



POLICY BRIEF

The China challenge, democracy, and U.S. grand strategy

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Amid the rapid growth of China’s international power and influence, the United States will have to make defense of democracy and liberal values a centerpiece of their grand strategy.

EXECUTIVE SUMMARY

The rise of China and the persistence of deep, internal challenges across open societies have created tremendous headwinds for democracy and liberal values globally, threatening U.S. alliances, liberal economic order, and even the political identity of the United States and its democratic partners and allies. Beijing’s “flexible” authoritarianism abroad, digital tools of surveillance and control, unique brand of authoritarian capitalism, and “weaponization” of interdependence may in fact render China a more formidable threat to democracy and liberal values than the Soviet Union was during the Cold War. China’s growth and determined illiberalism mean that open societies around the world must prepare for the current era of democratic stagnation to continue, or even worsen. Against this backdrop, the United States and its allies must first come to grips with the gravity of the China challenge and then advance democracy

and liberal values to the forefront of U.S. grand strategy. U.S. and allied leaders of open societies should embrace the China challenge, seizing an opportunity to restore faith in democratic capitalism through political realignments and mobilization for renewal, including major new investments in infrastructure, research and development, education, development assistance, intelligence, alliances, and defense.

INTRODUCTION

As the United States and its allies enter an era of renewed geopolitical competition with a rising, authoritarian China, democracy and liberal values must advance to the forefront of U.S. grand strategy.

National security is ultimately the defense of political identity and core values from external threats.

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National Security Council Directive 68 (NSC-68) of 1950 thus defined the foremost and “fundamental purpose of the United States” not as territorial or economic security, but instead as “assur[ing] the integrity and vitality of our free society, which is founded upon the dignity and worth of the individual.”¹ The Kennedy administration defined the United States’ national purpose similarly.² And a quarter-century later, the Reagan administration stipulated that the overriding purpose of U.S. national security policy was to “preserve the political identity, framework and institutions of the United States as embodied in the Declaration of Independence and the Constitution.”³ The United States was to fulfill this purpose by defending and promoting democracy.

For much of the Cold War, of course, these aspirations were belied by U.S. interference in democratic elections, efforts at regime change against democratically elected leaders, and tolerance of rights-abusing, authoritarian regimes. U.S. grand strategy in practice subordinated the promotion and defense of democracy and liberal values to “short-term” concerns about Soviet influence. This began to shift only with the rise of a congressional human rights caucus and the signing of the Helsinki Accords in 1975. In 1982, Reagan’s Westminster speech committed the United States to “foster[ing] the infrastructure of democracy,”⁴ leading to the establishment of the National Endowment for Democracy and allied organizations, and critical support for democracy in South Korea and the Philippines.⁵

When the Cold War ended, however, even ardent anti-communists argued that “the function of the United States is not to spread democracy around the world.”⁶ It was time to be “a normal country in a normal time.”⁷ For others, the “third wave”⁸ of democratic development suggested democracy was on such a tear that the United States didn’t need to do much anyway.

To some degree, U.S. grand strategy reflected these ambivalences for more than two decades after the Cold War ended. The Clinton administration pushed “democratic enlargement”⁹ through the expansion of NATO, but on China, despite criticizing his predecessor for appeasing the “butchers of Beijing” after the Tiananmen Square massacre, President Clinton elected to delink trade from human rights concerns.¹⁰ While the Clinton administration sought to advance a “democratic security community” and deter the re-establishment of peer competitors,¹¹ the deepening of global economic integration was paramount. The George W. Bush administration championed its “freedom agenda”¹² but arguably treated democracy promotion as indirect means of achieving its more immediate objective of countering terrorism. And the Obama administration—skeptical of Bush’s freedom agenda, wary of U.S. overstretch, and burned by the Arab Spring—shied from a democracy agenda, even as it suggested cooperation among democracies was necessary for a stable global order.¹³ President Trump, of course, has turned ambivalence into hostility, embracing autocrats and antagonizing democratic allies.¹⁴

To be sure, successive U.S. administrations engaged in significant internal debate about the proper role of democracy and liberal values in U.S. grand strategy. But the terms of this debate must shift profoundly. Moscow’s authoritarian resurgence; autocratic turns in Turkey, Hungary, and the Philippines; and illiberal consolidation in Saudi Arabia and Egypt are all worrying trends in their own right, but now must be assessed in the sweep of deeper strategic trends. In the coming years, the rise of an authoritarian China, in conjunction with deep internal challenges across the democratic world, mean that a return to post-Cold War ambivalences—or Cold War ones, for that matter—is no longer viable. Democracy and liberal values face tremendous headwinds abroad and at home, threatening U.S. alliances, liberal economic order, and even the political identity of the United States and its democratic partners and allies.

To regain its footing, the United States must first come to grips with the gravity of the threat to democracy and liberal values posed by a rising China, and then move democracy and liberal values to the center of U.S. grand strategy.

A MORE FORMIDABLE CHALLENGE

The idea that the United States and China are hurtling toward a new Cold War has become a shibboleth for those who believe that U.S. policy toward China has become too confrontational. Cold War analogies, so the argument goes, are dangerous and risk becoming self-fulfilling prophecies.

The implicit assumptions are that China poses a lesser overall threat to the United States than the former Soviet Union did, and that ideology is not, and need not be, prominent in U.S.-China competition.

These assumptions merit scrutiny.

While the Soviet Union posed a greater military threat to the United States and its allies than China does today, and the risks of nuclear war were greater, the equation could soon change.¹⁵ Chinese forces are moving closer to parity with U.S. forces in key contingency scenarios, such as a conflict over Taiwan or in the South China Sea,¹⁶ and the risks of U.S.-China nuclear escalation are increasing.¹⁷ The question about China's long-term strategy is whether it seeks to, and could, replace the United States as the global hegemon;¹⁸ that Beijing is seeking to build a Chinese sphere of influence in East Asia is already clear.¹⁹

Less appreciated is that China's challenge to democracy and liberal values may be more formidable than the Soviet challenge during the Cold War. U.S. planners must prepare for this scenario in light of the following:

- First, China's supple authoritarianism abroad may be less demanding and more flexible than Soviet communism, precisely at a moment when open societies are more vulnerable than they have been for decades.

- Second, mass digital surveillance may enable the Chinese Communist Party (CCP) to realize previously unattainable totalitarian visions, and to export such capabilities not only to like-minded autocrats, but also to vulnerable democracies.
- Third, China's authoritarian capitalism is more dynamic and sustainable than Soviet-style economic policy.
- Fourth, China is poised to weaponize interdependence at the expense of liberal values, particularly at a moment when open societies are deeply divided and vulnerable to political interference and capture.

In combination, these trends pose significant threats to the political integrity of long-standing and emerging U.S. allies and partners across Eurasia. And Sino-Russian alignment, which U.S. intelligence recently assessed as "stronger than at any point since the mid-1950s,"²⁰ will compound the growing challenge to a foundational assumption of U.S. foreign policy since World War II: that a hostile power, or hostile entente, exercising primacy over Eurasia would pose unacceptable risks to the United States' political identity, prosperity, and territorial security.

Supple authoritarianism meets democratic vulnerability

Today, some argue, the CCP's authoritarianism is categorically more benign than its Soviet predecessor because it lacks the messianism and totalizing quality that characterized the most ambitious periods of Soviet foreign policy.²¹

The central assumption of this critique may be faulty. A flexibility and opportunism that, at least for now, do not demand strict fealty to CCP doctrine—but instead model, co-opt, and capture—may, over time, more effectively undermine the integrity of democratic states than heavy-handed, backlash-inducing coercion.

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It remains an open question whether Beijing will be able to muster restraint as its power waxes.²² But as Hal Brands has argued, China already seeks a sphere of influence in the Asia-Pacific region in order to “decrease the danger of ‘ideological contagion’ from neighboring democracies, to prevent those neighbors from ‘providing aid and comfort’ to anti-regime forces within China, and to reduce the chances that regional states will participate in campaigns to punish Beijing for repressing its own population.”²³ And beyond Asia, Beijing knows the “‘costs of suppression’ at home will be lower in a world in which more leaders are authoritarians,” and that “fellow authoritarians will not undermine their regimes or diminish their international prestige as democracies often do.”²⁴

So long as states follow these rules, Beijing is not demanding adherence to “Xi Jinping thought” or Han cultural hegemony. This flexibility eventually may yield to more aggressive ideological demands, but it has thus far enabled Beijing to gain a foothold for political interference in targeted states’ domestic economies and politics.²⁵ It has even dulled vigilance in democratic societies. It is hard to imagine, for example, Soviet political interference moving so far and so quickly as the CCP’s recent political interference in Australia²⁶—precisely because of the general perception that China’s ideological ambition abroad is far more benign. What has become increasingly clear, however, is that, Beijing’s intensifying repression at home will require more and more affirmative efforts to silence and otherwise disarm critics abroad. As the CCP has engaged in a shocking campaign to erase the religious and ethnic identity of Xinjiang’s Uighur Muslims—interning up to 1 million, while seeking to control even more through invasive physical and digital surveillance—it should be no surprise that Beijing has intensified efforts to undermine the global human rights regime that could help hold it accountable.²⁷

The flipside of the CCP’s adroit authoritarian offensive is that the democratic world seems more vulnerable than it has been for decades.

Trumpism has shown, for instance, that Jeane Kirkpatrick was wrong about Americans’ ideological repugnance toward authoritarian attitudes. In her well-known article, “Dictatorships and Double Standards,” Kirkpatrick argued that socialism and communism were “highly congenial to many Americans at the symbolic level” because, among other reasons, “it is modern and not traditional [and] ... Marxist revolutionaries speak the language of a hopeful future while traditional autocrats speak the language of an unattractive past.”²⁸ On the other hand, she argued, we respond to authoritarian figures by becoming “as censorious as Cotton Mather confronting sin in New England” because “the notion that public affairs should be ordered on the basis of kinship, friendship, and other personal relations rather than on the basis of objective ‘rational’ standards violates our conception of justice and efficiency”; a “preference for stability rather than change is ... disturbing to Americans whose whole national experience rests on the principles of change, growth, and progress”; and the “extremes of wealth and poverty characteristic of traditional societies also offend us.”²⁹ But today, across Europe and the United States, principles of justice and efficiency are targeted as “rigged”; nostalgia trumps aspiration for change, growth, and progress; and economic inequality rivals that of the Gilded Age.³⁰ The quality of democracy in the United States has diminished significantly over the past decade, and particularly under the administration of President Trump; in the annual Freedom House assessment of democracy globally, the United States ranks behind 51 of 86 “free” countries.³¹

China’s growth and determined illiberalism mean that open societies around the world must prepare for the current era of democratic stagnation to continue, or even worsen. The geopolitical record suggests that the global balance of regime types has long reflected the global balance of power. Following the end of World War I, the number of democracies in the world doubled, but as the United States retreated and fascism was ascendant,

democracies from Europe to Japan to South America fell.³² All 20th century ideologies, argues the historian Mark Mazower, proclaimed “their own utopia as an End to History—whether in the form of universal communism, global democracy, or Thousand Year Reich.”³³ But all ultimately ride and fall atop geopolitical waves.³⁴

As Robert Kagan argues, “liberal democracies have not been common in history. If they are not contrary to human nature, they are also not favored by it. Liberal democracy has survived and flourished in our time” because leading powers have “overcome the natural obstacles to its success.”³⁵ As China’s relative power increases, U.S. and allied planners should prepare for a global environment that grows increasingly hostile to democracy and liberal values.

Digital authoritarianism

Technology is accelerating this trend.

In 2005, political scientists George Downs and Bruce Bueno de Mesquita argued that authoritarian regimes were undergoing extensive economic growth without any corresponding political liberalization, in large part because they were “getting better and better at avoiding the political fallout of economic growth—so good, in fact, that such growth ... tends to increase rather than decrease their chances of survival.”³⁶ Exploiting technological advancements to consolidate, if not perfect, this trend, China has not only restricted access to what political scientists call “coordination goods” that could fuel opposition, such as a free internet and unrestricted academic inquiry, but is also marshaling advances in machine learning, artificial intelligence, and data science that will enable social control and manipulation at scale. When authoritarians learn to fully harness this technology, paths toward liberalization may be choked off for good. Distinctions between “revolutionary” and “traditional” autocracies³⁷—to the degree they were ever meaningful—may blur into oblivion.

In market democracies, these technological advances, coupled with *de minimis* government regulation, have generated what Harvard Business School Professor Shoshana Zuboff calls “surveillance capitalism.”³⁸ This has generated “unprecedented asymmetries of knowledge and power” between technology companies and their citizen users, empowering these companies to engage in unprecedented behavior modification “at scale” and to reap tremendous profit and concentrated, private power.³⁹

The CCP has facilitated the rise of its own indigenous surveillance capitalism by fostering the growth of indigenous technology giants such as Alibaba, Baidu, and Tencent (which combined have 500-900 million active monthly users in their respective sectors),⁴⁰ while going much further by affirming the state’s unqualified access to these companies’ insights and data.⁴¹ The CCP’s ability—prohibited in most liberal democracies—to pool this data with ubiquitous state-administered surveillance is likely to generate extraordinary predictive behavioral insights. We should expect unprecedented efforts at behavioral modification to follow.⁴² The objective is nothing short of “the automation of society through tuning, herding, and conditioning.”⁴³ The CCP’s experiment in social control fueled by artificial intelligence and big data will likely outstrip Mao’s wildest dreams.

This fundamental challenge to liberal values will not be easily contained. Authoritarians and wavering democrats around the world want what China is offering.⁴⁴ Already by 2005, upholding freedom of the press and civil liberties reduced the chances that an autocratic government will survive for another year by between 15 and 20 percent—a sobering figure that explains the wave of suppression that has washed over illiberal regimes since.⁴⁵ China’s “great firewall” approach to the internet has been replicated in Vietnam and Thailand, and Chinese experts are reported to have provided support to government censors in Sri Lanka and supplied surveillance or censorship equipment

to Ethiopia, Iran, Malaysia, Russia, Venezuela, Zambia, and Zimbabwe.⁴⁶ Freedom House’s annual “Freedom on the Net” study found that Chinese enterprises were “combining advances in artificial intelligence and facial recognition to create systems capable of identifying threats to ‘public order’” in almost 20 countries.⁴⁷

It may be beside the point that China’s export or support of autocracy abroad is somehow “defensive” or “self-serving rather than driven by an ideological commitment to creating an ‘authoritarian international.’”⁴⁸ Policymakers must worry less about the CCP’s intent than the cumulative impact of its modeling and export of mass surveillance. These technologies and their applications may require time to mature,⁴⁹ but for policy planners, the trajectory and risks should be clear. The CCP’s experimentation in Xinjiang with invasive digital surveillance and control offers a haunting window into China’s digital authoritarian future.⁵⁰

Authoritarian capitalism with Chinese characteristics

What has fueled Beijing’s global illiberal influence is, of course, the economic success of its unique brand of authoritarian capitalism.

Forty years ago, China was, per capita, poorer than Bangladesh and Chad, and roughly as wealthy as Malawi.⁵¹ Today, China is the world’s largest exporter and the world’s second-largest economy. In the span of a decade, it went from zero high-speed rail lines to more than the rest of world combined.⁵² To date, the CCP has defied the predictions of analysts who have argued that, ultimately, democratic, inclusive institutions are required to achieve dynamic and sustainable economic growth.⁵³ Although China faces significant demographic headwinds starting around 2030, major investments in technology-driven productivity gains may significantly offset this challenge, especially as artificial intelligence and machine learning accelerate automation.⁵⁴

China has achieved its economic dynamism through what political scientist Yuen Yuen Ang calls “directed improvisation,” an “adaptive, bottom-up search within the state for localized solutions,” involving a “paradoxical mixture of top-down direction and bottom-up improvisation.”⁵⁵ This approach has not only generated growth in China’s manufacturing and infrastructure sectors, but also put it on a path toward the commanding heights of technology leadership in artificial intelligence and biotechnology. According to some reports, China has established nearly 800 “guiding” funds worth between \$500 billion and \$1 trillion, with a significant portion dedicated to advanced technologies and industries highlighted in the CCP’s “Made in China 2025” plan.⁵⁶ These funds have made major investments in machine learning, robotics, and green energy.

Abroad, China’s \$1 trillion Belt and Road Initiative may fall short of Beijing’s economic and strategic ambitions and, particularly amidst the U.S.-China trade war, is facing domestic challenges.⁵⁷ Nevertheless, the initiative is likely continue expanding China’s market for goods and services, as well as its political and economic influence across Eurasia, Africa, and the Pacific. This influence may become increasingly exclusive over time. We must guard against the real possibility that “standards for ‘smart infrastructure,’ which is connected to the internet through sensors and software, may be set by China and may deny U.S. companies interoperability, thereby shutting the United States out of ... future industries.”⁵⁸

Even if China’s economic liabilities—high production costs, productivity challenges, high internal security costs, and growing energy dependence, among others—have been underplayed in some U.S.-China net assessments,⁵⁹ U.S. planners must assume a scenario in which the CCP’s brand of authoritarian capitalism will remain dynamic and sustainable, and will be seen as such by other states. Even if other states are challenged to replicate the CCP’s “improvisational” approach to

state-led investment and planning, the confluence of China's economic development with turmoil in the West has significantly diminished the pull of democratic capitalism and emboldened aspiring authoritarians.

Arguably the most influential task force of Project Solarium, the path-setting strategic planning exercise undertaken by President Eisenhower in 1953, stipulated that "time can be used to the advantage of the free world," on the basis that "Soviet power will deteriorate or relatively decline to a point which no longer constitutes a threat to the security of the United States and to world peace." While some China analysts have made analogous projections about the Chinese economy for years,⁶⁰ China's expectation-shattering economic performance to date suggests we must plan for the alternative. Time may not be on our side.

Weaponized interdependence⁶¹

This presents U.S. policymakers with an acute challenge because the United States' and China's current interdependence cannot be overstated. Despite the ongoing trade war, China remains the top U.S. trading partner. Bilateral trade in goods alone reached \$636 billion in 2017; foreign direct investment in both directions was around \$60 billion in 2016.⁶² More than 300,000 Chinese students were studying in the United States in 2017, and in recent years the number of U.S. students studying in China surpassed 100,000.⁶³ U.S. and Chinese supply and manufacturing chains are deeply entangled. This has been the case especially for precision technology and advanced technology research. The initial, but subsequently rescinded, decision by the U.S. Department of Commerce to ban U.S. sales to Chinese telecommunications giant ZTE was widely labeled a "death sentence" given ZTE's dependence on microchips manufactured by Qualcomm and its reliance on Google's Android operating system.⁶⁴ In the other direction, Apple, which alternates with Amazon and Microsoft as the most valuable U.S. corporation by market

capitalization, manufactures the majority of its iPhones in China.⁶⁵ In 2017, the iPhone 7 series alone added \$15.7 billion to the U.S. trade deficit with China.⁶⁶ Microsoft's research arm in China is its largest outside the United States, and Microsoft recently announced the establishment of a new research center in Shanghai focused on artificial intelligence.⁶⁷

But as Thomas Wright has noted, this deep economic interdependence, unprecedented as it is, has coincided with a surge in highly competitive behavior through "all measures short of war."⁶⁸ China and Russia have "[woken] up to the fact that interdependence means they may have leverage over, and be vulnerable to, their geopolitical rivals. ... [A]nd the historical record is very clear. ... Dependency on rivals will be ruthlessly exploited in a time of crisis."⁶⁹

China's economic statecraft, industrial planning, technology partnerships, and currency strategies all march in the same direction: reducing dependence on the United States while maintaining others' dependence on China. In the coming years, U.S. planners should expect China to leverage its growing economic and technological clout by "weaponizing" interdependence in ways that threaten liberal values. This will mean exploiting leverage over "central nodes in the international networked structures through which money, goods, and information travel, ... imposing costs on others" by "gather[ing] information or chok[ing] off economic and information flows, discover[ing] and exploit[ing] vulnerabilities, compel[ling] policy change, and deter[ring] unwanted actions."⁷⁰ China's response to the Norwegian Nobel Committee's award of the Nobel Peace Prize to dissident Liu Xiaobo in 2010 was a harbinger. Beijing systematically canceled people-to-people exchanges, terminated trade negotiations, imposed sanctions on Norwegian salmon exports, harassed Norwegian firms, and excluded Norway from visa-free transit.⁷¹ Diplomatic relations did not resume until 2016. More recently, in 2018, Beijing successfully threatened large

multinational firms for not explicitly listing Taipei and Tibet as under the control of China.⁷²

There is a paradox in the United States' approach to weaponized interdependence. On the one hand, the United States itself has readily leveraged its unique financial and technological power. It has imposed punishing global sanctions on Russia, Iran, North Korea, and Venezuela. After the 9/11 terrorist attacks, the Bush administration established extraordinary global intelligence collection programs to prevent further terrorist attacks.⁷³ On the other hand, the fact that interdependence was not a feature of U.S.-Soviet competition during the Cold War seems to have dulled concerns about China weaponizing interdependence today, and may have contributed to the lumbering response to Russia's brazen interference in the 2016 U.S. elections.

Perhaps most challenging, the United States and its democratic allies also must guard against Beijing's ability to exploit the hyper-*laissez faire* ethos that has dominated U.S. economic thinking for the better part of four decades.⁷⁴ As Matthew Stoller has argued, in "brusque displays of raw power," China has demanded major concessions from leading foreign corporations and generally gotten its way: Such companies are increasingly dependent on China and loath to risk short-term profits by rocking the boat with the CCP and Wall Street, but "at the same time, they [do] not want to strengthen the weakened U.S. public state, which could then turn around and regulate their behavior."⁷⁵ Stoller astutely warns that, one way or another, "public power is being reasserted over U.S. corporations. The only question is whether the public power that assumes control of Western corporations, and thus Western society, is American or Chinese."⁷⁶

In fact, the United States for much of the 20th century restricted outsourcing of production to potential adversaries, even where it would have been profitable to do so.⁷⁷ The United States bridled at vulnerability even to its core ally Japan; the resulting 1985 Plaza Accord, which resulted in

a depreciation of the U.S. dollar and doubling of the value of the Japanese yen,⁷⁸ has, in the current U.S.-China trade war, become a talisman of doom for many Chinese commentators.⁷⁹

FOREGROUNDING DEMOCRACY AND LIBERAL VALUES IN U.S. GRAND STRATEGY

The late Arnold Wolfers once drew a distinction between a state's "possession goals" and "milieu goals." The former, he argued, are "national possessions ... to which it attaches value," such as physical territory, while the latter are efforts "to the shape the environment in which the nation operates."⁸⁰ The theorist Stanley Hoffman picked up Wolfers' concept after the collapse of the Soviet Union and argued that "promoting ... values abroad, or at least preserving chances for the flowering of those values" was squarely a milieu goal.⁸¹

In an era of renewed geopolitical competition with a rising, authoritarian China in entente with Russia, the defense of democracy and liberal values must advance to the forefront of U.S. grand strategy. It must become, in Wolfers' terms, a "possession goal." To prevent the prospect that the major industrial and technological centers of broader Eurasia could be controlled by a hostile power or entente, a core challenge for U.S. strategy is to defend and bolster democratic institutions and liberal norms in states where we have long taken democracy for granted—especially U.S. allies in Europe and Asia. If democracy took a leading role in U.S. grand strategy in the 1980s out of a "sense that freedom and democracy were on the march, and that U.S. involvement was vital to sustaining and accelerating their advance,"⁸² it must do so again today out of a recognition that freedom and democracy are on the ropes, and U.S. involvement will be vital to reversing the tide.

This means that, on the left, commitments to staunch the rise of authoritarianism⁸³ cannot be squared with calls for the United States to accede to Russian and Chinese spheres of influence;⁸⁴ and on the right, commitments to defend democracy⁸⁵

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cannot be squared with consistent tolerance for U.S. abandonment of liberal values at home and abroad.⁸⁶ It also means that Washington will have to press its authoritarian and wavering democratic partners to decide whether they wish to commit themselves to the mercies of Beijing and Moscow. And those calling on the United States to turn Moscow against Beijing⁸⁷ must face up to the ideological foundations of a hardening Sino-Russian alignment. Robert Kagan may be correct that, in general, “authoritarian governments do not feel the same sense of commonality as the monarchies and aristocracies of the early nineteenth century,”⁸⁸ but Moscow and Beijing’s shared commitment to crushing liberal democracy may be glue enough.⁸⁹

While defending and reinforcing democracy should be our strategic priority, the United States should neither retreat from democracy promotion, nor succumb to specious allegations of false equivalence between U.S. democracy promotion and corrupt, covert, and coercive political interference by authoritarian actors.⁹⁰ Simply conserving elements of the current order will require playing offense as well as defense. *Détente* in the emerging ideological conflict may be one day possible, but today we are far from it.

At the same time, the great attraction of democratic values has been their fundamentally voluntary character. A guiding principle too often ignored during the Cold War and after it is that, “in relations between nations the prime reliance of the free society is on the strength and appeal of its idea, and it feels no compulsion sooner or later to bring all societies into conformity with it.”⁹¹

Some degree of economic decoupling between the United States and China is inevitable as U.S. and allied governments seek to insulate themselves from the most acute risks of weaponized interdependence. This does not and should not mean full economic disengagement. But as Daniel Rosen has argued, “two nations not convergent on shared norms of economic policy cannot be as

engaged as two nations like-minded in this regard. ... [S]ome disengagement is ... already happening.”⁹² This must be accompanied by significant, new economic investments and standards that provide alternatives to the current terms of China’s Belt and Road Initiative, and that promote transparency, accountability, and sustainable growth. The United States also should lead the development of new institutional arrangements to ensure that technological advancements in machine learning, artificial intelligence, data science, and other new and emerging technologies comport with liberal values and do not exacerbate ongoing challenges to democracy.

The most fundamental challenge for U.S. and allied leaders and policymakers is, of course, to restore public faith in democratic capitalism. The role of foreign policy leaders in this movement will be to relearn that grand strategy necessarily encompasses the linkages between foreign and domestic policy,⁹³ and to acknowledge that, for at least three decades, the foreign policy establishment’s understanding of the national interest has had major, often unintended, distributional consequences. The Obama administration’s last-ditch, but ultimately failed geostrategic pitch for the Trans-Pacific Partnership trade agreement⁹⁴ marked the end of an era. National security decisionmaking, in substance and process, must be reformed to reconnect foreign and domestic policy.

Across these challenges, planners must navigate the opposing shoals of underreaction and overreaction. On one side is the anxiety that time is not on our side. Planners during the early Cold War warned of “the risk that we may be ... prevented or too long delayed in taking all needful measures to maintain the integrity and vitality of our system. ... The risk that our allies will lose their determination is greater. And the risk that in this manner a descending spiral of too little and too late, of doubt and recrimination, may present us with ever narrower and more desperate alternatives, is the greatest risk of all.”⁹⁵ On the opposing shore is the anxiety of provocation

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and spiraling. In fact, there is strong evidence to date that China's grand strategy in Asia and its foreign policy abroad have responded not to perceived U.S. provocation, but instead to a perceived moment of geopolitical opportunity.⁹⁶ Ultimately, however, risk abounds in both directions; the challenge once again will be to "differentiate between prudent and imprudent risk-taking."⁹⁷

Perhaps because it has not been thrust upon us with the detonation a new weapon of mass destruction or the shock of an armed attack, rallying ourselves to address the China challenge has encountered some of the same obstacles as action to address climate change. The profound economic, social, and political implications of what may be required elicits profound discomfort, activating deep wells of cognitive bias. We discount the future, cling to optimism, and interpret events self-servingly.⁹⁸

We are, and must be, quick to guard against frenzy and red scares. It is too easy to imagine our retracing some of the darkest footsteps of American history, from the Chinese Exclusion Act to McCarthyist purges. But the solution is neither delay nor denial; it is deliberate and controlled mobilization for renewal: a surge of national investment in infrastructure, research and development, education, development assistance, intelligence, alliances, and defense—accompanied by the end of the hyper-*laissez faire* dogma so that we can organize and pay for it. Absent a new and adequate consensus, Beijing may miscalculate our red lines and resolve. And it is at precisely that moment we risk assuming the attributes of our adversary, fated to enact Kennan's cartoonish depiction of democratic foreign policy: a "prehistoric monster with a body as long as this room and a brain the size of a pin ... pay[ing] little attention to his environment, ... slow to wrath—in fact, you practically have to whack his tail off to make him aware that his interests are being disturbed; but, once he grasps this, he lays about him with such blind determination that he not only destroys his adversary but largely wrecks his native habitat."⁹⁹

As the U.S. Supreme Court considered *Brown v. Board of Education* in 1952, the Truman administration filed an amicus brief urging the court to end school discrimination on the grounds that ongoing racial discrimination was a stain on America's global leadership, presenting "an unsolved problem for American democracy, an inescapable challenge to the sincerity of our espousal of the democratic faith"; the brief quoted President Truman urging that "if we wish to inspire the people of the world whose freedom is in jeopardy...we must correct the remaining imperfections in the practice of democracy."¹⁰⁰ Today the United States must overcome a new crisis of confidence in the democratic faith. And there are hopeful stirrings of awakening... and realignment. It would have been unthinkable even a few years ago for "mainstream" Republicans to argue, as they do today, that "the U.S. cannot escape or avoid decisions about industrial policy."¹⁰¹ The China challenge, it turns out, may accomplish what the fallout of the 2008 financial crisis and decades of real wage stagnation could not.¹⁰²

In *The Great Delusion*, a sustained broadside against the role of liberalism in U.S. foreign policy, international relations theorist John Mearsheimer argues persuasively that American policymakers have too often underestimated the force of nationalism in global politics. But in the course of 234 pages, Mearsheimer devotes a total of five sentences to the momentous U.S. decisions to pursue the democratization of Germany and Japan after World War II.¹⁰³ Perhaps this omission is unsurprising alongside the thesis that "the ideological orientation of a country's leaders matters little for working with or against them." Or perhaps the lack of attention to these fateful decisions—which were in fact subject to vigorous debate, and hardly foretold¹⁰⁴—simply reflects the difficulty of imagining our security and prosperity without them. But today it is worth pausing to consider what America's geopolitical predicament could be, had Germany and Japan not been brought into the democratic fold and defended as such

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for decades after. Whether we can muster similar vision and commitment now will determine the fate of America's identity, security, and prosperity for decades to come.

The great delusion is not that values should guide America's grand strategy, but instead, that there is any other way.

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