

*To regain the initiative, the U.S. should work closely with its regional friends and allies to develop and pursue a robust competitive strategy vis-à-vis China. To be most effective, such an approach would capitalize on longstanding Chinese fears of encirclement and infiltration. This approach should seek to neutralize or obsolesce key components of China's conventional force structure, including China's capable and growing ballistic and cruise missile arsenal, improving ability to project air and sea power in theater, strengthening integrated air and missile defense systems, and substantial offensive cyber and counter-space capabilities.*

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## Seizing the Initiative: Competitive Strategies and Modern U.S. Defense Policy

### Introduction

Major inflection points at the level of the international system are sometimes easy to identify. The aftermath of the Napoleonic wars (1815), World Wars I (1919) and II (1945), and the Cold War (1989) reflect clear breaks with the *status quo ante*. Other times, however, potentially dramatic transitions present less as a rapid, stark break with the past than as a series of slow-motion step-changes that play out materially over time. Taken together, these may serve as a bridge—shrouded in fog at both ends—between lapsing and forming orders. The emerging international security landscape reflects one such inflection point.

A quarter century after Cold War's end, the unipolar moment may be approaching its twilight years.<sup>1</sup> While the loss of hegemony is perhaps neither inevitable nor unquestionable, global perceptions of eroding U.S. power, coupled with a conscious U.S. posture of “strategic patience and persistence” to resist overreach, suggest at minimum that the U.S. is pausing on the sidelines.<sup>2</sup> At the same time, China's continuing rise, Russian recidivism, and India's strategic choices will be critical to the nature and operating context of the emerging international security landscape.<sup>3</sup> Whether the *Pax Americana* ultimately ends in 2015, 2030, or later will be a matter for future historians to judge. Certainly, the futurists consulted by the National Intelligence Council anticipate that, by the 2030 timeframe: American hegemony will have lapsed, although the U.S. likely will remain first among equals globally; China's large and sustained investments could make it close to a peer competitor; a growing diffusion of power will make it virtually impossible for any state to act hegemonically; and the risks of interstate conflict will increase.<sup>4</sup> In this context, it may be reasonable to assume that in the Asia-Pacific region, states will be concurrently pulled in two directions: toward China economically but toward the United States and its regional partners for security.<sup>5</sup>

But the long-standing assumption of American military primacy is also in question. As then-Secretary of Defense Chuck Hagel observed in 2014, “American dominance on the seas, in the skies, and in space—not to mention cyberspace—can no longer be taken for granted.”<sup>6</sup> In response to noteworthy and continuing foreign military and technology advances, the Defense Innovation Initiative undertaken by Department of Defense (DoD) leadership is designed to “sustain and advance our military superiority in the 21<sup>st</sup> Century.”<sup>7</sup> While the initiative's resource profile is not yet clear, the U.S. spent just 3.5 percent of its gross domestic product (GDP) on defense in fiscal year 2014—a level that could fall to an even lower 2.3 percent over the next decade.<sup>8</sup> As a point of departure, DoD's research, development, test, and evaluation (RDT&E) budget is down more than 28 percent in constant dollars over the five-year period following the fiscal year 2010 high-water mark.<sup>9</sup> Worse still, the Congressional Budget Office estimates that the cost to implement DoD's research, development, and procurement plans will rise significantly from the \$177.5 billion allocated in fiscal year 2015 to \$220 billion in the early 2020s.<sup>10</sup> Despite modest fiscal year 2016 relief, there appears to be a substantial and

continuing gap between the anticipated resource base and DoD's future spending plans, which call into question the department's ability to credibly execute its modernization priorities.

In parallel, China's official defense budget has risen from about \$10 billion in 1997 to roughly \$165 billion in 2015—a nearly 17-fold increase over the past 18 years, and a level that has consistently exceeded the rate of growth in its GDP.<sup>11</sup> In this context, the Director of National Intelligence sees high chances for sustained tensions between China and U.S. regional allies over territorial disputes,<sup>12</sup> even as DoD observes China investing in capabilities designed to counter third-party—including U.S.—crisis or conflict intervention.<sup>13</sup> Alarmingly, Admiral Robert Willard, then-Commander of the U.S. Pacific Command, noted in 2009 that over the past decade, China had “exceeded most of our intelligence estimates of their military capability and capacity every year.”<sup>14</sup> At the same time, the military dimension of the U.S. pivot to Asia is under strain as a result of competing operational demands and continuing fiscal constraints.

This raises a central strategic consideration: how the U.S. might more effectively compete in the emerging international security environment, both in the Asia-Pacific region and more broadly. If the U.S. is to advance and protect its interests in this contested arena, it will need to enhance its national security posture and carefully select where and how best to place its bets. In this context, it should consider adopting a competitive strategies approach to key strategic challenges—in particular, with respect to the case of a rising and revisionist China.

### **The Logic and Practice of Competitive Strategies**

The concept of competitive strategies is not new. The approach draws on a broader family of influence or cost-imposing strategies long in the vernacular of American strategic thought. Almost a half century ago, for instance, Thomas Schelling discussed the proposition “that the enemy's costs in meeting some threat that we pose, or in responding to some measure we take, should be taken into account in deciding whether the measure is worthwhile.”<sup>15</sup> Contemporaneously, John Herz, Robert Jervis, and others discussed the security dilemma—the concept “that an increase in one state's security decreases the security of others.”<sup>16</sup> Looking specifically at the prospects for international cooperation in that context, Jervis observed that “decision makers act in terms of the vulnerability they feel, which can differ from the actual situation.”<sup>17</sup> Separately, Kenneth Waltz long ago observed that while states are formally equals in the international system—none is “entitled to command” and none “required to obey”—power asymmetries, and changes in the distribution of capabilities among and between states, are critical to understanding the state behavior in an anarchic international system.<sup>18</sup>

Taken together, the competitive strategies approach begins with recognition of competing state agendas at the international level, power differentials between states, and a desire to influence the perceptions of state competitors. Bradford Lee traces its key conceptual underpinnings to Chinese strategist Sun Tzu—the ambition of winning without bloodshed—and Prussian general Carl von Clausewitz—the projection of will which prompts an opponent to react.<sup>19</sup>

### Text Box A: The Competitive Strategies Initiative

In 1986, Secretary of Defense Caspar Weinberger noted that the strategic balance between the United States and the Soviet Union, together with their respective allies, was essentially stable. Through a sustained period of investment—which Weinberger estimated at more than twice as much as the U.S. as a percentage of gross domestic product—the Soviets had become a military superpower. The U.S. was not “trying to regain the earlier margin of advantage,” but rather “struggling to win the resources to ensure parity in military power.” In this context, the administration articulated an overarching strategy of secure deterrence that required “an array of competitive strategies that capitalize on our advantages and exploit our adversaries’ weaknesses.”

Weinberger’s new initiative required a broad effort. It warranted focused research, development, and procurement efforts; changes to doctrine and associated operational concepts and plans; close coordination with U.S. allies and friends; and, among other efforts, to institutionalize competitive strategies within the defense posture, a revised Department of Defense organizational structure. The effort to align enduring U.S. strengths against enduring Soviet weaknesses, and to find exploitable weaknesses within their strengths, would—in theory—render Soviet military power less potent over time while avoiding the need to match the Soviets tank for tank, ship for ship, or aircraft for aircraft:

*By adopting competitive strategies we force the Soviets to perform less efficiently or effectively. Our competitive strategies thereby enhance deterrence by making significant components of the Soviet force structure or their operational plans obsolete. This forces them to make difficult choices. Those choices might include shifting more resources to defensive systems and operations, rather than continuing to structure forces for offensive operations; or they might decide to forego certain offensive forces because of their inability to overcome our defensive posture.*

Over the next few years, DoD pressed forward along a number of parallel fronts by: advancing anti-submarine warfare capabilities, developing a penetrating bomber force, designing the AirLand Battle and Follow-On Force Attack doctrines, and in other areas. Under Weinberger’s successor, Secretary of Defense Frank Carlucci, DoD sought to counter Soviet military power in four key areas: air operations, penetration of forward defenses, the troop control system, and global and multi-theater operations.

Ironically, however, the initiative’s ultimate impact remains unclear. David Andre observes that the initiative’s senior governing body, the Competitive Strategies Council, “never advised, and the Secretary never took, what could be construed as a decision that related to the long-term competition with the Soviet Union.” But he also judges it a qualified success, as the initiative “may have had a greater impact in the Soviet Union than it did in the United States.” By the same token, John Battilega observes that the Cold War ended “with the United States on the initiative, moving toward control of Soviet-critical areas of the military competition, and with the machinery, momentum, and intent in place to carry that forward.”

Sources: Office of the Secretary of Defense; Andre, *New Competitive Strategies, Tools and Methodologies: Volume I—Review of the Department of Defense Competitive Strategies Initiative, 1986-1990* (McLean, VA: Science Applications International Corporation, November 30, 1990); Battilega, “Soviet Military Thought and the U.S. Competitive Strategies Initiative,” in Mahnken, ed., *Competitive Strategies for the 21<sup>st</sup> Century* (Stanford, CA: Stanford University Press, 2012).

Perhaps surprisingly, there has been only a single instance where competitive strategies—narrowly defined—became integral to defense policy. More broadly than the Competitive Strategies Initiative (see Text Box A on page 4), however, the *concept* of competitive strategies had been integral to the U.S. defense posture for years. While not formally part of the initiative, parallel activities such as the 1980s-era nuclear and general purpose force modernization programs and the Strategic Defense Initiative, in combination with substantial arms-reduction, covert action, arms transfer, forward-basing, and security assistance activities, fit within the *nature* of competitive strategies. Indeed, U.S. national security policy through the Cold War, starting with the “X” telegram that inspired the Truman administration to adopt a strategy of containment, arguably embraced and employed the concept of competitive strategies as a matter of common practice.<sup>20</sup> Certainly, almost a decade-and-a-half before the formal initiative, strategists such as Andy Marshall sought to develop a framework for strategic analysis suited to the continuing and “essentially inevitable” competition with the Soviet Union.<sup>21</sup> The Reagan administration’s own National Security Decision Directive 75, which sought to “contain and over time reverse Soviet expansionism by competing effectively on a sustained basis with the Soviet Union in all international arenas,” pre-dates the initiative by about three years.<sup>22</sup>

Table 1. Assessed sources of U.S. and Soviet strength

United States	Soviet Union
Military sectors in which U.S. forces remain superior (e.g., submarine operations)	Existence of a larger capital stock of weapons in many important categories
A much larger, more dynamic, and more balanced economy	An ability to sustain policies and programs over decades relatively unencumbered by pertinent political opposition
More advanced technology strengths in many areas	A growing technology base
A culture which encourages innovation, flexibility, and adaptability	An arms control approach designed to restrain the competitive will of its adversaries
A resilient political system	An ability to act swiftly if necessary
A set of alliances based on voluntary association, which possesses many actual and potential strengths	

Source: Secretary of Defense and Director of Central Intelligence, *Joint Net Assessment on US and Soviet Strategic Forces*, November 1983 (declassified in 2007).

And contemporaneous thought, such as provided by a 1983 *Joint Net Assessment on U.S. and Soviet Strategic Forces* (see Table 1), underscored the need to compete efficiently in a resource-constrained context, identified underlying sources of strength, and viewed the geopolitical competition with the Soviets as a continuum.<sup>23</sup> Such a strategy cut across the nation’s strategic and arms control postures, identifying new technologies as a major area for competition. It afforded the prospect of “rendering obsolete” key elements of the Soviet arsenal and highlighted that the U.S. “could also profit from playing on Soviet fears about our technical

proress.”<sup>24</sup> In each case, echoes of the security dilemma, the role of perceptions in statecraft, and the drive to influence state competitors ring clearly.

The logic of competitive strategies caters to efficiency in resource allocation and asymmetry in force planning. As Secretary Carlucci put it, they had “always been implicitly a part of DoD thinking.” But the eponymous initiative sought to make it more explicit by systematizing the concept. Their purpose was not to bankrupt or undermine the Soviet economy, but rather to “get the most from our own defense resources, and to influence the way the Soviets allocate theirs, to minimize the threat they pose to our interests.”<sup>25</sup> Or, as deputy director of the Office of Net Assessment Andrew May recalls, to provide a structured way to “draw attention [to] opportunities we had to improve our position and complicate life for our competitors.”<sup>26</sup>

### **Competitive Strategies and the Emerging International Security Environment**

The emergent international security landscape differs in key respects from that of both the Cold War-era Competitive Strategies Initiative and its more recent post-Cold War dissuasion variant.<sup>27</sup> (See Text Box B at page 7.) Kenneth Ekman rightly observes that the Soviet case “has its limits when applied to today’s strategic context,” a circumstance in which “truly favorable hardship differentials may be more difficult to create.”<sup>28</sup> But continuing and anticipated power shifts at the level of the international system, coupled with significant and growing security competition among leading states, warrant U.S. development of a longer-term strategic posture and its application to the most significant regional challenges. In this respect, the U.S. would benefit from a concerted effort to shape certain longer-term security competitions in advantageous ways.

History suggests that any serious effort to implement a competitive strategies approach, tailored to the needs of the modern era, will prove challenging. As a starting point, David Andre recalls that it proved difficult, in the context of the 1990s-era Competitive Strategies Initiative, to systematically think 15-20 years ahead and anticipate the associated action/reaction series of moves by the United States, the Soviet Union, and their respective allies.<sup>29</sup> Indeed, even with leadership commitment and concerted supporting efforts, the record suggests that many of the nine core analytic tasks inherent in this approach are quite challenging. Generalized from the U.S.–Soviet context, these include:

1. Identifying/evaluating changes in the competitive environment;
2. Diagnosing the current state of the competition;
3. Determining adversary goals and strategies;
4. Determining third party goals and strategies;
5. Determining the impact of U.S./coalition actions on adversary weapons and doctrine;
6. Setting goals for the competition;
7. Identifying likely adversary and third party moves and countermoves;
8. Evaluating alternative strategies for the military competition; and
9. Evaluating portfolio management alternatives.<sup>30</sup>

### **Text Box B: Dissuasion—a Recent Variation on the Competitive Strategies Theme**

While the Reagan administration embraced *competitive strategies* as a specific, identified component of the U.S. defense strategy, the George W. Bush administration introduced the related concept of *dissuasion*. Rolled out in September 2001, the concept fit within a broader framework: assuring allies and friends; dissuading future military competition; deterring threats and coercion against U.S. interests; and decisively defeating any adversary if deterrence fails. As Secretary of Defense Donald Rumsfeld explained:

*Through its strategy and actions, the United States influences the nature of future military competitions, channels threats in certain directions, and complicates military planning for potential adversaries in the future. Well-targeted strategy and policy can therefore dissuade other countries from initiating future military competitions. The United States can exert such influence through the conduct of its research, development, test, and demonstration programs. It can do so by maintaining or enhancing advantages in key areas of military capability. Given the availability of advanced technology and systems to potential adversaries, dissuasion will also require the United States to experiment with revolutionary operating concepts, capabilities, and organizational arrangements and to encourage the development of a culture within the military that embraces innovation and risk-taking.*

The September 2001 *Quadrennial Defense Review* focused generally on state-level competition, including the potential for regional powers to develop “sufficient capabilities to threaten stability in regions critical to U.S. interests.” Making it clear to adversaries “that they’d be throwing good money after bad” by investing in certain capabilities, or signaling to them that “before you even start, these are not going to be winning efforts” suggests a shared conceptual pedigree with competitive strategies. In each case, the U.S. sought to influence the nature of a competition, to channel the competition advantageously, and to complicate adversary planning. In each case, the U.S. opted to rely on a mix of high-technology weapon systems, novel operational concepts, and other transformational capabilities. In each case, the U.S. envisioned a longer-term competition in which it is desirable to alter an opponent’s perceptions, decision calculus, or will. And in each case, defense leaders sought to develop new processes and organizations to spearhead their respective efforts.

By the same token, there are clear differences between the two concepts. Whereas competitive strategies focused on a clear and present Soviet threat, dissuasion started from the premise that the U.S. would not face a peer competitor “in the near future.” As such, while competitive strategies sought to leverage enduring U.S. strengths against enduring adversary weaknesses, dissuasion in a global security environment characterized by a “great deal of uncertainty” was much more open-ended. Nor were Secretary Rumsfeld’s Office of Force Transformation able to advance dissuasion with the clout of the prior competitive strategies office. Ultimately, dissuasion proved much more challenging to operationalize than competitive strategies in a more diversified threat environment. And leadership efforts to institutionalize it were largely eclipsed by a robust focus on counterterrorism. As a result, the term has largely fallen out of the contemporary defense lexicon.

*Sources:* Department of Defense, *Quadrennial Defense Review Report*, September 2001; Brad Roberts, *Operationalizing Dissuasion of China: Practicalities and Pitfalls*, Institute for Defense Analyses, IDA Paper P-4014, April 2005; Richard L. Kugler, “Dissuasion as a Strategic Concept,” *Strategic Forum* 196, December 2002 ([www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA421905](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA421905)).

Certainly, this daunting set of tasks was difficult to apply at the height of the Cold War. In that era, U.S. policymakers understood they were in a long-term competition with the Soviet Union and accordingly spent concerted time, energy, and capital crafting the nation's security posture toward its Cold War foe. In comparison, government officials today divide their attention between several different security challenges and the nation's security posture is not arrayed around a single unifying objective—such as secure deterrence, what Reagan administration officials identified as their primary goal. Clearly, a competitive strategies approach suited to the modern era will necessarily vary in some respects from past practices.

Arguably, competitive strategies could prove promising as a focusing mechanism in some contemporary cases. Thomas Mahnken and others note that the competitive strategies approach differs from other planning methods in key respects: the presumption of a concrete, sophisticated opponent; a focus on interaction between competitors; acknowledgement and exploitation of the fact that competitors' choices are constrained; a long, potentially decadal, planning horizon; and sufficient understanding of the competitor to formulate and implement a long-term strategy.<sup>31</sup> Looking at the historic record, a sixth criterion is also reasonable: the need to put military-technical choices in broader U.S. foreign policy context. Said differently, a strategy executed entirely at the level of military affairs will likely meet with only limited success if pursued in isolation from a more comprehensive national approach. Competitive strategies can serve as a useful tool to implement, but cannot substitute for, grand strategy.

Beyond the Soviet case, analysts have considered the potential application of competitive strategies, in whole or in part, in areas including the revolution in military affairs,<sup>32</sup> the proliferation of weapons of mass destruction,<sup>33</sup> counterterrorism,<sup>34</sup> space,<sup>35</sup> and the U.S. nuclear posture.<sup>36</sup> In each instance, many of the above criteria are incomplete or missing; and where they exist, they typically focus on the net assessment front-end rather than a more complete competitive strategy. Looking ahead, five distinct candidates might be viable for such an approach:

- China, a rising regional power with possible global ambitions
- Russia, a weakened global power with continuing regional security interests
- Potential regional adversaries, such as North Korea or Iran
- Global terrorist or similar transnational actors, such as ISIS or al-Qaeda
- Technology-based or domain-specific issues, such as counterproliferation

Of these candidates, it is probably most difficult to effectively apply competitive strategies to a single domain or technology type (Table 2). Surely, it remains possible for the U.S. to develop technical capabilities or operational approaches that provide warfighting advantage or deny adversaries their presumptive benefits, as in the area of counterproliferation. But much of the technology-denial leverage available to the U.S. and allied governments during the Cold War has softened considerably with the rise of commercialization and globalization. As a result, it is more challenging to prevent a determined adversary from acquiring or developing relevant technologies, even as future U.S. high-technology offsets may prove less sustainable than prior developments.<sup>37</sup> Neither are global terrorist or comparable entities well-suited to a competitive

strategies approach. In many cases, the U.S. and its partners do not have the experience with or actor-specific understanding necessary to effectively shape choices. Moreover, some such organizations or networks neither have long-term planning horizons nor sufficient leverage points for the U.S. or its allies to realistically influence their behavior. In most cases, the underlying value calculus favors *conflict* rather than *competition*. This sets the stage for such entities to lose militarily, but nonetheless advance their ideological agendas.<sup>38</sup>

Table 2. Prospective application of competitive strategies

	China	Russia	Regional Competitors	Transnational Terror Organizations	Tech- or Domain-specific
<b>Sophisticated opponent</b>	H	H	M	L/M	
<b>Interaction focus</b>	M/H	M	M	L	M
<b>Constrained choices</b>	M	H	H	L/M	L/H
<b>Long horizon</b>	H	H	H	L/M	M
<b>Sufficient understanding</b>	M	M	L/M	L/M	L/H
<b>Military competition as part of broader strategy</b>	H	H	M	M	

Note: High (H), medium (M), and low (L) scores reflect a qualitative judgment about the suitability of candidates to the identified competitive strategies criteria. A higher score suggests greater potential applicability.

Regional actors present a more nuanced set of prospects. In some cases, the U.S. and its allies have long-term experience with and a modest understanding of an adversary, interact in the context of a broad political competition with a military component, and may have a sustained ability to shape key choices. For competitive strategies to be truly effective in this context, the U.S. and case-specific friends or allies would first need to agree that this is a preferred approach compared with the available alternatives, and develop an agreed theory of victory. They would then need to develop, implement, and sustain the relevant actor-specific strategies over time. Certainly, in some cases—as with South Korea’s past “sunshine policy” toward North Korea—developing and implementing a coherent common approach can prove challenging. In general, it appears that coalition hedging or related defensive strategies toward regional aggressors may prove comparably easier to develop and sustain over time.

Perhaps not surprisingly, the Russian and Chinese cases appear to be the best fit with a competitive strategies approach. But these are clearly very different cases, and the respective strategies would necessarily vary. Elizabeth Wishnick explains that Russia, as a “declining great power, aims to recover lost status,” while China, as a “rising power, resists efforts to constrain its emerging global role.”<sup>39</sup> While their specific motivations and intentions vary, neither is a fully-committed *status quo* power and both have demonstrated significant revisionist challenges to the prevailing international security order. Both are sophisticated actors with whom the U.S. and its allies have interactive working relationships, sufficient understanding to develop relevant influence strategies, and the ability to identify and potentially exploit key

leverage points. In each case, there is a multi-decade pattern of competition—in some instances, domains, or timeframes cooperative and in others conflictual.

Ultimately, if the U.S., presumably in partnership with its regional friends and allies, is to undertake an effective competitive strategies campaign toward either (or both) actors, it will need to “up” its game. Taking a page from the Soviet-era playbook, exercising suitable leadership and marshalling resources adequate to mount an effective and sustainable campaign will prove challenging in the modern context. While the axis of recent defense policy discussions in the U.S. have centered on budgetary sequestration, military drawdowns, and constrained operations, nearly the opposite is true in the Russian and Chinese cases. Moreover, while Reagan-era fiscal constraints contributed to the administration’s drive for efficiency and effectiveness in defense expenditures, it still spent roughly 6 percent of GDP on defense—almost twice the level today. And while the Cold War-era case played out against the backdrop of clear and consequential overarching security objectives (including national survival), today’s multifaceted challenges suggest the need for tailored and risk-calibrated regional approaches.

Indeed, if then-Chairman of the Joint Chiefs of Staff General Martin Dempsey is correct, the U.S. will need to make “dramatic changes” to the U.S. defense posture, plans, objectives, and operational concepts over the next decade.<sup>40</sup> The White House asserts that U.S. seeks to influence the course of events in a fluid strategic environment. A strategy that calls for a “diversified and balanced” set of priorities rather than one oriented around a single threat or region makes credible and deliberate strategic planning of the sort that a competitive strategies approach could in principle provide all the more important.<sup>41</sup> Indeed, such an approach is both consistent with and can help advance the administration’s development of a third *offset* strategy: the deliberate effort to strengthen deterrence and enhance warfighting through a combination of superior technological capabilities and innovative operational and organizational constructs that outweigh the strengths of potential adversaries.<sup>42</sup> As the military capabilities of peer, near-peer, and potential regional adversaries grows, the long-held assumption of U.S. air and maritime superiority is eroding in key operational theaters. As they develop and field advanced anti-access, area-denial, and deterrent capabilities, U.S. forces face increased power projection challenges and higher operational risk levels. That the U.S. “can no longer base its military planning on its presumed technological superiority,” observes Shawn Brimley, “is a seismic disruption in military affairs.”<sup>43</sup>

## **Findings and Recommendations**

Operating effectively in a prospective multipolar or multilevel security environment will in some cases require the U.S. and its friends and allies to adapt their current practices if they are to achieve their regional security objectives. China’s aggressive behavior in the South and East China Seas and Russian military activities in Ukraine, for instance, present significant challenges to prevailing international norms. Taken together, their revisionist postures underscore that the future security order in key regions will evolve in ways that may be counter to the interests of the U.S., U.S. forward-deployed forces, or U.S. friends and allies. A passive or largely reactive approach will not suffice in this “more unpredictable, complex, and potentially dangerous”

security landscape that the Joint Chiefs of Staff anticipate.<sup>44</sup> Looking ahead, government officials may find it better to seize the initiative, undertaking a concerted and proactive effort to shape this competitive environment in ways advantageous to both enduring and emerging U.S. interests. As a starting point, they should consider the following:

- *Competitive strategies can help shape a competition's nature and form, but generic or static approaches are unlikely to succeed.* As an approach, competitive strategies (or their more recent dissuasion kin) can help the U.S. identify strategic opportunities, design and develop political-military options, and complicate adversary plans and programs. But to be most effective, the approach should be grounded—as was the Competitive Strategies Initiative—in an actor-specific framework. In contrast, the November 2003 *Joint Operations Concepts* articulated the role of dissuasion as follows: “Dissuading adversaries from developing threatening forces or ambitions, shaping the future military competition in ways that are advantageous to the United States and complicating the planning and operations of adversaries.”<sup>45</sup> But which ambitions, specifically, did the U.S. seek to dissuade: convincing foreign powers to not compete at all; inducing them to abandon efforts to gain certain assets; and/or actively blocking or complicating their continuing attempts to acquire specific capabilities?<sup>46</sup> The idea that rationality must be grounded in actor-specific values, preferences, and intentions is an important criticism of the universalist approach to dissuasion practices by the Bush administration. In this respect, Brad Roberts suggests that dissuading China from opting for a peer adversarial relationship with the U.S. presents a substantially different planning challenge than that of dissuading smaller states from competing selectively for military advantage with, for example, ballistic missiles with nuclear, chemical, or biological payloads.<sup>47</sup>

In this respect, neither the competitive strategies nor dissuasion approaches comprise an *a priori* one-size-fits-all framework. Richard Kugler sees some utility in the approach for situations where the U.S. is dealing “not with a full-fledged adversary but with a country with which it has a mixed relationship of cool peace, mutual suspicions, and common incentives to avoid violence.” In his view, however, it is unlikely that such an approach will succeed if it is carried out unilaterally, pursued in a heavy-handed manner, or fails to be embedded in broader regional stability objectives.<sup>48</sup> Moreover, while adding dissuasion to the factors weighed when budgetary and programmatic decisions are made in effect “gives the future a seat at the table,” Elaine Bunn notes that for most aspects of force posture—force sizing, basing, use of force—it is not the main driver and perhaps only a handful of decisions might be driven by the concept.<sup>49</sup> For his part, David Yost observes that U.S. allies have generally been skeptical of the concept, preferring instead to place more emphasis on instruments for discouraging arms competitions than on enhancing U.S. or combined military superiority.<sup>50</sup>

Properly implemented, the competitive strategies approach seeks to increase an adversary's anticipated costs—economic, diplomatic, military—associated with developing or expanding threatening capabilities. At the same time, Andrew Krepinevich

and Robert Martinage suggest that an effective strategy would also seek to reduce the benefits that would flow from such actions.<sup>51</sup> The strategy could, for instance, seek to convince an adversary that the capability it seeks is not survivable, diminish its perception of its operational effectiveness, or even change the character of the competition. In this respect, the Obama administration's Defense Innovation Initiative is taking a page from its predecessors' playbooks. While it espouses the rhetoric of neither competitive strategies nor dissuasion, it seeks to counter "real and growing challenges" to U.S. military power, as "potential adversaries have been modernizing their militaries, developing and proliferating disruptive capabilities across the spectrum of conflict."<sup>52</sup> In this respect, DoD's drive to develop a third offset strategy bears the hallmarks of Cold War-era competitive strategies: a long-range research and development planning program designed to obtain or retain competitive advantage, coupled with the development of new operational concepts and wargames to explore how best to deal with emerging threats in innovative ways.<sup>53</sup>

- *Policy sustainability—a necessary precondition for the success of competitive strategies.* This is certainly the case for politics within the executive branch; but comity between the executive and legislative branches is similarly important. President Obama observes that any successful strategy to advance the nation's security interests "must begin with an undeniable truth—America must lead."<sup>54</sup> Clearly, analysts can reasonably disagree on issues such as how and when to lead, the circumstances best suited to the use of force, the role or relevance of multilateral institutions in the nation's foreign policy, and many other areas. In this context, *competition* neither presupposes conflict nor precludes cooperation. But the prospects for development and sustained implementation of an inherently longer-term competitive strategy arguably increase in areas of greater national consensus.

For example, despite considerable differences in the worldview and the policy approaches of successive Cold War-era administrations, they were reasonably well aligned in their pursuit of containment. In the emergent context, national priorities and preferred policy approaches may prove more elusive to identify, groom, and sustain across administrations and potentially between the executive and legislative branches. Take, for instance, the noteworthy conceptual gap between "building a balance of power that favors freedom," as President George W. Bush put it, and the doctrine of "strategic patience and persistence" promoted by his successor.<sup>55</sup> In some cases, such as President Bush's policy toward North Korea, substantial changes are seen—in this case, a migration from containment and deterrence toward negotiated outcomes—over a two-term administration. While the "defensive measures" approach put in place early by the administration helped drive North Korea to the negotiating table, the administration's substantial policy shift over time would likely have precluded implementation of a workable competitive strategies approach.

- *China is perhaps the modern-day poster child for a competitive strategies approach.* A rising power and, based on purchasing power parity the world's largest economy, China

presents the most challenging and arguably most important case for the years ahead. Two decades ago, the Chinese military was only modestly capable;<sup>56</sup> and China, largely a free-rider on the established security order in the Asia-Pacific region, was able to substantially grow its economy and at the same time enhance and modernize its military. A decade ago, Evan Madeiros observed that the U.S. and China were engaged in mutual hedging in the Asia-Pacific region, shadowboxing for influence.<sup>57</sup> While it seeks what it calls a “peaceful rise,” in the intervening period China has pursued a longer-term military modernization program that directly challenges the power projection capabilities of the U.S. and enables the prospect of both regionally and globally focused missions.<sup>58</sup> Today, Robert Blackwill and Ashley Tellis argue that China has become the most significant competitor to the United States” and will likely remain such for decades to come. Accordingly, it is time for the U.S. to consider a balancing strategy that “deliberately incorporates elements that limit China’s capacity to misuse its growing power.”<sup>59</sup>

In their view, Beijing seeks nothing less than to fundamentally alter the balance of power in the Asia-Pacific region, fracture the U.S.-led system of regional alliances, and ultimately secure regional preeminence. Among other things, this requires:

- Undermining the credibility, reliability, and durability of the U.S. in the eyes of Asian states;
- Using China’s economic clout to pull Asian states closer to its policy preferences;
- Increasing China’s military capabilities to deter U.S. regional military intervention, in a Taiwan scenario or otherwise;
- Preserving the Chinese Communist Party’s hold on domestic power; and, if possible
- Avoiding a major confrontation with the U.S. for the next decade.<sup>60</sup>

A continuing lack of transparency over China’s evolving intentions and regional concern over its growing military capabilities both ensures cross-administration attention within the U.S. policy community and sets the stage for serious discussion between the U.S. and its regional allies and friends over how best to manage a rising China.<sup>61</sup> Japan, Australia, and other regional actors appear to share former Singapore Prime Minister Lee Kwan Yew’s 2001 view that no combination of East Asian economies will be able to balance China, and as a consequence the role of America as balancer is crucial.<sup>62</sup>

In turn, He Yafei, deputy director of Chinese State Council’s Overseas Chinese Affairs Office, warns that the Obama administration’s *pivot* to Asia will undermine the “already flimsy strategic trust” between the two countries and lead to an inevitable arms race.<sup>63</sup> While the China of Deng Xiaoping sought to “hide its strength, bide its time, and never take the lead,” that of Xi Jinping seeks a “new type of great power relations” based on a “new great power diplomacy with Chinese characteristics.”<sup>64</sup> In this respect, China’s New Asian Security Concept—which calls on “the people of Asia to run Asian affairs, deal with Asia’s problems, and uphold Asia’s security”—is at odds with the current

regional security architecture, which has at its core a strong network of bilateral alliance and partnerships with the United States.<sup>65</sup>

Table 3. Select competitive strategy considerations: Soviet Union (1985) vs. China (2015)

U.S. Competitive Strategy (Select Considerations)	Union of Soviet Socialist Republics	People's Republic of China
U.S. strategic objectives	Clear	Unclear, potentially fluid
Economy	Soviet economy stretched	PRC economy growing; likely to become world's largest
Prospects for miscalculation	Low/moderate	Moderate/high
Alliance politics	U.S./NATO vs. USSR/Warsaw Pact	U.S./bilateral treaty allies, but no unified position toward China; China has no real allies, but cooperative/collusive relations with Russia and substantial regional influence
Starting point	Rough parity; geopolitical competition	Smaller force posture but rapid modernization; primarily a regional competition
Sense of consequences	High consequences to strategic/operational failure	Unclear consequences, U.S. risk tolerance
International standing	Superpower on cusp of decline	Rising regional power with global ambitions
Extent of pre-existing competition	4 decades of Cold War rivalry	2 decades of growing, but thus far largely one-sided, competition
Importance within U.S. foreign policy	Central	One of several important areas within U.S. foreign policy
Force posture	Offensive	Traditionally defense-dominant, but substantial and growing theater offensive capabilities
Military force development	Vital but costly; capable of innovation, but slower-paced than U.S.	Of growing importance; sustained growth in capabilities and innovation posture

- *Recognize the security competition(s) already underway, and choose to compete effectively.* The competitive strategies adopted by the U.S. during the Cold War were designed explicitly to shape the longer-term security competition with the Soviet Union. Chinese actions over the past two decades suggest that it has taken a page from that

playbook and applied it in a somewhat different manner. Whereas the U.S. sought to leverage its enduring strengths against enduring Soviet weaknesses, China has sought to mitigate its military weaknesses and to modernize its military in a manner designed to capitalize on perceived U.S. military vulnerabilities. It has invested in *offensive* capabilities, enhancing its ability to project power in the region and its warfighting posture vis-à-vis Taiwan. It has also invested in a range of *defensive* and *deterrent* capabilities designed to complicate timely, reliable, and effective U.S. access in the East and South China Seas. At the same time, China has also undertaken a persistent influence strategy designed both to reassure its regional neighbors that it seeks a peaceful rise and to dissuade the U.S. from engaging militarily in areas vital to the interests of the Chinese Communist Party.<sup>66</sup> Its broader regional ambitions are on full display in the South China Sea—an area of rising regional tension characterized by increased prospects for miscalculation, escalation, and accidental war. In Paul Giarra’s view, China’s land-reclamation activities in neighboring seas strengthen China’s maritime approaches and militarize its political claims, fortifying its position such that it is more difficult to dislodge, better situated as forward power projection nodes, and extending its anti-access/area-denial envelope.<sup>67</sup>

Conflict between China and the U.S. is perhaps neither inevitable nor unavoidable.<sup>68</sup> But it must be effectively managed if it is not to devolve, as the U.S.-China Economic Security Review Commission anticipates, into zero-sum rivalry as China’s pursuit of a more confrontational relationship with the U.S. “likely will persist.”<sup>69</sup> On autopilot, China’s revisionist challenges to the prevailing Asia-Pacific security order could lead to a state of armed conflict.<sup>70</sup> It appears to be pursuing a divide-and-conquer strategy: intimidating, coercing, or coopting some of its neighbors while isolating, demoralizing, or pressuring others; proposing a new spheres of influence approach to the U.S. while seeking to split the U.S. from key regional allies.<sup>71</sup> In this context, a U.S. that is perceived as weak, disengaged, or ineffective would likely exacerbate the prospects for cross-border warfare.<sup>72</sup> By contrast, an active, engaged, and powerful U.S. could play a constructive balancing role even as China’s regional influence grows—and competitive strategies may help the U.S. constructively focus its efforts. The necessary starting point for any such strategy the U.S. might adopt is recognition that the China of 2015 only vaguely resembles the Soviet Union of 1985. (Table 3 highlights some of the key distinguishing factors).

- *A China-focused competitive strategy would be most effective if pursued on a multi-dimensional basis.* As with the Soviet-era competitive strategy pursued by the U.S. and its allies, the primary objective of any such strategy would be to regain the initiative. An effective strategy would seek to identify and capitalize on opportunities and to complicate adversary choices in a long-term peacetime competition. It is, in part, an approach designed to focus U.S. resource allocation in a context of downward budget pressure and to influence the way in which the Chinese allocate theirs. But it is more fundamentally a tool to create strategic options and to reduce the longer-term threats China poses to U.S. and allied interests by influencing China’s underlying risk-calculus.

Properly conceived, such an approach should help the U.S. maintain its influence and safeguard its interests in Asia even as China further rises, and help constructively channel the growing competitive dynamics in play.

Table 4. U.S.-China Military Scorecard

Scorecard	Taiwan Conflict				Spratly Islands Conflict			
	1996	2003	2010	2017	1996	2003	2010	2017
1. Chinese attacks on air bases	Dark Green	Dark Green	Yellow	Orange	Dark Green	Dark Green	Dark Green	Yellow
2. U.S. vs. Chinese air superiority	Dark Green	Light Green	Light Green	Yellow	Dark Green	Dark Green	Light Green	Light Green
3. U.S. airspace penetration	Light Green	Yellow	Yellow	Yellow	Dark Green	Dark Green	Dark Green	Light Green
4. U.S. attacks on air bases	Yellow	Dark Green	Light Green	Light Green	Dark Green	Dark Green	Dark Green	Dark Green
5. Chinese anti-surface warfare	Dark Green	Light Green	Yellow	Orange	Dark Green	Dark Green	Light Green	Yellow
6. U.S. anti-surface warfare	Dark Green	Dark Green	Light Green	Light Green	Dark Green	Dark Green	Dark Green	Dark Green
7. U.S. counterspace	Orange	Orange	Yellow	Yellow	Orange	Orange	Yellow	Yellow
8. Chinese counterspace	Dark Green	Light Green	Yellow	Yellow	Dark Green	Light Green	Yellow	Yellow
9. U.S. vs. China cyberwar	Dark Green	Dark Green	Light Green	Light Green	Dark Green	Dark Green	Light Green	Light Green

  

10. Nuclear stability (confidence in secure second-strike capability)	Country	1996, 2003, and 2010	2017
		China	Low confidence
	U.S.	High confidence	

NOTES: To prevail in either Taiwan or the Spratly Islands, China’s offensive goals would require it to hold advantages in nearly all operational categories simultaneously. U.S. defensive goals could be achieved by holding the advantage in only a few areas. Nevertheless, China’s improved performance could raise costs, lengthen the conflict, and increase risks to the United States.

  

Key for Scorecards 1–9		
U.S. Capabilities		Chinese Capabilities
Major advantage	Dark Green	Major disadvantage
Advantage	Light Green	Disadvantage
Approximate parity	Yellow	Approximate parity
Disadvantage	Orange	Advantage
Major disadvantage	Red	Major advantage

Source: Eric Heginbotham, et al., *U.S.-China Military Scorecard: Forces, Geography, and the Evolving Balance of Power, 1996-2017* (Santa Monica, CA: RAND, 2015).

Certainly, bolstering the U.S. theater defense posture is one key component of any effective strategy the U.S. might pursue. As Table 4 shows, China’s two-decade splurge has significantly enhanced its warfighting posture. While it remains unproven in combat, China now fields a much more capable military; this provides a much stronger starting point for the People’s Liberation Army in both the Taiwan and Spratly conflict scenarios assessed by RAND. Over a 20-year arc, China has achieved rough parity with the U.S.—

and potentially an advantage, should Chinese objectives remain grounded in intense, short-term, theater conflict. In this context, the U.S. must determine how best to neutralize or obsolesce key components of the Chinese force structure: its capable and growing conventional ballistic and cruise missile arsenal, its improving ability to project air and sea power in theater, its strengthening integrated air and missile defense systems, and its substantial offensive cyber and counter-space capabilities. With respect to the use of force, the U.S. must resolve a set of thorny questions including the circumstances under which it would consider mainland strikes, the extent of its involvement as a third-party in an “entrapment” scenario, and the nature and scope of prospective escalation-control measures.

More broadly, the strategy is likely to be more effective if pursued broadly rather than on a narrow military-technical basis. Indeed, it may be possible to identify and exploit long-standing Chinese fears ranging from encirclement to infiltration.<sup>73</sup> Thus, measures to enhance U.S. military capabilities are important but insufficient to the task. In parallel, the U.S. should seek to strengthen the warfighting capabilities of key partners through a robust program of arms transfers and security assistance, to expand its forward presence through additional base-access agreements, and to facilitate interoperability through combined exercises and training. The existing network of U.S. bilateral alliances is a comparative political-military advantage, especially in a context of continued coercive Chinese diplomacy. At the same time, China faces potential challenges to its internal stability, to the perceived legitimacy of Chinese Communist Party rule, to the continued outperformance of the Chinese economy, and to China’s ability to realize its contested vision of regional hegemony. In each case, the U.S. and its partners may have the ability to capitalize on Chinese vulnerabilities or uncertainties. Taken together, these serve to complicate Chinese military planning and diplomatic activities, to bolster crisis stability, and to raise the costs and risks of Chinese actions that challenge the prevailing regional security order.

- *Wanted: a credible theory of victory.* In implementing competitive strategies, the U.S. must establish an appropriate set of success criteria. Their scope depends, in part, of how broadly the approach is applied. At one end of the spectrum, the U.S. could opt to compete with China and/or Russia primarily along military-technical lines. In this context, the U.S. would focus its competitive efforts through its military investments and potentially in closely related areas, such as arms transfers and security assistance. The objectives of such a strategy would presumably be to ensure the U.S. ability to engage militarily as its interests require, at an acceptable risk profile, in any region; and to raise the costs or deny the benefits to an adversary of a particular course of action, or otherwise increase the associated risk of failure. At the other end of the spectrum, the U.S. could compete in more holistic form. While the specific purpose of any competitive strategies pursued would necessarily fit within the broader context of U.S. grand strategy, it is likely that the military competition would comprise just one dimension of an integrated “whole of government” approach. In this context, national efforts relating to trade policy, public diplomacy and information operations, bilateral and multilateral

coordination, and other activities would complement the military- and partner capacity-building efforts outlined above. Such an approach could approximate, in some respects, the Reagan-era Competitive Strategies Initiative pursued in the broader context of U.S. containment goals.

On balance, the chances for success are probably higher under a broader approach, but a narrower variant might prove easier to implement. Ultimately, whether narrowly or broadly applied, the U.S. must carefully consider its specific competitive objectives and desired end-states. What, specifically, are the strategies designed to prevent, preclude, secure, or achieve? And how will the U.S. measure the success of its efforts? For example, President Obama underscores that the U.S. “welcomes the rise of a stable, peaceful, and prosperous China” and, while noting that there will be competition, rejects the “inevitability of confrontation.”<sup>74</sup> In this context, DoD activities support broader U.S. government strategic objectives for the Asia-Pacific region, which are focused on building a stable and diversified security order, an open and transparent economic order, and a liberal political order. It further declares that its activities stem from the premise that it is in the interests of both countries to expand practical cooperation in areas where interests overlap and to constructively manage differences. But the department’s competitive objectives vis-à-vis China—to, in concert with U.S. allies and partners, “continue adapting its forces, posture, and operational concepts to maintain a stable and secure Asia-Pacific security environment”—are much less clear.<sup>75</sup>

In shaping the longer-term competition, it is important to walk the line between securing achievable advantages vis-à-vis an adversary and creating an adversary incentive structure that caters more to conflict than competition. In this respect, strategists must identify both their desired objectives and the outcomes they seek to avoid, while adapting to unintended consequences that arise along the way.

- *Russia is more compelling as a hedge strategy candidate.* While it is possible to design a competitive strategy vis-à-vis Russia, such an approach may not be needed. And, if the U.S. cannot afford to pursue parallel competitive strategies, then it is not as compelling as the case of contemporary China. Over the past two decades, Vladimir Putin’s Russia has evolved in important respects from Boris Yeltsin’s Russia. It has invested in rebuilding its military strength and has begun to reassert itself on the world stage—in Georgia, Ukraine, Syria, and elsewhere. But while its economy has improved from the Soviet era it remains commodity-dependent, deriving more than half of its budget from oil revenues. At an estimated break-even production price of about \$100 per barrel versus a notional \$50 per barrel average price in 2015, budget revenues could fall by some \$45 billion. At the same time, Russia’s foreign reserves fell more than 22 percent in 2014, sanctions imposed after Russia’s invasion of Crimea are probably having some effect, and the Russian Foreign Ministry anticipates a 4.7 percent contraction in Russia’s GDP in 2015.<sup>76</sup> In short: Russia is not well-prepared for a serious competition and is likely vulnerable to tailored external pressure in this and other areas.

While the U.S. sought a strategic partnership with the fledgling Russian Federation in 1992, relations deteriorated over time to the point that, by 2009, President Barack Obama sought to *reset* bilateral ties. At the same time, several prominent leaders in Center and Eastern Europe—including Polish and Czech dissidents and later heads of state Lech Walesa and Vaclav Havel—felt the need to warn the president that “Russia is back as a revisionist power pursuing a 19th-century agenda with 21st-century tactics and methods.”<sup>77</sup> Under President Putin, Russia is pursuing a set of strategic objectives that are at odds with the prevailing European security order. In Stephen Covington’s view, Putin’s policies are driven primarily by concerns over Russia’s “inability to compete on almost any level and in almost any sphere with the world’s greatest powers.” For Putin, any solution short of changing the European security system “only means Russia’s inevitable loss of great power status and the loss of his personal power at home.”<sup>78</sup>

Thus, in contrast to 1990s-era Russian efforts to *break-in* to the prevailing European security and economic systems, the 2010s have witnessed Russian efforts to *break-out*—to change the rules of the game in a manner advantageous to Russia at the expense of states such as Ukraine or Georgia and to the detriment of political liberalization internally. For the U.S., its NATO partners, and stakeholders in the former Soviet republics and elsewhere, the question of how best to handle an expansionist and discontent Russia is both timely and urgent. As Evelyn Farkas notes, while the West may not seek a new Cold War-type confrontation, an “excess of caution” will “only embolden Russia.”<sup>79</sup> Ultimately, they can choose to accede to Russia’s drive for a modern-day sphere of interest, opt to punish and disengage from Russia for its adverse behavior, instead decide to bolster partner resilience and keep the door open to further engagement with Russia, or pursue a combination of these options.<sup>80</sup> Assuming the U.S. and its European allies decide not to allow Russian sphere, they would necessarily seek to develop and implement measures to deny Russia the benefits of its aggressive actions. At base, they may consider borrowing from former world chess champion Garry Kasparov: “demonstrate real political will” to make Putin look like a “loser” and, as such, hold Russian adventurism in check.<sup>81</sup> This prescription for a contain-and-hedge strategy—more a question of will than resources—may suffice.

- *Finally, recognize above all else that competition is neither quick nor easy: we must pay to play.* In a context of acute resource constraints and expansive capability demands, the U.S. must place its bets wisely. The U.S. can and should consider possible alternatives to competitive strategies: not all U.S. strategies must be *competitive*, per se, and there is a continuing role for cooperative, coercive, defensive, deterrent and other strategies. Among other things, the U.S. could adopt a more passive or reactive approach, seek to bolster cooperative engagement, or even choose not to compete. It could deliberately cede ground to China, Russia or both parties, seek to contain or limit their aspirations, hedge against their successes in areas where U.S. interests are strongest, or even seek to divide the waterfront under a modern-day spheres of

influence approach. It may also apply multiple strategies, some competitive and some cooperative, in a concurrent or overlapping manner.

Ultimately, however, the penchant for American leadership appears to be sustainable in principle both across administrations and over time. But if this is to continue in the years ahead—if the U.S. is to continue to play an active internationalist role in pursuit of its global security interests—it will need to adjust its national security posture. While the nation may not need to spend the 6 percent of its GDP on defense that the Reagan administration did to secure U.S. global interests, the current resource base is simply too small to position for success in the emergent international security environment. Indeed, Jim Steinberg and Michael O’Hanlon estimate that roughly 35 percent of the DoD budget—in fiscal year 2015 dollars, roughly \$207B or 1.1 percent of GDP—represents the regional force structure investment that may be called upon in a conflict with China.<sup>82</sup> This compares with Chinese spending of 1.59 percent of GDP, or roughly \$310B when adjusted for purchasing power parity.<sup>83</sup> The juxtaposition of declining U.S. and growing Chinese investment telegraphs an unfortunate signal of relative weakness to U.S. regional friends and allies, as well as to would-be revisionist adversaries. This could feed Chinese opportunism or miscalculation, on the one hand, and abandonment fears by U.S. regional allies on the other.

Even more fundamental than the defense resource base, if American exceptionalism is to continue unabated then the U.S. must *lead*. In this respect, the current doctrine of patience and restraint should give way to a broader, more engaging strategic approach that proactively seeks to shape the international security landscape in ways advantageous to America’s enduring and emerging global interests. The obvious and perhaps inevitable (if undesirable) alternative would be to down-size the nation’s interests to fit within the contours of a shrinking global footprint—in other words, to adopt a resource-driven strategy that, in effect, abdicates the nation’s first-among-equals standing. Such a course would, among other things, return the international system to a pre-World War I configuration and set the stage for the next round of revisionist challenges to the established interests and values of the system’s current stakeholders.

## Notes

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<sup>1</sup> Charles Krauthammer anticipated, at the time of the Soviet transition, that “multipolarity will come in time.” The “unipolar” moment—a situation in which the United States would be the world’s sole superpower—could be eclipsed in “perhaps another generation or so [when] there will be great powers co-equal with the United States, and the world will, in structure, resemble the pre-World War I era.” See Krauthammer, “The Unipolar Moment,” *Foreign Affairs* vol. 70, no 1 (1990/91): 23 (<https://www.foreignaffairs.com/articles/1991-02-01/unipolar-moment>). See also Richard Haas, “The Age of Nonpolarity,” *Foreign Affairs* vol. 87, no. 3 (May/June 2008): 44-56 (<https://www.foreignaffairs.com/articles/united-states/2008-05-03/age-nonpolarity>); Kishore Mahhuan, “The Case Against the West,” *Foreign Affairs* vol. 87, no. 3 (May/June 2008): 111-24 (<https://www.foreignaffairs.com/articles/asia/2008-05-03/case-against-west>); Michael Beckley, “China’s Century? Why America’s Edge Will Endure,” *International Security*, vol. 36, no. 3 (Winter 2011/12): 41-78 (<http://china.praguesummerschools.org/files/china/4china2012.pdf>); Gideon Rachman, “American Decline: This Time It’s For Real,” *Foreign Policy* 184 (January/February 2011): 59-65 (<http://foreignpolicy.com/2011/01/03/think-again-american-decline/>); and Edward Luttwak, “The Declinists: Wrong Again,” *American Interest*, vol. 4, no. 2 (November/December 2008): 7-13 (<http://www.the-american-interest.com/2008/11/01/the-declinists-wrong-again/>).

<sup>2</sup> White House, *National Security Strategy*, February 2015, foreword.

<sup>3</sup> While their tactics and particular objectives vary, Russia and China have sought to hasten the development of a “multipolar” system. See, for instance, “China, Russia issue joint statement on new world order,” July 4, 2005 (<http://au.china-embassy.org/eng/xw/t202227.htm>); and Susan Turner, “Russia, China and a Multipolar World Order: The Danger in the Undefined,” *Asian Perspective* vol. 33, no. 1 (2009): 159-84 (<http://westsidedebate.wikispaces.com/file/view/multipolar+world+order.pdf>).

<sup>4</sup> National Intelligence Council, *Global Trends 2030: Alternative Worlds*, NIC-2012-001, December 2012, pp. 18-19, 64, 101-04 (<https://globaltrends2030.files.wordpress.com/2012/11/global-trends-2030-november2012.pdf>).

<sup>5</sup> National Intelligence Council, *Global Trends 2030: Alternative Worlds*, p. 79. See also G. John Ikenberry, “Between the Eagle and the Dragon: America, China, and Middle State Strategies in East Asia,” *Political Science Quarterly*, forthcoming 2015

(<http://www.psqonline.org/viewContent.cfm?sk=21E9F5C8D6D60AF9C81EC9DF5BC976B21ACDE0AFAB0FDBD3A087B2D1B09BE2CEEE>); and Evan A. Feigenbaum and Robert A. Manning, “A Tale of Two Asias: In the Battle for Asia’s Soul, Which Side Will Win—Security or Economics?” *Foreign Policy*, October 31, 2012 (<http://foreignpolicy.com/2012/10/31/a-tale-of-two-asias/>).

<sup>6</sup> Secretary of Defense Chuck Hagel, “Defense Innovation Days,” Opening Keynote, September 3, 2014 (<http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1877>).

<sup>7</sup> Secretary of Defense Chuck Hagel, memorandum on the Defense Innovation Initiative, November 15, 2014 (<http://www.defense.gov/Portals/1/Documents/pubs/OSD013411-14.pdf>).

<sup>8</sup> Niall McCarthy, “The Biggest Military Budgets as a Percentage of GDP,” *Forbes*, June 25, 2015 (<http://www.forbes.com/sites/niallmccarthy/2015/06/25/the-biggest-military-budgets-as-a-percentage-of-gdp-infographic-2/>); [http://www.usgovernmentspending.com/year\\_spending\\_2016USbn\\_14bs2n\\_3031#usgs302](http://www.usgovernmentspending.com/year_spending_2016USbn_14bs2n_3031#usgs302); Dinah Walker, “Trends in U.S. Military Spending,” Council on Foreign Relations, July 15, 2014 (<http://www.cfr.org/defense-budget/trends-us-military-spending/p28855>). Notably, the 3.5 percent estimate overstates U.S. defense spending, since it also includes spending on veterans affairs and other programs. Military defense spending, including atomic energy, was about 3.15 percent in fiscal year 2015.

<sup>9</sup> Jason D. Ellis, “Disrupting Defense Innovation,” *Policy Brief*, Center for a New American Security (forthcoming).

<sup>10</sup> Congressional Budget Office, *Long-Term Implications of the 2015 Future Years Defense Program* (Washington, D.C.: November 2014), p. 29 (<http://www.cbo.gov/sites/default/files/cbofiles/attachments/49483-FDYP.pdf>).

<sup>11</sup> Due to a lack of government transparency, there are significant error bars in any such estimate for Chinese military spending. In actual terms, China’s official defense budget for 2014 was \$136.3B. Noting that this excludes several major categories of expenditure, such as foreign equipment and weapons procurement or research and development, the U.S. Department of Defense estimates \$165B, or approximately 1.59 percent of gross domestic product. Other estimates generally range from Richard Bitzinger’s 1.5 percent of gross domestic product to the

Stockholm International Peace Research Institute's more than 2 percent over the last several years. See the SIPRI Military Expenditure Database, <http://milexdata.sipri.org/result.php4>; Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China, 2015*, p. 49; Richard A. Bitzinger, "China's Double-Digit Defense Growth," *Foreign Affairs*, March 19, 2015 (<http://www.foreignaffairs.com/articles/143275/richard-a-bitzinger/chinas-double-digit-defense-growth>).

<sup>12</sup> Director of National Intelligence James R. Clapper, Statement for the Record on the Worldwide Threat Assessment of the Intelligence Community before the Senate Armed Services Committee, February 26, 2015, p. 19 ([http://www.dni.gov/files/documents/Unclassified\\_2015\\_ATA\\_SFR\\_-\\_SASC\\_FINAL.pdf](http://www.dni.gov/files/documents/Unclassified_2015_ATA_SFR_-_SASC_FINAL.pdf)).

<sup>13</sup> Office of the Secretary of Defense, *Annual Report to Congress*, p. i ([http://www.defense.gov/Portals/1/Documents/pubs/2015\\_China\\_Military\\_Power\\_Report.pdf](http://www.defense.gov/Portals/1/Documents/pubs/2015_China_Military_Power_Report.pdf)).

<sup>14</sup> Bill Gertz, "China estimate war," *Washington Times*, November 5, 2009 (<http://www.washingtontimes.com/news/2009/nov/5/inside-the-ring-70787975/?page=all>).

<sup>15</sup> T. C. Schelling, "The Strategy of Inflicting Costs," in Roland N. McKean, ed., *Issues in Defense Economics* (Washington, D.C.: National Bureau of Economic Research, 1967), p. 105 (<http://www.nber.org/chapters/c5161.pdf>). See also Thomas C. Schelling, *Arms and Influence* (Westport, CT: Praeger, 1977).

<sup>16</sup> Robert Jervis, "Cooperation Under the Security Dilemma," *World Politics* 30, no. 2 (Jan. 1978): 185 (<http://www.sscnet.ucla.edu/polisci/faculty/trachtenberg/guide/jervissecdil.pdf>). See also John T. Herz, "Idealist Internationalism and the Security Dilemma," *World Politics* 2, no. 2 (Jan. 1950): 157-80 ([moodle.stoa.usp.br/mod/resource/view.php?id=28231](http://moodle.stoa.usp.br/mod/resource/view.php?id=28231)).

<sup>17</sup> Jervis, "Cooperation Under the Security Dilemma": 174. See also Robert Jervis, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976).

<sup>18</sup> Kenneth Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979), p. 88.

<sup>19</sup> Bradford A. Lee, "Strategic Interaction: Theory and History for Practitioners," in Thomas G. Mahkken, ed., *Competitive Strategies for the 21<sup>st</sup> Century: Theory, History, and Practice* (Sanford, CA: Stanford University Press, 2012), pp. 28-29.

<sup>20</sup> See, generally, John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of American National Security Policy During the Cold War*, rev. (London: Oxford University Press, 2005).

<sup>21</sup> A. W. Marshall, "Long-Term Competition with the Soviets: A Framework for Strategic Analysis," RAND report R-862-PR, April 1972 (declassified March 30, 2010), p. v (<https://www.rand.org/content/dam/rand/pubs/reports/2014/R862.pdf>).

<sup>22</sup> National Security Decision Directive 75, "U.S. Relations with the USSR," January 17, 1983 (declassified September 16, 1994), reprinted in Norman A. Bailey, *The Strategic Plan that Won the Cold War* (McLean, VA: The Potomac Foundation, 1998), p. 29 (<http://www.hacer.org/pdf/Bailey001.pdf>).

<sup>23</sup> Office of the Secretary of Defense and Director of Central Intelligence, *US and Soviet Strategic Forces*, Joint Net Assessment, November 14, 1983 (declassified 30 September 2007), p. 24 (<http://nsarchive.gwu.edu/NSAEBB/NSAEBB428/docs/1.US%20and%20Soviet%20Strategic%20Forces%20Joint%20Net%20Assessment.pdf>).

<sup>24</sup> Office of the Secretary of Defense and Director of Central Intelligence, *US and Soviet Strategic Forces*, p. 25.

<sup>25</sup> Secretary of Defense Frank C. Carlucci, *Annual Report to the Congress: Fiscal Year 1990* (Washington, D.C.: Department of Defense, 1989), p. 47 ([http://www.bits.de/NRANEU/others/strategy/1990\\_DoD\\_Annual\\_Report-Carlucci.pdf](http://www.bits.de/NRANEU/others/strategy/1990_DoD_Annual_Report-Carlucci.pdf)).

<sup>26</sup> Octavian Manea, "The Art of Tailoring Competitive Strategies," *Small Wars Journal*, March 23, 2014 (<http://smallwarsjournal.com/printpdf/15450>).

<sup>27</sup> Deputy Secretary of Defense Robert Work estimates that the "post-Cold War" period lasted approximately the quarter-century between 1989, the year the Berlin Wall fell, and 2014, the year Russia invaded Ukraine and annexed Crimea by force. He anticipates that a renewed period of great power conflict may come to characterize the next quarter-century. See Deputy Secretary of Defense speech to the CNAS Defense Forum, Washington, D.C., 14 December 2015 (<http://www.defense.gov/News/Speeches/Speech-View/Article/634214/cnas-defense-forum>).

- <sup>28</sup> Kenneth P. Ekman, *Winning the Peace Through Cost Imposition*, Policy Paper, Brookings Institution Center for 21<sup>st</sup> Century Security and Intelligence, May 2014, p. 13 (<http://www.brookings.edu/research/papers/2014/05/07-winning-peace-through-defense-cost-imposition-china-ekman>).
- <sup>29</sup> David J. Andre, *New Competitive Strategies, Tools, and Methodologies: Volume I—Review of the Department of Defense Competitive Strategies Initiative, 1986-1990* (McLean, VA: Science Applications International Corporation, November 30, 1990), p. 130 ([www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA301844](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA301844)).
- <sup>30</sup> Andre, *New Competitive Strategies, Tools, and Methodologies*, pp. 88-102.
- <sup>31</sup> Thomas G. Mahnken, “Thinking About Competitive Strategies,” in Mahnken, ed., *Competitive Strategies for the 21<sup>st</sup> Century*, pp. 7-8.
- <sup>32</sup> Andrew Krepinevich, *The Military-Technical Revolution: A Preliminary Assessment* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2002). The assessment, available at <http://csbaonline.org/search/?x=0&y=0&q=Military-Technical+Revolution>, was initially prepared for DoD’s Office of Net Assessment in 1992.
- <sup>33</sup> Henry D. Sokolski, ed., *Prevailing in a Well-Armed World: Devising Competitive Strategies Against Weapons Proliferation* (Washington, D.C.: Nonproliferation Policy Education Center, 2000).
- <sup>34</sup> Dennis Jett, “Trapped by the Paradigm: Why Net Assessment May Not Contribute to Countering Terrorism,” <https://globalecco.org/trapped-by-the-paradigm-why-net-assessment-may-not-contribute-to-countering-terrorism>; Adam Ekeus, “Towards a Counterterrorism Net Assessment,” *Small Wars Journal* Vol. 7, No. 12, December 21, 2011 (<http://smallwarsjournal.com/jrnl/art/towards-a-counterterrorism-net-assessment>).
- <sup>35</sup> Robert Pfaltzgraff, ed., *Space and U.S. Security: A Net Assessment* (Cambridge, MA: Institute for Foreign Policy Analysis, January 2009).
- <sup>36</sup> Clark Murdock, et al., eds., *Project Atom: A Competitive Strategies Approach to Defining U.S. Nuclear Strategy and Posture for 2025-2050* (Washington, D.C.: Center for Strategic and International Studies, May 2015).
- <sup>37</sup> Ellis, “Disrupting Defense Innovation,” op cit.
- <sup>38</sup> While perhaps counterintuitive from the standpoint of a “rational” actor, history is replete with examples of weak states attacking stronger adversaries. Among other things, it underscores the need for a “bounded rationality” approach—placing an actor’s values in particularist rather than universal context. See, for example, Barry Wolf, *When the Weak Attack the Strong: Failures of Deterrence*, Note N-3261-A (Santa Monica: RAND, 1991). While Wolf addresses the prospect of “deterrence failures,” an analogous logic may apply to pre-deterrence concepts such as competitive strategies or dissuasion, and should extend to sub-national actors as well.
- <sup>39</sup> Elisabeth Wishnick, *Mending Fences: The Evolution of China’s Moscow Policy from Brezhnev to Yeltsin* (Seattle, WA: University of Washington Press, 2001), p. 133.
- <sup>40</sup> Department of Defense, *Quadrennial Defense Review 2014*, p. 64.
- <sup>41</sup> White House, *National Security Strategy*, February 2015, p. 5.
- <sup>42</sup> Deputy Secretary of Defense speech to the CNAS Defense Forum, Washington, D.C., 14 December 2015 (<http://www.defense.gov/News/Speeches/Speech-View/Article/634214/cnas-defense-forum>).
- <sup>43</sup> Shawn Brimley, *While We Can: Arresting the Erosion of America’s Military Edge* (Washington, D.C.: Center for a New American Security, December 2015), p. 4 (<http://www.cnas.org/sites/default/files/publications-pdf/While%20We%20Can-151207.pdf>).
- <sup>44</sup> Joint Chiefs of Staff, *Capstone Concept for Joint Operations: Joint Force 2020*, 10 September 2012, p. 3.
- <sup>45</sup> Department of Defense, *Joint Operations Concepts*, November 2003, p. 8 ([www.dtic.mil/futurejointwarfare/concepts/secdef\\_approved\\_jopsc.doc](http://www.dtic.mil/futurejointwarfare/concepts/secdef_approved_jopsc.doc)).
- <sup>46</sup> David Yost, “Dissuasion and Allies,” *Strategic Insights*, Vol. IC, No. 2, February 2005 (<https://www.hsdl.org/?view&did=453722>).
- <sup>47</sup> Brad Roberts, “Dissuasion and China,” *Strategic Insights*, Vol. III, no. 10, October 2004 ([http://calhoun.nps.edu/bitstream/handle/10945/11376/Dissuasion\\_and\\_China.pdf?sequence=3&isAllowed=y](http://calhoun.nps.edu/bitstream/handle/10945/11376/Dissuasion_and_China.pdf?sequence=3&isAllowed=y)).
- <sup>48</sup> Richard L. Kugler, “Dissuasion as a Strategic Concept,” *Strategic Forum* 196, December 2002 ([www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA421905](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA421905)). Among other things, Kugler finds that the goal “is not merely to dissuade potential adversaries from competing militarily with the United States. An equally important goal is to dissuade them from pursuing malevolent political and strategic agendas that might be achievable even if their military forces remain decidedly inferior to the United States.”

<sup>49</sup> Elaine Bunn, “Force Posture and Dissuasion,” *Strategic Insights*, Vol. III, No. 10, October 2004 (<http://calhoun.nps.edu/bitstream/handle/10945/11126/bunnOct04.pdf?sequence=1>).

<sup>50</sup> Yost, “Dissuasion and Allies.”

<sup>51</sup> Andrew F. Krepinevich and Robert C. Martinage, *Dissuasion Strategy*, Center for Strategic and Budgetary Assessments, 2008 (<http://www.csbaonline.org>), pp. 9-40.

<sup>52</sup> Hagel, memorandum on the Defense Innovation Initiative, p. 1.

<sup>53</sup> James Fitzsimonds argues that a competitive strategy “must be pursued as a coherent program of innovative systems and operational concepts—a comprehensive effort focused as much on generating support for adoption within the U.S. military as it is on managing the future strategic adversary.” Arguably, the Long-Range Research and Development Planning Program—a key component of the Defense Innovation Initiative—is more focused on the former objective. See Fitzsimonds, “Cultural Barriers to Implementing a Competitive Strategy,” in Mahnken, ed., *Competitive Strategies for the 21<sup>st</sup> Century*, p. 299.

<sup>54</sup> White House, *National Security Strategy*, foreword.

<sup>55</sup> White House, *The National Security Strategy of the United States of America*, September 2002, foreword; White House, *National Security Strategy*, foreword.

<sup>56</sup> Eric Heginbotham, et al., *The U.S.-China Military Scorecard: Forces, Geography, and the Evolving Balance of Power, 1996-2017* (Santa Monica, CA: RAND, 2015) ([http://www.rand.org/content/dam/rand/pubs/research\\_reports/RR300/RR392/RAND\\_RR392.pdf](http://www.rand.org/content/dam/rand/pubs/research_reports/RR300/RR392/RAND_RR392.pdf)). Heginbotham notes (p. xix) that over the past two decades, the Chinese People’s Liberation Army has transformed itself from “a large but antiquated force into a capable, modern military.”

<sup>57</sup> Evan S. Madeiros, “Strategic Hedging and the Future of Asia-Pacific Stability,” *The Washington Quarterly* vol. 29, no. 1 (Winter 2005-06): 145 ([http://archives.cerium.ca/IMG/pdf/Strategic\\_Hedging\\_and\\_the\\_Future\\_of\\_Asia-Pacific\\_Stability.pdf](http://archives.cerium.ca/IMG/pdf/Strategic_Hedging_and_the_Future_of_Asia-Pacific_Stability.pdf)).

<sup>58</sup> Office of the Secretary of Defense, *Annual Report to Congress*, pp. 21, 31-47. Adam P. Liff and G. John Ikenberry see evidence of “security dilemma-driven military competition in the Asia-Pacific, which could worsen significantly in the near future.” See Liff and Ikenberry, “Racing Toward Tragedy? China’s Rise, Military Competition in the Asia Pacific, and the Security Dilemma,” *International Security* vol. 39, no. 2 (Fall 2014): 54 ([http://www.mitpressjournals.org/doi/pdf/10.1162/ISEC\\_a\\_00176](http://www.mitpressjournals.org/doi/pdf/10.1162/ISEC_a_00176)).

<sup>59</sup> Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Toward China*, Council Special Report No. 72 (Washington, D.C.: Council on Foreign Relations, March 2015), p. 5 ([http://carnegieendowment.org/files/Tellis\\_Blackwill.pdf](http://carnegieendowment.org/files/Tellis_Blackwill.pdf)). In contrast, Thomas J. Christensen argues the challenge is not to limit the risks of a rising China, but rather to encourage it to become a stakeholder in global governance. Charles Glaser suggests that, to moderate the security dilemma and reduce competitive pressures, the United States and China negotiate a grand bargain in which the former ends its commitment to defend Taiwan against Chinese aggression while the latter peacefully resolves its regional maritime and land disputes and officially accepts a long-term U.S. security role. See Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (New York: W.W. Norton & Co., 2015); Glaser, “A U.S.-China Grand Bargain? The Hard Choice between Military Competition and Accommodation,” *International Security* vol. 39, no. 4 (Spring 2015): 49-90 ([https://muse.jhu.edu/login?auth=0&type=summary&url=/journals/international\\_security/v039/39.4.glaser.pdf](https://muse.jhu.edu/login?auth=0&type=summary&url=/journals/international_security/v039/39.4.glaser.pdf)).

<sup>60</sup> Blackwill and Tellis, *Revising U.S. Grand Strategy Toward China*, p. 19. The Department of Defense considers that China’s “overriding” strategic objectives include: perpetuating Chinese Communist Party rule, sustaining economic growth and development, maintaining domestic political stability, defending national sovereignty and territorial integrity, securing China’s status as a great power and ultimately reacquiring regional preeminence. See Office of the Secretary of Defense, *Annual Report to Congress*, p. 21.

<sup>61</sup> In part, the strategies developed and options pursued by the United States and its allies will depend on how the intensive and continuing debates among China’s elite further unfold. See David Shambaugh, “Coping with a Conflicted China,” *The Washington Quarterly* 34:1 (Winter 2011): 7-27 (<http://www3.nccu.edu.tw/~lorenzo/Shambaugh.pdf>); David C. Gompert and Phillip C. Saunders, *Paradox of Power: Sino-American Strategic Restraint in an Age of Vulnerability* (Washington, D.C.: National Defense University Press, 2011), pp. 39-51 (<http://ndupress.ndu.edu/Portals/68/Documents/Books/paradox-of-power.pdf>); Yawei Liu and Justine Zhang Ren, “An Emerging Consensus on the US Threat: the United States according to PLA officers,”

*Journal of Contemporary China*, vol 23, no. 86 (2014): 255-74 (<http://dx.doi.org/10.1080/10670564.2013.832527>); and Wang Jisi and Kenneth Lieberthal, *Addressing U.S.-China Strategic Distrust* (Washington, D.C.: Brookings, 2012), pp. 7-19 ([http://www.brookings.edu/~media/research/files/papers/2012/3/30-us-china-lieberthal/0330\\_china\\_lieberthal.pdf](http://www.brookings.edu/~media/research/files/papers/2012/3/30-us-china-lieberthal/0330_china_lieberthal.pdf)).

<sup>62</sup> Lee Kuan Yew, "ASEAN Must Balance China in Asia," *New Perspectives Quarterly* vol. 18, no. 3 (Winter 2001): 20 (<http://onlinelibrary.wiley.com/doi/10.1111/0893-7850.00413/pdf>).

<sup>63</sup> He Yafei, "The Trust Deficit," *Foreign Policy*, May 13, 2013 (<http://foreignpolicy.com/2013/05/13/the-trust-deficit/>).

<sup>64</sup> Kevin Rudd, *U.S.-China 21: The Future of U.S.-China Relations Under Xi Jinping*, summary report (Cambridge, MA: Belfer Center for Science and International Affairs, Harvard University, April 2015), p. 11 (<http://belfercenter.ksg.harvard.edu/files/Summary%20Report%20US-China%2021.pdf>). Other phrasings of Deng Xiaoping's approach suggest that China sought to "observe calmly; secure our position; cope with affairs calmly; hide our capabilities and bide our time; be good at maintaining a low profile; and never claim leadership." See Office of the Secretary of Defense, *Annual Report to Congress*, p. 22.

<sup>65</sup> *2014 Report to Congress of the U.S.-China Economic and Security Review Commission*, 113<sup>th</sup> Cong., 2<sup>nd</sup> sess., November 2014 ([http://www.uscc.gov/sites/default/files/annual\\_reports/Complete%20Report.PDF](http://www.uscc.gov/sites/default/files/annual_reports/Complete%20Report.PDF)), p. 22. See also Seiichiro Tagaki, "Xi Jinping's New Asian Security Concept," AJISS-Commentary No. 204, August 27, 2014; and Government of the People's Republic of China, "China's Position Paper on the New Security Concept," 2014, <http://www.china-un.org/eng/xw/t27742.htm>.

<sup>66</sup> Blackwill and Tellis, *Revising U.S. Grand Strategy Toward China*, pp. 7-17; Office of the Secretary of Defense, *Annual Report to Congress*, pp. 1-30; Roberts, *Operationalizing Dissuasion of China*, pp. 16-25; Madeiros, "Strategic Hedging and the Future of Asia-Pacific Stability": 145-67; Ian Easton, *China's Military Strategy in the Asia-Pacific: Implications for Regional Stability* (Arlington, VA: Project 2049 Institute, September 26, 2013); and Yuan-Kang Wang, *China's Grand Strategy and U.S. Primacy: Is China Balancing U.S. Power?* (Washington, D.C.: Brookings, July 2006).

<sup>67</sup> Wendell Minnick, "China Expands Presence with Fighters on Woody Island," *Defense News*, November 8, 2015 (<http://www.defensenews.com/story/defense/air-space/strike/2015/11/08/china-expands-presence-fighters-woody-island/75147522/>).

<sup>68</sup> The scholarly literature is fragmented on the likelihood of conflict between a declining hegemon and a rising power. On the one hand, power-transition theorists typically consider that the prospects for war increase when a challenger to the prevailing order achieves parity with or exceeds the power and/or influence of a hegemon. [See, for instance, Jacek Kugler, and Douglas Lemke, eds., *Parity and War: Evaluations and Extensions of The War Ledger* (Ann Arbor, MI: University of Michigan Press, 1996); and Woosang Kim and James D. Morrow, "When Do Power Shifts Lead to War?" *American Journal of Political Science*, vol. 36, no. 4 (November 1992): 896-922.] On the other hand, those critical of the theory note that wars between rising and dominant powers are infrequent, are typically not waged to defend or revise the international order in their favor, and may stem more from the decisions of the declining than rising power. [See, for instance, Richard Ned Lebow and Benjamin Valentino, "Lost in Transition: A Critical Analysis of Power Transition Theory," *International Relations*, vol. 23, no. 3 (September 2009): 389-410 (<http://www.ou.edu/uschina/texts/Lebow.Valentino.2009.PowerTransition.pdf>); and Steve Chan, *China, the U.S., and the Power-Transition Theory: A Critique* (New York: Routledge, 2008).]

<sup>69</sup> *2014 Report to Congress of the U.S.-China Economic and Security Review Commission*, p. 14. In the Commission's view, "a central characteristic of this pattern is Beijing's effort to force the United States to choose between abandoning its East Asian allies to appease China and facing potential conflict with Beijing by protecting its allies from China's steady encroachment."

<sup>70</sup> John Mearsheimer anticipates that the rise of China "will almost certainly be the most important geopolitical development in the twenty-first century." Among other things, it will likely seek to develop "its own version of the Monroe doctrine" and "try to push the United States out of the Asia-Pacific region," triggering an "intense security competition with considerable potential for war." See Mearsheimer, "Can China Rise Peacefully?" *The National Interest*, October 25, 2014 (<http://nationalinterest.org/commentary/can-china-rise-peacefully-10204>). See also Yuen Foong Khong, "Primacy or World Order? The United States and China's Rise—A Review Essay," *International Security* vol. 38, no. 3 (Winter 2013/14): 153-75 ([http://belfercenter.ksg.harvard.edu/files/IS3803\\_pp153-175.pdf](http://belfercenter.ksg.harvard.edu/files/IS3803_pp153-175.pdf)).

<sup>71</sup> Aaron L. Friedberg, testimony to the Senate Foreign Relations Committee, June 25, 2014, pp. 4-5 ([http://www.foreign.senate.gov/imo/media/doc/Friedberg\\_Testimony%20.pdf](http://www.foreign.senate.gov/imo/media/doc/Friedberg_Testimony%20.pdf)).

<sup>72</sup> Joseph S. Nye argued two decades ago that “the U.S. presence [in Asia] is a force for stability, reducing the need for arms buildups and deterring the rise of hegemonic forces.” While regional politics and state capabilities and intentions have evolved since then—most notably with China—the argument remains sound today. See Nye, “East Asian Security: The Case for Deep Engagement,” *Foreign Affairs*, July/August 1995 (<https://www.foreignaffairs.com/articles/asia/1995-07-01/east-asian-security-case-deep-engagement>).

<sup>73</sup> Jacqueline Newmyer Deal, “China’s Approach to Strategy and Long-Term Competition,” in Mahnken, ed., *Competitive Strategies for the 21<sup>st</sup> Century*, p. 164. See also James P. Thomas and Evan Braden Montgomery, “Developing a Strategy for Long-Term Sino-American Competition,” in Mahnken, ed., *Competitive Strategies for the 21<sup>st</sup> Century*, pp. 257-74; Ekman, “Applying Cost Imposition Strategies against China”: 41-52; and Paul S. Giarra, “China’s Maritime Salient: Competitive Strategies on the Oceanic Front for the 21<sup>st</sup> Century,” in Mahnken, ed., *Competitive Strategies for the 21<sup>st</sup> Century*, pp. 275-88.

<sup>74</sup> White House, *National Security Strategy*, p. 24.

<sup>75</sup> Office of the Secretary of Defense, *Annual Report to Congress*, p. ii. See also Office of the Secretary of Defense, *Quadrennial Defense Review, 2014* (Washington, D.C.: Department of Defense, 2014), pp. 19-22 and 34-41. While the QDR articulates top-line defense goals and intended force posture, the ultimate fate of the U.S. “rebalance” to Asia in a context of fiscal pressures and alternative missions is less clear. See John Richard Cookson, “Obama Puts the Asia Pivot on Pause,” *The National Interest*, October 12, 2015 (<http://nationalinterest.org/feature/obama-puts-the-asia-pivot-pause-14049>).

<sup>76</sup> Jeffrey Mankoff and Andrew Kuchins, “Russia, Ukraine, and U.S. Policy Options: A Briefing Memo,” Center for Strategic and International Studies, January 2015, p. 2 ([http://csis.org/files/publication/150129\\_Mankoff\\_RussiaUkraineUSOptions\\_Web.pdf](http://csis.org/files/publication/150129_Mankoff_RussiaUkraineUSOptions_Web.pdf)). In January 2016, at a market price of about \$30 per barrel of oil, Finance Minister Anton Siluanov estimated that the 2016 Russian budget would balance at roughly an \$82 per barrel price. See Daniel Schearf, “Medvedev: Russia’s Economy Must Prepare for the Worst-Case Scenario,” *Voice of America* news, January 13, 2016 (<http://www.voanews.com/content/medvedew-russia-economy-must-prepare-for-worst-case-scenario/3143417.html>).

<sup>77</sup> “An Open Letter to the Obama Administration From Central and Eastern Europe,” July 16, 2009 ([http://www.rferl.org/content/An\\_Open\\_Letter\\_To\\_The\\_Obama\\_Administration\\_From\\_Central\\_And\\_Eastern\\_Europe/1778449.html](http://www.rferl.org/content/An_Open_Letter_To_The_Obama_Administration_From_Central_And_Eastern_Europe/1778449.html)). See also Simon Shuster, “A Failed ‘Reset’ Haunts Obama in Europe,” *Time*, June 3, 2014 (<http://time.com/2819889/obama-russia-europe-poland/>); Lamont Colucci, “Russia Keeps Winning: Russian Foreign Policy is Putting America’s to Shame,” *U.S. News and World Report*, August 19, 2015 (<http://www.usnews.com/opinion/blogs/world-report/2015/08/19/russia-keeps-besting-american-foreign-policy>).

<sup>78</sup> Stephen R. Covington, *Putin’s Choice for Russia*, Belfer Center for Science and International Affairs, Harvard University, August 2015, p. 2 (<http://belfercenter.ksg.harvard.edu/files/Putins%20Choice%20web.pdf>). See also Dmitri Trenin, *Russia’s Breakout from the Post-Cold War System: The Drivers of Putin’s Course*, Carnegie Moscow Center, December 2014 ([http://carnegieendowment.org/files/CP\\_Trenin\\_Putin2014\\_web\\_Eng.pdf](http://carnegieendowment.org/files/CP_Trenin_Putin2014_web_Eng.pdf)); and Andrei Kolesnikov, *Russian Ideology After Crimea*, Carnegie Moscow Center, September 22, 2015 (<http://carnegie.ru/2015/09/22/russian-ideology-after-crimea/ihzq>).

<sup>79</sup> Evelyn Farkas, “Putin Is Testing Our Resolve,” *Politico*, November 24, 2015 ([http://www.politico.com/magazine/story/2015/11/isil-syria-putin-nato-airspace-213393?utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=New%20Campaign&utm\\_term=\\*Situation%20Report#ixzz3sTVXR7Vc](http://www.politico.com/magazine/story/2015/11/isil-syria-putin-nato-airspace-213393?utm_source=Sailthru&utm_medium=email&utm_campaign=New%20Campaign&utm_term=*Situation%20Report#ixzz3sTVXR7Vc)). Former Ambassador Thomas E. Graham notes that, with respect to U.S.-Russian relations, the “fundamental problem is that there is no new agenda for relations . . . [N]either side has a clear way forward, although both clearly do not want the current deterioration to lead to outright confrontation.” See Graham, “In Defense of a Strategic Approach to Russia, March 12, 2013 (<http://www.the-american-interest.com/2013/03/12/in-defense-of-a-strategic-approach-to-russia/>).

<sup>80</sup> Olga Oliker, Michael J. McNerney, and Lynn E. Davis, “NATO Needs a Comprehensive Strategy for Russia,” *RAND Perspective* PE-143 (2015), pp. 3-17 ([http://www.rand.org/content/dam/rand/pubs/perspectives/PE100/PE143/RAND\\_PE143.pdf](http://www.rand.org/content/dam/rand/pubs/perspectives/PE100/PE143/RAND_PE143.pdf)). See also Nile

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Gardiner, et al., "Beyond the Crimea Crisis: Comprehensive Next Steps in U.S.-Russian Relations," Heritage Foundation Backgrounder 2896, March 25, 2014 (<http://www.heritage.org/research/reports/2014/03/beyond-the-crimea-crisis-comprehensive-next-steps-in-usrussian-relations>); John R. Deni, ed., *From Cooperation to Competition: The Future of U.S.-Russian Relations* (Carlisle, PA: U.S. Army War College, May 2015); and Council on Foreign Relations, *Russia's Wrong Direction: What the United States Can and Should Do*, Independent Task Force Report 57, 2006 (<http://www.cfr.org/world/us-russia-relations-headed-wrong-direction-concludes-council-task-force-chaired-edwards-kemp/p10020>).

<sup>81</sup> Julia Limitone, "Former Chess Champ Kasparov: Make Putin Look Like a Loser," October 27, 2015

([http://www.foxbusiness.com/business-leaders/2015/10/27/former-chess-champ-kasparov-make-putin-look-like-loser/?cmpid=edpick&google\\_editors\\_picks=true](http://www.foxbusiness.com/business-leaders/2015/10/27/former-chess-champ-kasparov-make-putin-look-like-loser/?cmpid=edpick&google_editors_picks=true)). Pavel Baev similarly argues that "for the sake of regime survival, Putin has fallen back to the 'safe' position of military confrontation. But the Russian military is not able to prevail in that confrontation and the Russian economy cannot possibly sustain it." See Baev, "What is the Russian military good for?" November 4, 2015 (<http://www.brookings.edu/blogs/order-from-chaos/posts/2015/11/04-what-is-russian-military-good-for-baev>).

<sup>82</sup> Cited in Kenneth P. Ekman, "Applying Cost Imposition Strategies against China," *Strategic Studies Quarterly* (Spring 2015): 33-34 ([http://www.au.af.mil/au/ssq/digital/pdf/Spring\\_2015/ekman.pdf](http://www.au.af.mil/au/ssq/digital/pdf/Spring_2015/ekman.pdf)). See also James Steinberg and Michael E. O'Hanlon, *Strategic Reassurance and Resolve: U.S.-China Relations in the Twenty-First Century* (Princeton, NJ: Princeton University Press, 2014); Evan Braden Montgomery, "Contested Primacy in the Western Pacific: China's Rise and the Future of U.S. Power Projection," *International Security* vol. 38, no. 4 (Spring 2014): 115-49 ([http://belfercenter.ksg.harvard.edu/files/IS3804\\_pp115-149.pdf](http://belfercenter.ksg.harvard.edu/files/IS3804_pp115-149.pdf)).

<sup>83</sup> Total 2015 Chinese GDP rises from about \$11.39T to \$19.51T—a 71.3 percent increase—when adjusted for purchasing power parity vis-à-vis the United States. When so adjusted, China's estimated 1.59 percent of gross domestic product allocated to military spending would be approximately \$310.2B; at 2 percent, this would rise to \$390.2B. Notably, Russia's military expenditures are about 4.1 percent of gross domestic product, roughly \$76.3B in actual or \$142.4B if similarly adjusted. See <http://knoema.com/nwnfkne/world-gdp-ranking-2015-data-and-charts>; Office of the Secretary of Defense, *Annual Report to Congress*, pp. 49-50.