

George Kennan's Realpolitik for Strategic Competition with China: A Strategy of Containment for the 21st Century

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Abstract

This paper argues that although the nascent strategic competition with the PRC will be fundamentally different from that which followed World War II due to changed geostrategic realities—in particular the deep economic dependencies between the PRC and advanced and developing democracies. However, major portions of the U.S. grand strategy to contain the USSR as laid out by George Kennan from 1945-49 are applicable to the current circumstance. Specifically, the U.S. should (a) establish a balance of power with the PRC by shoring up its military alliances and economic partnerships with Western-oriented states in Europe and Asia; (b) fragment and dilute the PRC's attempt to achieve global economic and technological hegemony by increasing economic and diplomatic competition with the PRC in non-aligned states; while (c) continuing to attempt to change PRC behavior to align with international norms through diplomatic engagement with the PRC to secure cooperation on areas of mutual interest, such as climate change and nuclear proliferation. The strategy must also avoid several pitfalls, such as diluting scarce resources by seeking by taking a “perimeter defense” approach or by taking actions that dilute U.S. soft power.

Key Words: Strategy, Containment, China, Kennan, Strategic Competition, Technology

1. Introduction

Following the PRC's admittance to the World Trade Organization in 2001, the international community's Western stakeholders hoped the benefits the PRC accrued as a member of the international system would convince it to act as a fellow stakeholder in the international world order, complying with and even helping to uphold post-World War II economic, diplomatic, and political norms. This strategy – intended to be “containment by integration” – failed. Many observers now believe that the PRC leadership desires to restructure the post-Cold War world order established by Western democracies into a multi-polar world that enables China greater latitude to achieve its objectives.² While the Trump Administration correctly diagnosed both the PRC leadership's intentions and the containment by integration strategy's failure, it ignored the changed geostrategic reality of the U.S.'s relative reduced economic, diplomatic, technological, and military power vis a vis the PRC, eschewed the value of alliances, and failed to prescribe a treatment—a coherent, durable grand strategy that might achieve long term U.S. and Western economic, political, and security interests in the new era of strategic competition with China.³

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²The PRC's primary objective is to maintain the Chinese Communist Party's domestic legitimacy. It accomplishes this through continued economic growth, preventing other states from interfering in its internal affairs, expanding its military power to deter conflict and secure economic interests, suppressing domestic dissent, and discouraging international criticism through economic, diplomatic, and informational methods.

³Joseph Biden, “Interim National Security Strategic Guidance,” The White House, March 2021, p 9. The Interim National Security Strategic Guidance lists U.S. strategic objectives as: 1) Defend and nurture the underlying sources of American strength, including our people, our economy, our national defense, and our democracy at home; 2) Promote a favorable distribution of power to deter and prevent adversaries from directly threatening the United States and our allies, inhibiting access to the global commons, or dominating key regions; and 3) Lead and sustain a stable and open international system, underwritten by strong democratic alliances, partnerships, multilateral institutions, and rules.

A Strategy of Containment for the nascent strategic competition with the PRC based on George Kennan's post-WWII strategy for USSR offers the best chance for the U.S. to secure its interest in the new multi-polar world while avoiding armed conflict with the PRC. Although this competition will be fundamentally different from that which followed WWII due to different geostrategic realities—in particular the PRC's deep economic integration with the global economy—major portions of the U.S. grand strategy laid out by George Kennan from 1945-49 are applicable to the current circumstance. This strategy would (a) establish a balance of power with the PRC by shoring up and expanding alliances and partnerships with like-minded countries; (b) fragment PRC efforts to achieve global economic and technological hegemony; while (c) continuing to attempt to change PRC behavior to align with international norms through diplomatic engagement with the PRC to secure cooperation on areas of mutual interest. The strategy must also avoid several strategy pitfalls, such as diluting scarce resources by seeking by taking a “perimeter defense” approach or by taking actions that dilute U.S. soft power.

1.1 Strategy of Containment for the USSR

The last time the United States encountered a peer competitor on the global stage was the Soviet Union (hereafter USSR) after WWII, whom the U.S. had allied with and provided substantial material aid to during the war. This was similarly a strategy of containment by integration; President Roosevelt believed Soviet insecurities were largely due to external threats and, once defeated, they would be a responsible member of the international community.⁴ As with the PRC today, that did not work.

After the war, George Kennan⁵ emerged as a dominant voice within the U.S. Department of State (DoS) in advocating for a strategy⁶ of containment (SoC) against the USSR using all elements of national power: diplomatic, information, military, and economic, to “prevent the USSR from using the power and position it won as a result of [WWII] to reshape the postwar international order.”⁷ Kennan recognized that control over major centers of industry would give one side a decisive advantage, noting that “only five centers of industrial and military power in the world are important to us” for national security purposes: the US, the UK, Germany and central Europe, Japan, and the USSR.⁸ Based on this assessment, in 1948 President Truman approved NSC 20/4, which concluded that “Soviet domination of the potential power of Eurasia, whether achieved by armed aggression or by political and subversive means, would be strategically and politically unacceptable to the United States.”⁹

The resulting strategy contained three objectives necessary to deny the USSR control over the military-industrial centers of power and achieve the SoC's end state: (a) restoring a balance of power (BoP) with the USSR by forming alliances and bolstering at risk states; (b) reducing the USSR's relative power by exploiting tension between it and potential client states and reducing the USSR's ability to project influence; and (c) taking action to narrow the USSR's choices to those not at odds with U.S. interests while remaining open to dialogue with the USSR.¹⁰ To various degrees, this grand strategy governed the multiple approaches used by every U.S. administration until the Cold War's conclusion.

1.2 The Need for Containment in the 21st Century

The PRC's military expansion into disputed or sovereign maritime territories, industrial-scale intellectual property theft for economic gain, mercantilist trade policies with developing states, human rights abuses against portions of its own population, and threats against staunch U.S. allies are inconsistent with the rules-based global norms that underpin the rules-based international system. As the Biden Administration's interim National Security Strategy states, China “is the only competitor potentially capable of combining its economic, diplomatic, military, and technological power to mount a sustained challenge to a stable and open international system.”¹¹

The Chinese Communist Party's (CCP) increasingly assertive actions and statements indicate it also recognizes its increased relative power. In 2020, the PRC fought a border skirmish with India, continued its militarism in the South China Sea, cracked down on dissent and rolled back democratic institutions in Hong Kong, waged cyber warfare, continued industrial-scale intellectual property theft, and acted with impunity against

⁴ John Lewis Gaddis, *Strategies of Containment*, New York: Oxford University Press, 1982, p 9.

⁵ George Kennan served as the director of the U.S. State Department's Policy Planning Staff from April 1947—Dec 1949 after serving as the Deputy Chief of Mission to Russia from 1944 to 1946.

⁶ This paper will define strategy as the use of resources available (means) applied in various methods (ways) to accomplish policy objectives (ends). See Dale Eikmeier, “A Logical Method for Center of Gravity Analysis,” *Military Review*, September-October 2007, p. 62-66.

⁷ Gaddis, *Strategies of Containment*, p. 4.

⁸ Gaddis, *Strategies of Containment*, p. 30.

⁹ Gaddis, *Strategies of Containment*, p. 57.

¹⁰ Gaddis, *Strategies of Containment*, pp. 36-37.

¹¹ Joseph Biden, “Interim National Security Strategic Guidance,” The White House, March 2021, p. 8.

the Muslim population in Xinjiang Province. Despite this, the PRC attracted \$163 billion of new international investment in 2020, with Western companies such as Apple, Siemens, Starbucks, and Tesla continuing business as usual. As of 2020, the PRC claimed 64 countries as primary trading partners (against 38 for the U.S.) and accounted for 22% of global exports. This economic strength probably reinforces the PRC's belief that the global balance of power has changed, and that it can act with near impunity.¹² This perception is supported by recent PRC statements; during the first official meeting between the Biden Administration and the PRC, the PRC's top diplomat, Yang Jiechi, refuted U.S. accusations of human rights violations, noting the PRC didn't think the "overwhelming majority of countries in the world would recognize that the universal values advocated by the United States or that the opinion of the United States could represent international public opinion... [a]nd those countries would not recognize that the rules made by a small number of people would serve as the basis for the international order."¹³ PRC Premier Xi Jinping was more blunt, noting that "the East is rising and the West is declining."¹⁴

How the U.S. acts to secure its interests matters; as Graham Allison pointed out in "Destined for War: Can America and China Escape Thucydides's Trap?," conflict between rising and waning hegemons is more likely than not during balance of power shifts in the international system.¹⁵ For this reason, the U.S. must develop and rapidly implement a holistic grand strategy that accounts for all aspects of national power (Economic, Diplomatic, Informational, and Military¹⁶) that will garner the support of traditional U.S. allies and partners while attracting new partners.

1.3 Technological-Military Power

Just as the USSR's domination of industrial-military centers was unacceptable after WWII, a PRC domination of technological centers of power is equally unacceptable in the 21st Century, as control over these centers will enable it to become the dominant pole in a multi-polar world order. In the 21st century, data and technology, linked with military power, or "technological-military power" (TMP), have supplanted industrial-military power as the critical center of power that must remain in the U.S./Western sphere of influence. Because technology is intertwined with the other measures of national power, the winner of the struggle to achieve relative technological advantage will also gain relative military, economic, and diplomatic advantage, and be able to more freely pursue their interests.

In June 2020 the Pentagon's Undersecretary of Defense for Research and Engineering released the following prioritized technology requirements: (a) "microelectronics¹⁷;" (b) 5G communications; (c) hypersonics; (d) biotechnology; (e) artificial intelligence¹⁸; (f) autonomy; and (g) cyber technologies.¹⁹ These are a useful base for determining TMP capacity, with the addition of (h) the ability to establish or influence international technology governance standards; and (i) government-funded Research and Development for these technologies as additional metrics. These technologies (except hypersonics) will be critical drivers of the most successful 21st Century economies—those that master them will have advantage in all areas of the modern economy, including clean power generation, storage, and distribution, autonomous vehicles, communications, medical research and advanced treatments, finance, data analysis, and other industries and services currently important to Western economies.

¹²The Economist, "Dealing with China," The Economist, 20 March 2021, p.7.

¹³Stephen Lee Meyers, "Testy Exchange in Alaska Signals a More Confrontational China," The New York Times, 19 March 2021.

¹⁴Chris Buckley, "The East Is Rising: Xi Maps Out China's Post-Covid Ascent," The New York Times, 3 March 2021.

¹⁵ Graham Allison, "Destined for War: Can America and China Escape Thucydides's Trap?" Mariner Books: May 30, 2017. Allison analyzed 17 cases of shifts in geostrategic power structures dating back to the tension between Athens and Sparta; all but four resulted in conflict between the rising and declining power.

¹⁶ U.S. Strategy document authors historically categorized national power as Diplomatic, Informational, Military, and Economic (DIME). Technological power is an intertwined component of each of these traditional sources of power.

¹⁷ This study accounts for the development, production, and ability to employ sophisticated semiconductors (chips) necessary to run AI applications within the microprocessors category. See Rob Toews, "Artificial Intelligence Is Driving A Silicon Renaissance," Forbes, 10 May 2020.

¹⁸ For the purposes of this paper, artificial intelligence is the process of a computer to perform or learn tasks typically performed by a human through algorithms that enable learning from past experiences. AI has applications across the modern economy, from autonomous driving to medical diagnosis. See (Copeland, 2020)

¹⁹Loren B. Thompson, "Why U.S. National Security Requires A Robust, Innovative Technology Sector," Lexington Institute, October 2020, p. 6.

These technologies are also mostly dual-use, and will bring about a revolution in military affairs more profound than the machine gun in WWI, the aircraft carrier in WWII, and precision-guided munitions after the Cold War.²⁰

Based on these criteria, the major 21st Century TMP centers of power are Japan, South Korea, Taiwan, the EU, the UK, North America, Australia, and the PRC. Fortunately, most of these are democratic states or organizations with a high degree of economic co-dependence already aligned with the U.S. Unfortunately, one is the PRC. Based on the PRC's behavior since at least 2012, if the PRC wins this competition, the Western-dominated, rule-based global order may succumb to a predatory world dominated by the PRC.

2. Establishing a Balance of Power (BoP) with the PRC

The first pillar of a SoC is to establish a balance of power (BoP) with the PRC. This will require the U.S. to: (a) create a coalition to protect liberal-leaning TMP centers of power and (b) establish deterrence with the PRC. A critical component of coalition creation will be establishing a technological "pole" to counter the PRC's tech dominance. Establishing this tech pole will require the U.S. and prospective members to take several steps, including reconciling differing technological and economic regulations, increasing R&D funding, and diversifying supply chains. Establishing deterrence with the PRC may include escalatory actions in some military domains, particularly cyber, that the U.S. has hesitated to take thus far.

After WWII, Kennan advocated for a BoP that protected core security interests, particularly key military-industrial centers, remarking in 1948:

"[w]e should select first...those areas of the world which...we cannot permit to fall into hands hostile to us, and...we [should] put forward, as the first specific objective of our policy and as an irreducible minimum of national security, the maintenance of political regimes in those areas at least favorable to the continued power and independence of our nations."²¹

Kennan's "strongpoint" defense, vice a "perimeter" defense, called for the U.S. to focus scarce resources on protecting critical military-industrial zones. Kennan also insisted that if competition was to take place with the USSR, the U.S. should compete in locations and with tools that would best apply U.S. strengths against USSR weaknesses to enable states subject to USSR pressure the means and will to resist.²² Kennan's "strongpoint" defense therefore focused on denying the USSR domination over centers of industrial-military capacity, rather than ensuring the U.S. directly controlled them.²³

2.1 Creating a Coalition and Establishing a technological pole

Building a coalition against the PRC akin to that the U.S. shepherded after WWII to protect the 21st Century centers of power will not be straightforward, but is essential to protect friendly TMP centers of power. Not only must the U.S. challenge an economic behemoth upon which it is almost totally dependent for some critical goods, but must convince U.S. companies and would-be coalition members to do the same. Some key allies have deep economic integration with the PRC; convincing them to take actions at odds with their economic interests will be difficult, but is essential, as advanced economic investment in China increases the PRC's TMP capacity.

To start, the U.S. must (a) establish a common understanding of the threat the PRC poses with coalition members; (b) propose common internet governance and data privacy, data security, and technological standards for member states (including taxation standards for major international corporations); (c) increase R&D funding; and (d) increase economic trade within the coalition. If successful, the U.S. will have created a technological pole capable of competing with the PRC's growing global influence in establishing technological standards through its foreign investments and involvement in international organizations.

²⁰ The importance of these technologies to military development warrants a separate paper, or even book.

²¹ George Kennan, "Comments on the General Trend U.S. Foreign Policy, 20 August 1948, in Gaddis, *Strategies of Containment*, p. 30. Economic support to Europe and Japan was a core component to the strategy, and was required to strengthen those centers of military-industrial power. Kennan's goal was not necessarily to create the conditions necessary to remake the world in America's image, but to "preserve its diversity against attempts to remake it in the interests of others." See Gaddis, p. 56.

²² Gaddis, *Strategies of Containment*, p. 56.

²³ In hindsight, the U.S. arguably had a relatively straightforward task after WWII in establishing a Balance of Power with the USSR, as the alliances and relationships that carried the country through WWII were largely intact. The U.S. was able to organize the major actors into an alliance based on the common understanding of the threat Communism posed. U.S. partners also offered little resistance in turning this understanding into an alliance (NATO), given that the U.S. was in a dominant position to dictate terms, and Western European economies had very little co-dependencies with the USSR.

A precondition for is that the U.S. must reinvigorate its relations with historical and natural allies, as well as with prospective coalition members. Allowed to atrophy under the Trump Administration, the Biden Administration already demonstrated its intent to ameliorate U.S. diplomatic ties, with President Biden noting that the “United States is determined to reengage with Europe” at the 2021 Munich Security Conference. The Group of Seven (G7) reciprocated, vowing to “work together and with others to make 2021 a turning point for multilateralism.”²⁴

Second, the U.S. must establish a common understanding regarding the nature of the PRC threat with prospective coalition members. Rather than taking discrete actions to confront the PRC, such as trying to compel historical allies to cease considering PRC-produced 5G networks, the U.S. must share information with prospective members to ensure they understand the full scope of the threat the PRC poses to the international order, and that what appear to be economically beneficial agreements with the PRC may be strategically short-sighted. The U.S.’s formal alliances with NATO and intelligence integration with “Five Eye” partners (the US, UK, Canada, Australia, and New Zealand) should help facilitate this, as will existing relationships with South Korea, Japan, and other states important to this prospective coalition.

Third, the U.S. and prospective coalition members should agree to coalition-wide regulatory standards for personal data privacy, data security, internet governance, 5G networks, and other technical agreements in order to enable increased digital integration and establish a technological pole. This will almost certainly also include a difficult agreement on taxation of powerful U.S. technology companies such as Apple, Alphabet, and Facebook.²⁵ If successfully concluded, this series of agreements would essentially establish a “technological pole” in a technologically multi-polar world. With regulatory standards biased towards transparency and fairness, this pole would be attractive to non-aligned countries, and offer a powerful antidote to the PRC’s opaque, predatory approach. Additionally, standardization in this area would make a subsequent, broader economic trade and services agreement easier should member states desire one.

The Biden Administration appears to recognize this necessity, as President Biden vowed at the Munich Security Conference to work with the G7 to cooperate on a modernized, freer and fairer rules-based multilateral trading system that reflects our values and delivers balanced growth...and strive to reach a consensus-based solution on international taxation.”²⁶ Further, he called out the PRC when noting the importance of transparent economic policies, remarking that “U.S and European companies are required to publicly disclose corporate governance structures...and abide by rules to deter corruption and monopolistic practices. Chinese companies should be held to the same standard.”²⁷

Fourth, the United States must increase government funding for technological research and development and offer economic incentives to U.S. companies to diversify supply chains away from the PRC.²⁸ In the competition for TMP advantage, the U.S. must be able to rapidly develop and field new capabilities enabled by the TMP capacity metrics previously listed. To do this, the U.S. must substantially increase its R&D budget. During the Cold War, U.S. defense R&D spending peaked at 36% of the *global total for all R&D* in 1960; that figure as of

²⁴ Council of the European Union, “Group of Seven Joint Statement,” 19 February 2021. <https://www.consilium.europa.eu/en/press/press-releases/2021/02/19/g7-february-leaders-statement/>. Accessed 14 March 2021.

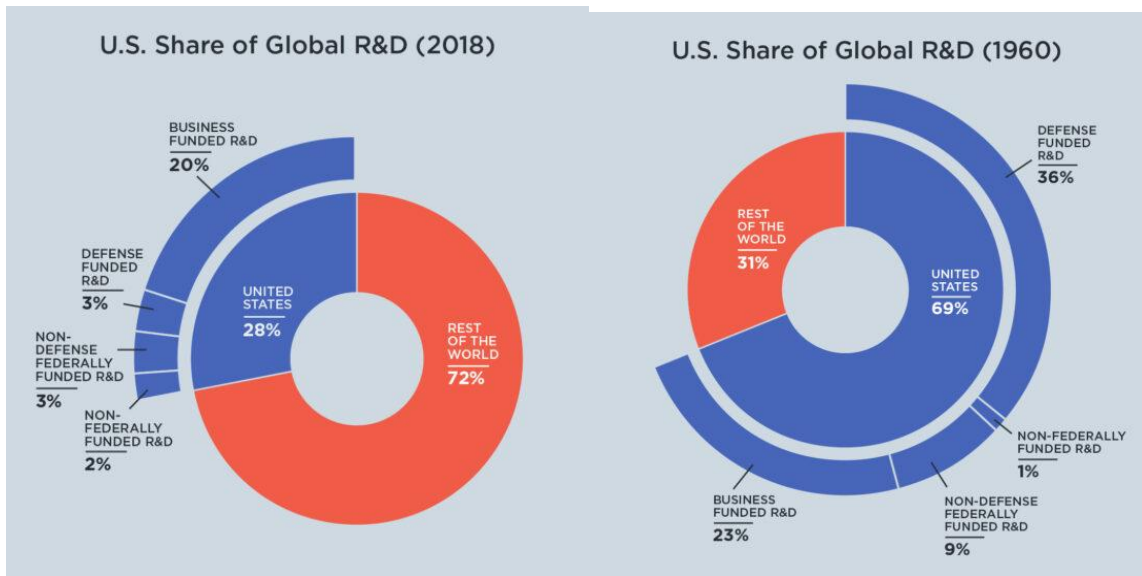
²⁵ Some may question the inclusion of data privacy; however, increased public understanding of Google and Facebook’s monetization of personal data could prevent prospective U.S. partners from joining a coalition to balance the PRC due to domestic backlash in those countries, as some body-politics may not value the difference between either enabling the PRC or the U.S. to profit from collecting their personal data. Data privacy as a distinct subset of data security could therefore be important to garner and maintain international public support for a coalition to balance the PRC, particularly in Western European states that value privacy, have data privacy laws, and have economies integrated with the PRC. Regarding taxation policy, witness the March 2021 row between the U.S. and the UK over tech tax for proof of this necessity. Faisal Islam, “Biden Administration Threatens Tariffs on UK goods in 'tech tax' Row,” The British Broadcasting Corporation, 29 March 2021.

²⁶ Joseph R. Biden, “Remarks by President Biden at the 2021 Virtual Munich Security Conference,” The White House, 19 February 2021. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/02/19/remarks-by-president-biden-at-the-2021-virtual-munich-security-conference/>. Accessed 14 March 2021.

²⁷ Biden, Munich Security Conference Remarks.

²⁸ In 2019 the Council on Foreign Relations chartered a task force to develop policies the U.S. should implement to maintain its technological edge. It determined U.S. success depended on: restoring federal funding for R&D, attracting and educating a science and technology workforce, supporting technology adoption in the defense sector, and bolstering and scaling technology alliances. This report is worth reading in its entirety. See James Manyika and William H. McRaven, and Adam Segal, “Innovation and National Security: Keeping Our Edge,” Council on Foreign Relations, 2019, p. vii.

2016 was 3.7%.²⁹ As part of increased R&D funding, the U.S. should relook the nature of private-public partnerships to reduce barriers to cooperation between industry and government in order to accelerate government adoption of privately-developed technologies for economic purposes.



U.S. Share of Global R&D (1960)³⁰

Last, the U.S. must take steps to protect and diversify the sources of semiconductor (chip) research and development and manufacturing to increase resilience and capacity in international chip supply chains. Much of the world's most advanced chip production occurs in Taiwan, South Korea, and Japan. The first the PRC claims as politically homogenous with the mainland. The second is geographically proximate to the PRC and located along a major geological fault line. Diversifying and increasing chip supply is a geostrategic imperative in the 21st Century. Highlighted by automobile manufacturing slow-downs in 2021, increasing production should be an alliance goal, backed by state coffers as necessary in the form of generous tax breaks or even subsidies to establish production capacity in North America, Europe, and other coalition states.³¹

If the U.S. can manage to organize such a coalition, it will have consolidated the major TMP centers within an umbrella of like-minded member states, essentially creating a technological pole to compete with the PRC. The informational, diplomatic, and economic power of this coalition would be a powerful balance to the PRC, and will have accomplished Kennan's goal of ensuring the adversary does not exercise control over the major centers of power.

2.2 Establishing Military Deterrence

Establishing deterrence in all military domains (cyber, space, air, maritime, and ground) with the PRC is the second necessary condition to establish a BoP with the PRC.³² Establishing deterrence will require the U.S. to integrate its military power with coalition members, achieve an acceptable degree of interoperability, and take actions in all domains that credibly demonstrate U.S. capability and intent to impose unacceptable damage on the PRC.

First, the U.S. must first integrate the military instrument of power within the coalition. The U.S. should leverage its existing formal relationships with NATO, Japan, South Korea, and Five Eye partners, to lead large joint, combined training exercises to ensure member militaries can integrate increasingly complex Command, Control, Communications, and Intelligence capabilities to achieve interoperability. This will be particularly important as the U.S. fields increasingly complex technologies, such as warfighting platforms based on autonomy. The U.S. should also increase bi-lateral joint training with members not yet capable of achieving NATO standards,

²⁹Paul Scharre and Ainikki Riikonen, "Defense Technology Strategy," Center for a New American Strategy, 17 November 2020. <https://www.cnas.org/publications/reports/defense-technology-strategy>. Accessed 20 March 2021.

³⁰Scharre and Riikonen, "Defense Technology Strategy."

³¹ Although the U.S. is still a world-leader in chip design, its manufacturing share fell from 37% of the global total in 1990 to 12% in 2020. See The Economist, "Schumpeter," 3 April 2021, p. 56.

³² For the purposes of this paper, deterrence is a strategy to discourage other states from acting in ways that advantage them but harm the deterring state's interest. Deterrence is designed to cause inaction, obliging one's opponent, against their will, to not take action out of fear of the consequence for doing so. See Lawrence Freedman, *Deterrence, USA*: Polity Press: p. 109-110.

such as India. Military coalitions are a monetary and political bargain, paying long-term dividends in deterrence value—the U.S. must nourish one against the PRC.

Concurrent with integrating a military coalition, the U.S. must take the lead in taking actions to establish deterrence. The U.S. arguably has a degree of deterrence in all but the cyber domain, which the PRC routinely exploits to advance its interests, most recently with the successful infiltration against Microsoft's Exchange server.³³ Simply put, the U.S. lacks credibility in deterring the PRC from infiltrating or attacking U.S. government or private networks. There are many potential reasons for this, one of which may be a U.S. reluctance to conduct retaliatory cyber operations, either out of concern of revealing or releasing capabilities (malicious code) into the open, or through "self-deterrence" due to an "unwillingness to take necessary initiatives as a result of a self-induced fear of the consequences."³⁴ The U.S. must overcome this hesitancy and rapidly establish deterrence in this domain by (a) identifying red lines and clear consequences in the cyber domain for PRC cyber activity; (b) demonstrating the capability and will to conduct reciprocal actions; and (c) demonstrating the capability to cause unacceptable damage on PRC interests through the use of cyber tools.

Establishing reciprocity for PRC cyber activity is probably the minimum but not sufficient condition in order for it to moderate its behavior, as the PRC must fear a U.S. response that causes unacceptable damage to the PRC, a sort of "mutually-assured cyber destruction." As in the first Cold War, there is an inherent risk of escalation in the cyber domain, with the action above potentially creating significant tension between the powers—but also potentially leading to an Arms Treaty of sorts for the cyber domain, as existed for nuclear weapons in the Cold War. Without a demonstrated ability and will to employ these cyber weapons, PRC activity against the U.S. and its coalition will probably continue.

3. Fragmenting the PRC Business Model

The second pillar of a SoC for the PRC is fragmenting its business model to dilute its global influence. Where the USSR exported a communist ideology to secure its security interests, the PRC concludes bi-lateral economic and info-tech agreements with client states, often presenting its autocratic governance and managed economic system as an alternative economic and governance model in the process. These agreements are often mutually beneficial, but usually more advantageous for the PRC, as the mercantilist agreements (a) open economic markets to PRC exports, (b) allow access to critical raw materials necessary for the PRC's continued economic expansion, and (c) allow the PRC to establish info-tech standards. Additionally, they often ignore international norms and sometimes strengthen autocratic rulers, undermining human rights and democratic initiatives in weak and developing democracies. President Biden recognized this problem, noting that [w]e must stand up for the democratic values that make it possible to accomplish [economic transparency], pushing back against those who would monopolize and normalize repression."³⁵

To disrupt this business model, the coalition should compete with PRC attempts to conclude military, economic, diplomatic, and technological agreements with states important to coalition security interests using all instruments of power.³⁶ Specifically, leading members (especially the G7) should compete to prevent PRC expansion when the PRC target state (a) sits astride a key geographic line of communication, such as the Strait of Gibraltar, the Malacca Strait, or the Red Sea; (b) is a center of TMP capacity, such as Taiwan; or (c) hosts a major coalition military base or manufacturing capacity critical for security. Denying the PRC influence to these states would guarantee the coalition maintains freedom of movement in the global commons, including during times of crisis for military purposes, and maintains control over important TMP centers.

Militarily, coalition members could prioritize security cooperation with potential PRC target states, including combined exercises with host nation forces to increase interoperability, security force assistance and training to satisfy host-nation security requirements, increased professional education at NATO-standard officer training schools, and prioritized arms sales. Informationally, the coalition should highlight the risks of signing agreements with the PRC, such as loss of data privacy, potential loan indebtedness, the PRC's inconsistencies on human rights and non-intervention, and the environmental damage often caused by PRC resource extraction.

³³Kate Conger and Sheera Frenkel, "Thousands of Microsoft Customers May Have Been Victims of Hack Tied to China," *The New York Times*, 6 March 2021.

³⁴Freedman, *Deterrence*, p. 30.

³⁵Biden, Munich Security Conference.

³⁶ Interpreting "security interests" can be challenging, with states frequently misinterpreting a security interest, leading to resource expenditure in pursuit of tangential interests, the U.S. involvement in Vietnam being a prime example. Coalition members must therefore thus carefully weigh where, when, and how to compete with PRC attempts.

Coalition members may also find that encouraging nationalism in countries subject to PRC influence may increase domestic awareness and resistance to the PRC. Economically, the coalition should offer lucrative trade deals, encourage its companies to invest in potential PRC target states, and offer low-interest loans for infrastructure investment by its companies. In some cases, incurring economic losses in order to keep the prospect client state out of the PRC's technological pole may be necessary, especially if that state is of geostrategic importance.

Some states are only tangentially important to coalition security interests, and will not meet the criteria for a core interest. This does not mean the coalition should ignore these countries—on the contrary, it should prioritize the diplomatic and information levers of power in these states, funding democracy and good governance initiatives, economic training, and humanitarian assistance initiatives as appropriate. The long-term benefit of this approach is that it increases the coalition's soft power with these states, making them more likely to align with the coalition than the PRC in the long-term. The U.S. employed an approach very similar to this in Africa during the George W. Bush administration, resulting in high levels of U.S. popularity on that continent.³⁷ This soft power sets the conditions for future economic and diplomatic cooperation, and potentially future alignment with the U.S.-led coalition.

In some potential PRC client states, the U.S. and its partners should take no action at all, particularly when the country is of little or no geostrategic importance and does not pass minimally acceptable standards for governance and corruption. In these cases, continued diplomacy and information levers of power should be employed to maintain sufficient engagement should conditions for engagement change. Additionally, if the political and security climate in a non-essential state is poor enough to preclude engagement, the coalition may consider allowing the PRC to become entrapped in these states, as they may be a net resource loss for the PRC in monetary, human, and soft power terms. Where these states are close to geostrategic centers of importance, the coalition should contain PRC presence by securing influence elsewhere in the region.

Lastly, coalition members must begin the long process of detangling high-end technological economic sectors from the PRC to the greatest extent possible. To enable this, the U.S. and coalition members should subsidize, if necessary, the diversification of supply chains in order to bring critical R&D and production capacity away from the PRC. Coalition members must begin balancing national security requirements with a company's profits; in the case of investment in and with the PRC, regulators should err on the side of national security, as investment in the PRC increases their TMP capacity, undermining the strategy. This economic detangling will likely take decades, and may never fully transpire.

4. Dialogue with the PRC Is Essential

Kennan's third containment pillar encouraged continued diplomatic engagement with the USSR on areas of mutual interest. The same will be true of the PRC, as climate change, nuclear proliferation, and other global issues will require major powers to cooperate to achieve global stability. Seeking the PRC's cooperation on these issues while simultaneously trying to change the PRC's behavior regarding its human rights record, intellectual property theft, and other transgressions against established global norms will be challenging, particularly as the PRC tries to change these global norms to suit its interests. However, states that hue to the realist international relations tradition, as the PRC does, will pursue their self-interest—when those interest overlap with those of the coalition, cooperation is possible, if not likely. Two areas stand out for cooperation: climate change and non-proliferation. The Chinese Communist Party (CCP) recognizes that its legitimacy with the Chinese people requires environmental stewardship; Mr. Xi is convinced that “ecology is key to China's renaissance and is part of the social contract between the Communist Party and the people.”³⁸ The PRC seems open to such cooperation—the head of its Central Bank research department, Wang Xin, notes that cooperation is necessary to tackle a threat to humanity like climate change.³⁹ Nuclear Arms treaties are likewise possible, as the PRC probably does not desire an expensive nuclear arms race with the U.S.⁴⁰

5. Containment in Practice: Things to Avoid

The U.S. must take care not to overemphasize its military element of national power in the course of strategy development; while establishing military deterrence in some geographic regions will be essential, it should not become the dominant pillar of a new strategy. As the Truman Administration began implementing the containment strategy, the bureaucratic processes of policy-making muted the intended “ways” of the strategy in

³⁷ David Pilling, “Why George W. Bush is Africa's Favorite President,” *Financial Times*, 17 July 2019. <https://www.ft.com/content/72424694-a86e-11e9-984c-fac8325aaa04> Accessed 14 March 2021.

³⁸The Economist, “Working Together, but in Parallel,” *The Economist*, 13 February 2021, p. 48.

³⁹The Economist, “Working Together, but in Parallel.”

⁴⁰See Table B for a table of potential areas of competition and cooperation in international organizations with the PRC.

two fashions. First, the United States created NATO and an alliance with Japan, and subsequently established essentially permanent bases in Western Germany and Japan. While these alliances have proven invaluable and are integral to the current strategy, the military aspect of Kennan's strategy of containment became overweighted, overly focusing on deterring USSR action by achieving a military balance of power—rather than treating this as a “way” for accomplishing the strategy's overarching objective of reaching a shared agreement with the USSR to coexist in a common frame of understanding.

Second, NSC-68 departed from the Strategy of Containment by *confusing the threat the USSR posed with U.S. interests*. By diverging from Kennan's intent for the U.S. to narrowly focus on core strategic interests (maintaining influence over industrial-military centers of power), NSC-68 advocated for “frustrating the Kremlin design,” by confronting Soviet expansion wherever it may occur, which became an objective in and of itself.⁴¹ As John Lewis Gaddis notes, because the “presence of a Soviet threat was sufficient cause to deem the interest vital...the consequences of this approach were more than procedural: they were nothing less than to transfer to the Russians control over what United States interests were at any given point.”⁴²

This second shortcoming is the most likely pitfall of any strategy of containment for the PRC—confusing every PRC activity as something the U.S. should counter. Given finite means, the U.S. and its partners must deliberately plan and employ diplomatic, economic, technological, and military ways in those locations or domains critical to security. Ruthless interest calculation is necessary to ensure resources are properly allocated to achieve desired security outcomes and avoid spending resources in ways that do not achieve core national interests, which can lead to reduced domestic political support for a strategy. President Eisenhower recognized this shortcoming with NSC-68's interpretation of Kennan's Strategy of Containment, noting that prolonged, inconclusive wars with limited ends would reduce domestic support for the strategy, and potentially encourage isolationist tendencies in the body politic.⁴³ Subsequent administrations did not heed this concern, and the ghosts of the U.S. involvement in Vietnam still haunt U.S. decisions on the use of force, exacerbated by the more recent American military experience in the Middle East and South Asia.

Lastly, the U.S. must reinvigorate its most important strength—its adherence to democratic ideals and functionality, which enables it to serve as a beacon of democracy and real alternative to the PRC's autocratic model. As President Biden noted, “this is a battle between the utility of democracies in the 21st century and autocracies...we've got to prove democracy works.”⁴⁴ NSC-68 recognized that democratic unity was essential to successfully execute the strategy of containment, noting that U.S. democracy:

[P]ossesses a unique degree of unity. Our society is fundamentally more cohesive than the Soviet system, the solidarity of which is artificially created through force, fear and favor. This means that expressions of national consensus in our society are soundly and solidly based. It means that the possibility of revolution in this country is fundamentally less than that in the Soviet system.⁴⁵

This statement proved prescient. The U.S. ultimately prevailed in the first Cold War because the USSR rotted from within; given the weaknesses inherent in an autocracy, this could also happen in the PRC, but only if the U.S. builds the domestic political strength and commitment to democratic ideals required to implement this strategy.

6. Conclusion

In the post-World War II era George Kennan advocated that the United States pursue a Strategy of Containment against the Soviet Union in order to secure essential U.S. interests using minimal resources. This strategy called for (a) establishing a balance of power against the USSR by forming alliances; (b) exploiting tension between the USSR and its client states and reducing its ability to project influence in order to reduce its relative power and (c) narrowing the scope of USSR decisions to those that conformed with the U.S. maintaining dialogue with the USSR, cooperating where appropriate to shape USSR decision-making to comply with U.S. interests to the greatest extent possible.

⁴¹ United States National Security Council, “NSC 68: United States Objectives and Programs for National Security,” April 14, 1950, p.11-12 <https://digitalarchive.wilsoncenter.org/document/116191.pdf?v=2699956db534c1821edefa61b8c13ffe> Accessed 14 March 2021.

⁴² Gaddis, *Strategies of Containment*, p. 98.

⁴³ Gaddis, *Strategies of Containment*, p. 131.

⁴⁴ David Sanger, “Biden Defines His Underlying Challenge With China: ‘Prove Democracy Works,’” *The New York Times*, 26 March 2021.

⁴⁵ United States National Security Council, “NSC 68: United States Objectives and Programs for National Security.”

Although this Cold War will be fundamentally different than the last due to the PRC's diverse, vibrant, globally-integrated economy and other differences in the global environment (see table 2), the strategy of containment the U.S. successfully implemented against the USSR holds important lessons the U.S. could apply today. Namely, the U.S. should revitalize and strengthen its alliances and partnerships with those countries interested in maintaining a liberal international world order to establish a balance of power with the PRC, fragment the PRC's business model by competing with it where PRC entrenchment threatens core U.S. interests, and cooperate as necessary to secure mutual interests. The Biden Administration's initial foreign and domestic policy proposals indicate that, whether they realize it or not, they are following many of Kennan's prescriptions for a strategy of containment. However, the outcome of this competition is far from certain for the reasons previously outlined. If the PRC prevails, the international world order will take an unfortunate Hobbesian turn.

Strategic Competition Comparison		
Criteria	U.S.-led Cold War with USSR	U.S.-led Strategic Competition with PRC
International System	Bi-polar / non-aligned	Multi-polar / non-aligned
Adversary Economic system	State-controlled Communist	Managed mixed open and state-controlled economy; mercantilist trade policy
Adversary political system	Autocracy	Autocracy
Ideological conflict?	Yes	No
Center of Power	Industrial Military Potential	Technological-Military Potential (TMP)
Degree of economic interdependence/integration	None	Extensive; PRC 18% of world GDP
Adversary govt. integration with center of power	Extensive	Extensive
U.S. govt. integration with center of power	High	Moderate
Adversary GDP (% world total)	20% (1966, highest); 7.58% (1991, lowest)	17% (2019) and growing
Alliance Cohesion	Yes	Mixed
Diplomatic Engagement w/adversary	Yes	Yes
Diplomatic Advantage	Varied; U.S. in later stages	Uncertain
Military Advantage	Varied; U.S. in later stages	U.S. in 2020; trending ↓
Deterrence established in all warfighting domains	Yes	No
Mil-Mil Contact	Limited	Limited
Treaties for Strategic Weapons	Yes	No
Domestic Cohesion/support for strategy	Yes	Uncertain
Ability to message adversary populace	Limited	Extremely Limited
U.S. govt. R&D funding ⁴⁶	High (3.8% of GDP in 1961(peak)	Low (.66% of GDP in 2016)

⁴⁶James Manyika and William H. McRaven, and Adam Segal, "Innovation and National Security: Keeping Our Edge," p. 22.

U.S. / PRC Cooperation and Competition in multi-national organizations

Organization	Competition/Competition	Notes
UNITED NATIONS		
United Nations ⁴⁷	Compete	PRC heads 4/15 specialized UN organizations: Food and Agriculture, International Civil Aviation, International Telecommunication Union, and UN Industrial Development Organization. Narrowly lost bid to lead World Intellectual Property Organization. Sits on numerous other UN boards and organs to project influence. When President Trump withdrew from the WHO, the PRC assumed leadership. ⁴⁸
Other		
IMF ⁴⁹	Compete	PRC seeking to weaken US dominance in international monetary system via IMF; collaborates with IMF based on PRC interest compatibility w/IMF
New Development Bank ⁵⁰	Compete	This organization competes with established Western lending arms such as the World Bank; many PRC representatives concurrently serve as government officials.
Organization for the Prohibition of Chemical Weapons (OPCW) ⁵¹	Cooperate	PRC likely to cooperate on areas of shared interests.

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⁴⁷Yaroslav Trofimov, Drew Hinshaw, and Kate O'Keeffe, "How China is Taking Over International Organizations, One Vote at a Time," *The Wall Street Journal*, 29 September 2020.

⁴⁸U.S.-China Economic and Security Review Commission, "PRC Representation in International Organizations," United States Government, April 2020. This report provides an overview of the PRC's involvement in international organizations. An analysis of the PRC's intent for each non-governmental body is beyond the scope of this paper. However, the PRC has established a pattern of using membership in these bodies to advance their diplomatic, economic, and security interests, including by establishing international standards.

⁴⁹J. Wang, "China-IMF Collaboration: Toward the Leadership in Global Monetary Governance," *China Political Science Review*, 2018, Issue 3, pp. 62-80.

⁵⁰U.S.-China Economic and Security Review Commission, "PRC Representation in International Organizations."

⁵¹U.S.-China Economic and Security Review Commission, "PRC Representation in International Organizations."

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