

Does China Pose a Threat?
Examining the US Case for a New Cold War

by
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Abstract

Today, relations between the United States and China have deteriorated to their lowest point since the establishment of diplomatic relations in the 1970s. The US government has argued that China constitutes the principal threat to the security and prosperity of the United States and the world at large. This thesis analyzes contemporary US foreign policy towards China, focusing on the official justifications underlying Washington's stance. Through case-study analysis, this thesis examines US narratives regarding China in three key arenas of the growing conflict: (i) relations with the Global South and the claim that China practices "debt-trap diplomacy"; (ii) the "trade war" and allegations that China engages in "unfair" economic practices and its economic development threatens US national security; and (iii) tensions surrounding Taiwan and notions that Chinese "aggression" is endangering the island, while US involvement is driven by concerns for peace and democracy. This thesis argues that serious reasonable doubts exist regarding the justifications provided by the US for its foreign policy towards China. Instead, this thesis argues that the United States is pursuing an aggressive containment strategy aimed at blocking China's ascendance and securing US global supremacy.

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Introduction

Over the past decade, the foreign policy of the United States has undergone an historic shift, with its primary focus moving from West Asia to the Asia-Pacific. This turn has been undertaken to contest the ascendance of China, driven by a rapid and dramatic overhaul of official US attitudes toward the country. In 2010, then-Secretary of State Hillary Clinton emphasized that China was not an adversary, noting that while some “believe that China’s interests and ours are fundamentally at odds ... that is not our view. In the twenty-first century it is not in anyone’s interest for the United States and China to see each other as adversaries”.¹ This sentiment was repeatedly emphasized, with Clinton going so far as insisting that “a positive relationship with China ... is essential to America’s future peace, progress, and prosperity”.² Just seven years later,

¹ Mark Landler, “Leaving for Asia, Clinton Says China Is Not an Adversary”, *The New York Times*, October 28, 2010, <https://www.nytimes.com/2010/10/29/world/29dipl.html>.

² Hillary Clinton, “US-Asia Relations: Indispensable to Our Future”, United States Department of State, February 13, 2009, <https://2009-2017.state.gov/secretary/20092013clinton/rm/2009a/02/117333.htm>.

the official view had been turned on its head, as Washington formally accused China of “want[ing] to shape a world antithetical to US values and interests”.³ By 2022, the Pentagon would officially name China as “the most comprehensive and serious challenge to US national security”.⁴

The reorientation of US foreign policy has been underpinned by the narrative that China represents “the central threat of our times”.⁵ The Trump and Biden administrations have declared that US and Chinese interests and values are incompatible, and that China aims to impose its malign interests regionally and globally. Intense alarm about China has become the norm across the political spectrum in Washington. Leading US officials routinely warn of China’s malicious aims and activities targeting their country, ranging from “raping” the economy and “stealing” technology, to “infiltrating” universities with spies and disseminating propaganda through TikTok. Meanwhile, on the international stage, the US frequently accuses China of using loans to ensnare other countries, engaging in aggressive, intimidating behaviour against its neighbours, and

³ Donald J. Trump, *National Security Strategy of the United States of America* (Washington, DC: The White House, 2017), 25, <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

⁴ Lloyd J. Austin III, *National Defense Strategy of the United States of America* (Washington, DC: United States Department of Defense, 2022), 4, <https://media.defense.gov/2022/Oct/27/2003103845/-1/-1/1/2022-NATIONAL-DEFENSE-STRATEGY-NPR-MDR.PDF>.

⁵ Marc Santora, “Pompeo Calls China’s Ruling Party ‘Central Threat of Our Times,’” *The New York Times*, January 30, 2020, <https://www.nytimes.com/2020/01/30/world/europe/pompeo-uk-china-huawei.html>.

imminently planning to invade Taiwan. In this context, US public opinion towards China has rapidly plummeted to record lows.⁶

Today, relations between the United States and China have deteriorated to their lowest point since the establishment of diplomatic relations in the 1970s. The prospect of a protracted conflict between the world's two most powerful countries has led many to refer to this dynamic as a “new Cold War” or “Second Cold War”. The stakes of a US-China conflict cannot be overstated, rising tensions endanger global peace, development, and effective cooperation on the climate crisis. During his address to the United Nations General Assembly in September 2020, Secretary-General António Guterres warned that US-China tensions threaten to “split the globe in a great fracture” and “risks turning into a geo-strategic and military divide”.⁷

“We must do everything to avoid a new Cold War”, Guterres urged the international community. “We must avoid this at all costs”. It is in this spirit, that this thesis examines contemporary

⁶ Megan Brenan, “Record-Low 15% of Americans View China Favorably”, Gallup, March 7, 2023, <https://news.gallup.com/poll/471551/record-low-americans-view-china-favorably.aspx>.

⁷ António Guterres, “Address to the Opening of the General Debate of the 75th Session of the General Assembly”, United Nations, September 22, 2022, <https://www.un.org/sg/en/content/sg/speeches/2020-09-22/address-the-opening-of-the-general-debate-of-the-75th-session-of-the-general-assembly>.

US foreign policy towards China, focusing on the official justifications underlying Washington's stance. In short, the US government has argued that China constitutes the principal threat to the security and prosperity of the United States and the world at large.

In this introductory chapter, I will first summarize the development of US foreign policy towards China during the Obama, Trump, and Biden administrations. Second, I will review the English-language literature on contemporary US foreign policy towards China and on the nature of China's impact on the US and the world (that is, evaluations of the "China threat"), identifying three major perspectives: (i) China poses a threat and US foreign policy is justified; (ii) China may pose a threat but it has been exaggerated and US foreign policy is counterproductive and self-defeating; (iii) China does not pose a threat and the US has advanced an inaccurate narrative to justify its hostile foreign policy. I will situate this thesis within the third perspective and outline how it will make a distinct contribution to the existing literature by examining US narratives on China on a more granular level, using case-study analysis. Third, I will outline my general argument and the remaining chapters of this thesis.

The Pivot to Asia

The reorientation of US foreign policy towards China began to take shape under the administration of President Barack Obama. The Obama administration's approach has come to be known as the "pivot to Asia", inspired by a 2011 essay authored by then-Secretary of State Hillary Clinton titled "America's Pacific Century".⁸ In it, she argued that "the future of the United States is intimately intertwined with the future of the Asia-Pacific", and that a "strategic turn to the region" was necessary "to secure and sustain America's global leadership". Shortly thereafter, in an address to the Australian parliament, Obama announced that he had "directed [his] national security team to make our presence and mission in the Asia-Pacific a top priority".⁹ By 2012, Obama was referring to China as an "adversary", less than two years after Clinton had explicitly rejected the label.¹⁰ As part of its Asian "pivot", Washington announced that it planned to move the

⁸ Hillary Clinton, "America's Pacific Century", *Foreign Policy*, October 11, 2011, <https://foreignpolicy.com/2011/10/11/americas-pacific-century/>.

⁹ "Remarks By President Obama to the Australian Parliament", whitehouse.gov, November 17, 2011, <https://obamawhitehouse.archives.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>.

¹⁰ Josh Rogin, "Obama Contradicts Clinton, Calls China an 'Adversary'", *Foreign Policy*, October 22, 2012, <https://foreignpolicy.com/2012/10/22/obama-contradicts-clinton-calls-china-an-adversary/>.

majority of its warships to the Asia-Pacific region by 2020 and increase its military exercises in the region.¹¹

During the presidency of Donald Trump, US hostility towards China escalated significantly as Washington adopted an aggressive, hardline approach. Beyond its use of inflammatory and, at times, racially charged rhetoric, the Trump administration formally enshrined the pivot to Asia in US foreign policy doctrine. In its 2017 *National Security Strategy*, the administration labeled China and Russia “revisionist powers” that “want to shape a world antithetical to US values and interests”.¹² Building upon this, the 2018 *National Defense Strategy* declared that “inter-state strategic competition, not terrorism, [was] now the primary concern in US national security”.¹³ The document specified that “long-term strategic competitions with China and Russia are the principal priorities ... because of the magnitude of the threats they pose to US security and prosperity”, and

¹¹ “Leon Panetta: US to Deploy 60% of Navy Fleet to Pacific”, *BBC News*, June 2, 2012, <https://www.bbc.com/news/world-us-canada-18305750>.

¹² Trump, *National Security Strategy*, 25.

¹³ Jim Mattis, *National Defense Strategy of the United States of America* (Washington, DC: United States Department of Defense, 2018), 1, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

singled out China as seeking “regional hegemony ... and displacement of the United States to achieve global pre-eminence”.¹⁴

In response, the Trump administration proclaimed that the US must retain “military overmatch”, a state of global military dominance “to deter potential enemies” and ensure that “America’s sons and daughters will never be in a fair fight”.¹⁵ In particular, the Pentagon identified the “Indo-Pacific” region as its “priority theater”.¹⁶ To this end, Washington launched a plethora of economic, military, and diplomatic measures aimed at China, including:

- The “trade war”, aimed at confronting China’s “unfair trade practices”, “intellectual property theft”, and having “consistently taken advantage of the American economy”;¹⁷

¹⁴ Mattis, 2, 4.

¹⁵ Trump, *National Security Strategy*, 28.

¹⁶ Under the Trump administration, Washington increasingly invoked the geographic term of the “Indo-Pacific” region. The promotion of the term appeared to be an attempt to respond to criticisms of US involvement in Asia on the basis that it is not an Asian country. In 2019, the Department of State issued report declaring that “the United States is and always will be an Indo-Pacific nation”, see Michael R. Pompeo, *A Free and Open Indo-Pacific: Advancing a Shared Vision* (Washington, DC: United States State Department, 2019), <https://www.state.gov/wp-content/uploads/2019/11/Free-and-Open-Indo-Pacific-4Nov2019.pdf>. That same year, the Department of Defense declared the “Indo-Pacific” region to be its “priority theater”, see Patrick M. Shanahan, *Indo-Pacific Strategy Report* (Washington, DC: United States Department of Defense, 2019).

¹⁷ Donald J. Trump, “President Donald J. Trump Is Confronting China’s Unfair Trade Policies”, The White House, May 29, 2018, <https://trumpwhitehouse.archives.gov/briefings-statements/president-donald-j-trump-confronting-chinas-unfair-trade-policies/>.

- An expansion of the US military presence in Asia, including the revival and expansion of quadrilateral military cooperation between the US, India, Japan, and Australia to “defend” a “free and open Indo-Pacific”;¹⁸ along with the expansion of unofficial relations with Taiwan, including several “unprecedented steps” to deepen diplomatic and military ties;¹⁹
- A global diplomatic campaign that pressured countries to limit their commercial ties with China, particularly with Chinese technology firms such as Huawei, warning of China’s “imperial” ambitions, “predatory economics”, and use of “debt traps ... to bring harm and political influence in the country in which they’re operating”.²⁰

¹⁸ Pompeo, *A Free and Open Indo-Pacific: Advancing a Shared Vision*; Shanahan, *Indo-Pacific Strategy Report*.

¹⁹ Hannah Grothusen, “How Biden Is Building on Trump’s Legacy in Taiwan”, Center for Strategic and International Studies, August 20, 2021, <https://www.csis.org/blogs/new-perspectives-asia/how-biden-building-trumps-legacy-taiwan>.

²⁰ See Rex W. Tillerson, “On US Engagement in the Western Hemisphere”, US Department of State, February 1, 2018, <https://web.archive.org/web/20180202003433/https://www.state.gov/secretary/remarks/2018/02/277840.htm> ; Rex W. Tillerson, “US-Africa Relations: A New Framework”, US Department of State, March 6, 2018, <http://www.state.gov/secretary/20172018tillerson/remarks/2018/03/279065.htm>; Michael R. Pompeo, “US Foreign Policy in the New Age of Discovery”, US Department of State, March 12, 2019, <https://2017-2021.state.gov/u-s-foreign-policy-in-the-new-age-of-discovery/>.

By the end of the Trump administration, the *Financial Times*'s Martin Wolf observed that, “across-the-board rivalry with China” had become “an organising principle of US economic, foreign, and security policies”.²¹

Under President Joseph Biden, Washington’s focus on China has continued and deepened, although with some differences in approach. Moving away from their predecessor’s more confrontational and isolated “America First” posture, the Biden administration has set out to “assemble the strongest possible coalitions” to confront China and to “align our efforts with our network of allies and partners”, declaring these relationships to be the country’s “most important strategic asset”.²²

The prioritization of alliance-building is reflected in Biden’s central foreign policy doctrine, which contends that the world is in the midst of a “battle between democracy and autocracies”.²³ In this “battle”, two opposing camps are starkly defined. On the one side, the United States and

²¹ Martin Wolf, “The Looming 100-Year US-China Conflict”, *Financial Times*, June 4, 2019, <https://www.ft.com/content/52b71928-85fd-11e9-a028-86cea8523dc2>.

²² Joseph R. Biden, *National Security Strategy* (Washington, DC: The White House, 2022), 11, 24, <https://www.whitehouse.gov/wp-content/uploads/2022/11/8-November-Combined-PDF-for-Upload.pdf>.

²³ Joseph R. Biden, “State of the Union Address”, The White House, March 1, 2022, <https://www.whitehouse.gov/state-of-the-union-2022/>.

its allies support “a free and open rules-based international system” that is “free from aggression, coercion, and intimidation”, and works “to defend democracy around the world” and “preserve the autonomy and rights of less powerful states”.²⁴ On the other side, the world’s autocracies stand opposed to these values and principles, and are conspiring to realize a “darker vision” by “working overtime to undermine democracy and export a model of governance marked by repression at home and coercion abroad”.²⁵ Among these malign powers, the Biden administration has identified China as the principal threat, being “the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective”.²⁶ Commensurate to this across-the-board “challenge”, US strategy is aimed at securing advantages over China in all respects, “outcompeting [China] in the technological, economic, political, military, intelligence, and global governance domains”.²⁷

According to the Biden administration, China is ultimately pursuing a “coercive and increasingly aggressive endeavor to refashion the Indo-Pacific region and the international system

²⁴ Biden, *National Security Strategy*, 3–11.

²⁵ Biden, 3, 7.

²⁶ Biden, 23.

²⁷ Biden, 24.

to suit its interests and authoritarian preferences”, that is, regional and global domination. On this basis, the 2022 *National Defense Strategy* declared China to be “the most comprehensive and serious challenge to US national security” and the US military’s “overall pacing challenge”.²⁸ As Biden put it, “our military remains unmatched – and we will keep it that way”.²⁹

The Biden administration has maintained and strengthened most China-related policies initiated in the Trump era – such as the trade war, growing relations with Taiwan, and “Indo-Pacific” strategy – while also undertaking new measures, including:

- Campaigns aimed at China conducted in coordination with allies, including the creation of new platforms, such as the Summit for Democracy, and efforts within existing alliances, such as the Group of Seven (G7) and the North Atlantic Treaty Organization (NATO);³⁰

²⁸ Austin III, *National Defense Strategy of the United States of America*.

²⁹ Biden, *National Security Strategy*, 24.

³⁰ See Karla Adam et al., “G-7 Takes Stronger Stand against China, at US Urging”, *The Washington Post*, June 13, 2021, https://www.washingtonpost.com/world/europe/queen-elizabeth-biden-g7/2021/06/13/078574de-c7cf-11eb-8708-64991f2acf28_story.html; Kana Inagaki et al., “US Urges ‘Coordinated Action’ by G7 against China’s Use of Economic Coercion”, *Financial Times*, May 11, 2023, <https://www.ft.com/content/e7f5e8a1-f84e-4697-a80c-e6bd13b615b4>; Edward Wong and Steven Erlanger, “NATO Nations Grow More Receptive to US Pleas to Confront China”, *The New York Times*, November 30, 2022, <https://www.nytimes.com/2022/11/30/world/europe/nato-china-biden.html>.

- The enactment of numerous trade and investment restrictions focused on limiting China's access to and productive capacity in advanced technologies, particularly the semiconductor, artificial intelligence, and advanced computing industries. As National Security Advisor Jake Sullivan stated, regarding technological development, the US aims to “maintain as large of a lead as possible”,³¹
- The expansion of US-led military alliances in the Asia-Pacific, including the AUKUS nuclear submarine pact signed with Australia and the United Kingdom in 2021;³² the establishment of trilateral military cooperation with Japan and South Korea in 2023 (along with support for Japan's rearmament and move away from its post-war pacifist Constitution);³³ and NATO's naming of China as a “security challenge” for the first time in 2021, inclusion of the “Indo-Pacific” within its strategic documents for the first time in 2022, and inviting

³¹ Jake Sullivan, “Remarks by National Security Advisor Jake Sullivan at the Special Competitive Studies Project Global Emerging Technologies Summit”, The White House, September 16, 2022, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/09/16/remarks-by-national-security-advisor-jake-sullivan-at-the-special-competitive-studies-project-global-emerging-technologies-summit/>.

³² Santora, “Pompeo Calls China's Ruling Party ‘Central Threat of Our Times’”.

³³ “The Spirit of Camp David: Joint Statement of Japan, the Republic of Korea, and the United States”, The White House, August 18, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/08/18/the-spirit-of-camp-david-joint-statement-of-japan-the-republic-of-korea-and-the-united-states/>.

of countries from the Asia-Pacific – Japan, South Korea, Australia, and New Zealand – to its summit for the first time in 2022, and again in 2023.³⁴

Literature Review

Rising tensions between the United States and China have generated immense interest and commentary on China’s national, regional, and global aims as well as US foreign policy. There are three main views within the literature: (i) China poses a threat and the US is justified in pursuing a hostile foreign policy; (ii) China does or may pose a threat but it has been exaggerated and US foreign policy is counterproductive and self-defeating; (iii) China does not pose a threat and the US has advanced an inaccurate narrative to justify its hostile foreign policy.

(i) China Poses a Threat

Within the United States and Western countries, the prevailing view shares Washington’s assessment that China seeks to establish regional and, eventually, global dominance to advance

³⁴ See “Brussels Summit Communiqué”, North Atlantic Treaty Organization, June 14, 2021, https://www.nato.int/cps/en/natohq/news_185000.htm; “NATO 2022 Strategic Concept”, North Atlantic Treaty Organization, June 29, 2022, https://www.nato.int/nato_static_fl2014/assets/pdf/2022/6/pdf/290622-strategic-concept.pdf.

malign, authoritarian aims. The literature primarily consists of “foreign policy analysis” within international relations and political science, with authors commonly moving through a “revolving door” between academia, prominent DC-based think tanks, and government. Differences in this group relate to China’s precise motivations and priorities and what constitutes the most effective US containment strategy.

Most contend that China’s hegemonic ambitions are woven into its authoritarian political fabric. Hal Brands and Michael Beckley argue that, as a “deeply authoritarian state”, China “can never feel secure in its own rule”.³⁵ This “perpetual, piercing insecurity”, causes “Chinese leaders [to] feel a compulsion to ... wrest international authority”. This inherent insecurity is on the verge of being ignited today, the authors’ argue, because China’s rise has “peaked” and the country now faces interminable economic and demographic crises. To stave off its “impending decline”, China will resort to increasingly aggressive behaviour. Meanwhile, others such as Elizabeth Economy, have focused more narrowly on the “imperial” vision of Xi Jinping.³⁶

³⁵ Hal Brands and Michael Beckley, *Danger Zone: The Coming Conflict with China* (New York: W.W. Norton, 2022).

³⁶ Elizabeth Economy, “China’s Imperial President”, *Foreign Affairs* 93, no. 6 (November/December 2014), <https://www.foreignaffairs.com/articles/china/2014-10-20/chinas-imperial-president>.

Another influential view places a greater emphasis on historical-structural factors. Graham Allison argues that the two countries are caught in the midst of the “Thucydides Trap”, a dynamic that emerges “when a rising power threatens to displace a ruling power”.³⁷ Allison ultimately places the onus for this situation on China, writing that its “emergence as the number one power in Asia – and its aspiration to be number one in the world – reflects ... a supremacist world view bound up in Chinese identity”. John Mearsheimer similarly argues that US-China rivalry is “inevitable”, driven by “structural” forces.³⁸ While Mearsheimer similarly puts forward the view that China is “seeking to dominate Asia and become the most powerful state on the planet”, he is unique within this group in that he does not distinguish between the countries’ motivations:

Most Americans do not recognize that Beijing and Washington are following the same playbook, because they believe the United States is a noble democracy that acts differently from authoritarian and ruthless countries such as China. But that is not how international politics works. All great powers, be they democracies or not, have little choice but to compete for power in what is at root a zero-sum game. This imperative motivated both superpowers during the Cold War. It motivates China today and would motivate its leaders even if it were a democracy. And it motivates American leaders, too, making them determined to contain China.

³⁷ Graham Allison, *Destined For War: Can America and China Escape Thucydides's Trap* (New York: Houghton Mifflin Harcourt, 2017).

³⁸ John J. Mearsheimer, “The Inevitable Rivalry: America, China, and the Tragedy of Great-Power Politics”, *Foreign Affairs* 100, no. 6 (November/December 2021), <https://www.foreignaffairs.com/articles/china/2021-10-19/inevitable-rivalry-cold-war>.

Another view holds that China is pursuing a meticulous plan to replace the United States as global leader. In his national bestseller, *The Hundred-Year Marathon*, former Pentagon official Michael Pillsbury wrote that China has been pursuing a secret plan to attain global supremacy since 1949.³⁹ Driven by a desire to “avenge a century of humiliation” at the hands of Western powers, Chinese leaders have “aspired to replace the United States as the economic military and political leader of the world by the year 2049”. Pillsbury contends that Chinese officials have worked “to mislead and manipulate American policymakers to obtain intelligence and military, technological, and economic assistance”, as they believe “China can only succeed in this project through deception”. Rush Doshi has attempted to construct a similar argument, contending that China is pursuing a “grand strategy to displace American order first at the regional and now at the global level”.⁴⁰ Doshi, who now sits on the Biden administration’s National Security Council, acknowledges that “no one master document contains all of Chinese grand strategy” but claims to

³⁹ Michael Pillsbury, *The Hundred-Year Marathon: China’s Secret Strategy to Replace America as the Global Superpower* (New York: Henry Holt and Company, 2016).

⁴⁰ Rush Doshi, *The Long Game: China’s Grand Strategy to Displace American Order* (Oxford University Press, 2021).

have discerned “its outline” from an “original database of Chinese Communist Party documents – memoirs, biographies, and daily records of senior officials”.

(ii) The US has Exaggerated China’s Threat

A second school of thought contends that while China does or may pose some level of threat or challenge, Washington has fundamentally exaggerated threats related to China, to the detriment of US interests. For this school, any China-related concerns are outweighed by more significant existential threats, namely the climate crisis and nuclear war. These scholars call on the US to abandon its zero-sum conception of relations with China, de-escalate its foreign policy and military footprint, and commit to coexistence, foregrounding cooperation on matters of global importance. Influential within this group are the “revisionist” tradition of US foreign policy history and “realist” framework of international relations. Many within this school are affiliated with the Quincy Institute for Responsible Statecraft, based in Washington, DC, which argues that US foreign policy has “prioritize[d] the maintenance of US global dominance through force” and that US

interests would be better served by an approach centred on “military restraint and diplomatic engagement and cooperation with other nations”.⁴¹

The Quincy Institute’s Andrew Bacevich and Michael Swaine outlined the “restraint” approach for China, pointing to US efforts to maintain “global military primacy” as having “produced a more dangerous, less stable world”:

The United States, as the dominant military and economic power on the planet, has developed and maintained the dangerous notion that only American global primacy and “leadership” can keep the world peaceful and ensure prosperity. Restrainers believe this idea has led the United States to engage frequently in a feckless misuse of military power, resulting in large part from inflated threats, overconfidence, and a deep belief in American exceptionalism.⁴²

For Bacevich and Swaine,

The primary China-related threat is not about the threat Beijing poses to the United States, other nations, or the global order. It is the threat that arises from an interactive, worsening security competition driven by threat inflation and zero-sum worst casing of actions and motives on both sides.

... China should be seen as one major pole in an increasingly complex and multipolar world that no single nation will have the capacity to dominate or lead. Instead

⁴¹ Quincy Institute for Responsible Statecraft, accessed December 5, 2023, <https://quincyinst.org/about/>.

⁴² Michael D. Swaine and Andrew Bacevich, “A Restraint Approach to US–China Relations: Reversing the Slide Toward Crisis and Conflict,” Quincy Paper no. 11 (Quincy Institute for Responsible Statecraft, April 2023), 13, <https://quincyinst.org/report/u-s-relations-with-china-a-strategy-based-on-restraint/>.

of casting Beijing as an existential threat and intense, zero-sum competitor for global control⁴³

Ultimately, Bacevich and Swaine argue that any threat posed by China is “superseded” by two existential threats that “endanger humankind above all else in the present century”, namely the possibility of large-scale nuclear war and the climate crisis.⁴⁴

Another proponent of the restraint approach, Stephen Wertheim makes a similar case. Wertheim argues that US foreign policy is “barreling toward confrontation with Beijing” because it is driven by the pursuit of global primacy, which “sees global dominance almost as an end in itself”.⁴⁵ Through this lens, “China’s rise inherently threatens American interests”, and will continue to be viewed as a threat, “so long as America defines its interests as maintaining global dominance everywhere and forever”.⁴⁶ While Wertheim accepts that many US “concerns ... are legitimate”, he argues that any threat posed by China is superseded by the existential threats posed by

⁴³ Swaine and Bacevich, 25, 33.

⁴⁴ Swaine and Bacevich, 11.

⁴⁵ Stephen Wertheim, “Iraq and the Pathologies of Primacy: The Flawed Logic That Produced the War Is Alive and Well,” *Foreign Affairs* 102 (May/June 2023), <https://www.foreignaffairs.com/united-states/iraq-and-pathologies-primacy>.

⁴⁶ Stephen Wertheim, “Is It Too Late to Stop a New Cold War With China?,” *The New York Times*, June 8, 2019, <https://www.nytimes.com/2019/06/08/opinion/sunday/trump-china-cold-war.html>.

the climate crisis and a possible war between two nuclear powers: “The American people can live with an authoritarian China. They cannot live on an uninhabitable Earth”.⁴⁷

Others in the group have put forward similar criticisms, in a less systematic manner than the “restrainers”. Jessica Chen Weiss has argued that a “climate of insecurity and fear” related to China is “having pernicious effects on democracy and the quality of public debate about China and US policy”.⁴⁸ Weiss likens the situation to previous periods in US history where “exaggerated fears” and “overreaction” seized the country, such as the rise of anti-Japanese sentiment during World War II, McCarthyism during the Cold War, and Islamophobia following 9/11. This environment is promoting distorted assessments of China and the adoption of hostile postures:

The desire to avoid appearing “soft” on China permeates private and public policy discussions. The result is an echo chamber that encourages analysts, bureaucrats, and officials to be politically rather than analytically correct. When individuals feel the need to out-hawk one another to protect themselves and advance professionally, the result is groupthink. A policy environment that incentivizes self-censorship and reflexive position forecloses pluralistic debate and a vibrant marketplace for ideas

⁴⁷ Wertheim, “Is It Too Late to Stop a New Cold War With China?”.

⁴⁸ Jessica Chen Weiss, “The China Trap: U.S. Foreign Policy and the Perilous Logic of Zero-Sum Competition,” *Foreign Affairs* 101, no. 5 (September/October 2022): 40–58.

This has led Washington to develop a foreign policy towards China based upon “the logic of zero-sum competition”, in which outcomes involving China can only be defined as “total victory or total defeat”. Weiss contends that “the instinct to counter every Chinese initiative, project, and provocation [is] predominant”, in Washington. As a result, “Washington frequently falls into the trap of trying to counter Chinese efforts around the world without appreciating what local governments and populations want”.

While Weiss agrees with much of the official assessment of China – “there is, of course, good reason why a more powerful China has become the central concern of policymakers and strategists ... Beijing has grown more authoritarian at home and more coercive abroad” – she argues that “the greater risk today is that overzealous efforts to counter China's influence will undermine” US interests. In particular, she contends that “[t]he current course will not just bring indefinite deterioration of the US-Chinese relationship and a growing danger of catastrophic conflict; it also threatens to undermine the sustainability of American leadership in the world and the vitality of American society and democracy at home”.

Meanwhile, Stephen Roach has highlighted the political expediency of embracing “false narratives” related to China.⁴⁹ Roach contends that US politicians have been quick to portray China “as an existential threat to the cherished American Dream and US global leadership”, because “this dark narrative works especially well for US politicians looking to duck responsibility for the plight of American workers. It lets them off the hook for the very real pain felt in countless communities across the nation”.

(iii) China Does Not Pose a Threat

A final group, a decidedly minority view within the US and Western countries, rejects the notion that China presents a threat and instead argue that the United States is pursuing an imperial strategy of containment. This school consists of scholars and intellectuals from various disciplines, including Marxist political economy, global development, history of US foreign policy, and international relations. Whereas the “exaggeration” school tends to accept a largely negative assessment of China, and foregrounds their criticism in terms of the “impracticality” or “counterproductive” nature of US foreign policy, this school identifies United States as the aggressor in this conflict

⁴⁹ Stephen Roach, *Accidental Conflict: America, China, and the Clash of False Narratives* (New Haven: Yale University Press, 2022).

and views China's ascendance, on the whole, as a positive development, part of the broader historical trend that is overcoming Global North-South inequality, democratizing the Western-dominated international order, and legitimizing alternative forms of development.

This school argues that the real "threat" that China poses to the United States, is the latter's ambitions of permanent global supremacy. China's sustained economic ascendance alongside persistent US economic difficulties has significantly narrowed the gap between the two countries and is projected to economically surpass the US in the coming decades. Unable to compete economically, the US is resorting to direct and indirect force in an attempt to prevent this from happening and maintain its dominant global position.

Samir Amin contended that China's continued national development was inherently incompatible with the hegemonic objectives of the "imperialist triad" led by the United States and its allies in Europe and Japan. Writing in 2013, Amin presciently outlined how this conflict was likely to escalate in subsequent years:

it is essential to understand that the conflict between China's sovereign project, such as it is, and North American imperialism and its subaltern European and Japanese allies will increase in intensity to the extent that China continues its success. There are several areas of conflict: China's command of modern technologies,

access to the planet's resources, the strengthening of China's military capacities, and pursuit of the objective of reconstructing international politics on the basis of the sovereign rights of peoples to choose their own political and economic system. Each of these objectives enters into direct conflict with the objectives pursued by the imperialist triad.

The objective of US political strategy is military control of the planet, the only way that Washington can retain the advantages that give it hegemony. This objective is being pursued by means of the preventive wars in the Middle East, and in this sense these wars are the preliminary to the preventive (nuclear) war against China, cold-bloodedly envisaged by the North American establishment as possibly necessary "before it is too late".⁵⁰

Facing an interminable structural crisis, Amin argued that the leading capitalist powers would resort to increasingly forceful measures to retain their privileged status: "Decline is a very dangerous time. Capitalism will not wait quietly for its death. It will behave more and more savagely in order to maintain its position, to maintain the imperialist supremacy of the centres".⁵¹

Similarly, Jude Woodward contended that US foreign policy is not driven by its purported values, but rather "the US sets itself against any other state developing ... 'comprehensive national power' to a level that means it can refuse to go along with the demands of the US,

⁵⁰ Samir Amin, "China 2013," *Monthly Review* 64, no. 10 (March 2013), <https://monthlyreview.org/2013/03/01/china-2013/>.

⁵¹ "Globalisation and Its Alternative: An Interview with Samir Amin" (Tricontinental: Institute for Social Research, October 2018), https://thetricontinental.org/wp-content/uploads/2018/10/181029_Political_Notebook_1_EN_Final_Web.pdf.

irrespective of ideological outlook, economic system, or form of government”.⁵² The existence of one “comprehensive national power,” would have ripple effects, undermining Washington’s ability to wield power over other countries by providing a comprehensive alternative. As Woodward observes, “the US’s fear is not that countries are going to do what China wants, but simply that they will no longer be obliged to do what the US wants”.⁵³ The only way that the US can maintain its primacy, Woodward contends, is to resurrect a Cold War strategy, “to polarise the rest of the world against China, with the aim that it is slowed by trade and military pressures, squeezed by international and especially regional isolation, and eventually turned inward by domestic divisions created by these stresses”.⁵⁴

Meanwhile, Jeffrey Sachs has argued that the current China threat narrative is the latest chapter in a broader historical trend in which “Americans invent or vastly exaggerate dangers that do not exist”:

This has led to episodes such as “the Red scare” against Bolsheviks just after World War I, the McCarthy era accusations against Communism after World War II, the

⁵² Jude Woodward, *The US vs China: Asia’s New Cold War?* (Manchester: Manchester University Press, 2017), 247.

⁵³ Woodward, 247.

⁵⁴ Woodward, 248.

Global War on Terror after 9/11, and now, in my view, the fear of China and threat of a new Cold War instigated by the United States.⁵⁵

For Sachs, this “American paranoia” is rooted in the “expansionist” character of the United States: “American paranoia is a kind of psychological projection of America’s own expansionism. America sees enemies everywhere in order to fight and vanquish them. China is the most recent threat to America’s global dominance”.⁵⁶ Against this view, Sachs contends that China can play a peaceful and productive role in the world, pointing to the country’s alleviation of extreme poverty, technological advancements, and partnerships with developing countries.⁵⁷

Meanwhile, Kishore Mahbubani argues that China’s ascendance is part of a “great convergence”, in which the development in the Global South, home to nearly 90 percent of the world’s population, is rebalancing an unequal international order.⁵⁸ Mahbubani contends that the US should not see China’s rise as a threat, but as providing economic opportunities, and calls on the

⁵⁵ Jeffrey D. Sachs, “Will America Create a Cold War With China?”, *Horizons: Journal of International Relations and Sustainable Development*, no. 13 (Winter 2019): 28–39.

⁵⁶ Sachs.

⁵⁷ Jeffrey D. Sachs, “The Need for a New US Foreign Policy”, April 13, 2023, <https://www.jeffsachs.org/newspaper-articles/the-need-for-a-new-us-foreign-policy>.

⁵⁸ Kishore Mahbubani, *The Great Convergence: Asia, the West, and the Logic of One World* (New York: PublicAffairs, 2017).

US to cooperate with China and participate in Chinese-led projects, such as the Belt and Road Initiative.⁵⁹

Outline of Argument

This thesis fits within this third school of thought and argues that the contemporary US narrative that China constitutes a threat is fundamentally inaccurate. The rise of intensely negative portrayals of China is an outgrowth of Washington's efforts to justify and rally domestic and international support for its hostile foreign policy that seeks to contain China and maintain US global primacy. Whereas most criticism of US foreign policy related to China offers broader, systemic analyses, this thesis engages in a more granular analysis, closely examining key narratives that justify the US stance. This argument is developed using three case studies that were selected due to their significance and to reflect the breadth of Washington's strategy, in terms of domain and geography.

⁵⁹ Kishore Mahbubani, "What China Threat?", *Harper's Magazine*, accessed November 14, 2023, <https://harpers.org/archive/2019/02/what-china-threat/>.

The first chapter examines China's role as a source of a development finance in the Global South, which has risen dramatically in the early decades of the twenty-first century. Under the Trump and Biden administrations, the US has launched a diplomatic campaign focused on developing countries that has promoted the narrative of Chinese "debt-trap diplomacy". This narrative has contended that China systematically uses finance to entrap developing countries, by saddling them with burdensome debt and then leveraging that debt to advance neo-colonial interests. In fact, Chinese finance is not a major driver of debt distress, nor has it led to the take-over of strategic assets or resources in borrowing countries. Rather, Chinese finance has been attractive to developing countries because it does not impose the strict policy conditionality of Western financing and has been more willing to support developmental projects.

The second chapter examines the narrative surrounding the US-China economic conflict that has been variously referred to as a "trade war", "technology war", and "economic war. In recent years, the US has imposed wide-ranging tariffs on hundreds of billions of dollars worth of Chinese goods and sweeping export controls aimed at cutting China off from global supply chains in advanced technological industries. These measures have been justified by claiming that they are a

response to China's "unfair" economic practices and by invoking "national security" interests. The chapter argues that these narratives do not hold up to scrutiny, and are primarily intended to delegitimize China's economic development and rationalize economic warfare. As such, the US posture fits within a broader trend in the history of capitalism, wherein dominant powers have attempted block the rise of "contender" developers.

The third chapter examines the narrative that Chinese aggression is the cause of tensions surrounding Taiwan. Within increasing urgency, US officials and military brass have warned that China is planning to imminently invade Taiwan as part of its authoritarian ambitions to quash democracy. The US has argued that its growing military presence in Asia is necessary to protect democracy, particularly in the case of Taiwan. The chapter examines the history of US relations toward the island and argues that Washington is not primarily motivated by democracy or concerns of "self-determination", but rather has sought to use Taiwan as a geopolitical foothold and point of leverage against Beijing. The chapter argues that US interference and militarization in Asia is the primary driver of tensions in the region.

Together, these three case studies have important implications for our understanding of (i) US and Western portrayals of China; (ii) the sources of tensions between the United States and China; (iii) the political, economic, and military components of the US-China conflict; and (iv) the character of China's engagement with developing countries and developed countries.

The US-China relationship is a matter of global importance for countless reasons. As the world's two most powerful countries, the direction of their relationship will have significant implications on global peace, development, and cooperation on the existential threat of climate change. A protracted period of hostile rivalry or new Cold War will thus have grave global consequences.

To determine that any country is a threat and, on that basis, pursue a hostile foreign policy against it, is an incredibly serious judgement and demands a commensurate level of evidence – all the more in this case given the aforementioned stakes. It is akin to a determination of guilt and dispensing of punishment. The case in favour should at least meet the standard of proof under international criminal law: proof beyond a reasonable doubt. This thesis does not aim to disabuse the reader of any and all negative views that they may hold regarding China. Rather, it argues that,

at the very least, serious reasonable doubts exist regarding the official justifications for the foreign policy adopted by the United States and its allies with respect to China. As such, it should not be supported.

1

Does China Practice “Debt-Trap Diplomacy” Against Other Countries?

In the early decades of the twenty-first century, China has emerged as a leader in global development finance.¹ China is now the world’s largest bilateral source of development lending and, between 2008 and 2019, its overseas commitments were roughly equal to those of the World Bank.² Chinese banks have a presence in nearly all major regions of the world and have extended financing to countries that traditional lending institutions have shied away from or shut out. Over the past ten years, China has also launched the Belt and Road Initiative (BRI), a global

¹ An earlier version of this chapter was originally published as: Ajit Singh, “The Myth of ‘Debt-Trap Diplomacy’ and Realities of Chinese Development Finance”, *Third World Quarterly* 42, no. 2 (2021): 239–53, <https://doi.org/10.1080/01436597.2020.1807318>.

² Rebecca Ray et al., “Geolocated Dataset of Chinese Overseas Development Finance”, *Scientific Data* 8, no. 1 (2021): 241, <https://doi.org/10.1038/s41597-021-01021-7>; Hongbo Yang et al., “Risks to Global Biodiversity and Indigenous Lands from China’s Overseas Development Finance”, *Nature Ecology & Evolution* 5, no. 11 (2021): 1520–29, <https://doi.org/10.1038/s41559-021-01541-w>.

infrastructure program, and helped found two new multilateral development banks, the New Development Bank and the Asian Infrastructure Investment Bank, indicating that China's role in international development finance will continue to evolve.

China's rise as a source of global finance has taken place as the world faces urgent needs for greater lending, investment, and resource mobilization towards development. In the Global South, these needs are particularly acute. The United Nations Conference on Trade and Development estimates that developing countries require an additional \$4 trillion in investment annually to attain the 2030 Sustainable Development Goals,³ including \$1 trillion per year in external financing.⁴ For these countries, Chinese lending has represented a sorely needed and welcome option. As Gallagher et al. note, "Chinese finance has contributed to economic growth in recipient

³ United Nations Conference on Trade and Development, *World Investment Report 2023*, World Investment Report (New York: United Nations Publications, 2023), https://unctad.org/system/files/official-document/wir2023_en.pdf.

⁴ Vera Songwe, Nicholas Stern, and Amar Bhattacharya, "Finance for Climate Action: Scaling up Investment for Climate and Development" (Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science, 2022), <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/11/IHLEG-Finance-for-Climate-Action-1.pdf>.

countries and played a crucial role in filling infrastructure and industrial investment gaps across the Global South”.⁵

However, not everyone is optimistic about the impact this new source of lending will have on developing countries. From the outset, the United States and Western-dominated financial institutions have warned of dangers associated with Chinese loans. Deborah Brautigam, director of the China-Africa Research Initiative at Johns Hopkins University and one of the world’s foremost experts on Chinese global finance, recounts the emergence of Western anxieties in the early 2000s:

Headlines such as “China loans create ‘new wave of Africa debt’” accompanied many of the first round of stories on China’s ramped-up export credits in Africa. In 2006 the IMF [International Monetary Fund] quietly began to warn several countries, Sudan for example, that they were risking promised debt relief from the West by taking out new loans from China. ... As Timothy Adams, former Treasury undersecretary for international affairs, told the Wall Street Journal: “There are some aggressive countries out there that are ramping up their export-credit agencies and looking to take advantage of countries with lightened balance sheets. We want to send a strong signal that these kinds of behaviors will be frowned upon”.⁶

⁵ Kevin P Gallagher et al., “The BRI at Ten: Maximizing the Benefits and Minimizing the Risks of China’s Belt and Road Initiative” (Boston University Global Development Policy Center, October 2023).

⁶ Deborah Brautigam, *The Dragon’s Gift: The Real Story of China in Africa* (New York: Oxford University Press, 2009), 184.

In 2011, then-Secretary of State Hillary Clinton warned against a “new colonialism” developing with the expansion of China-Africa ties.⁷ More recently, US officials have advanced a narrative of “debt-trap diplomacy” to describe Chinese international lending behaviour towards developing countries generally.

The term debt-trap diplomacy was coined by Indian pundit Brahma Chellaney, whose argument can be summarised as follows: China uses finance to deliberately ensnare developing countries by extending unsustainable loans which recipients struggle to repay.⁸ These loans “are often intended not to support the local economy”, and it is “better for China that the projects don’t do well. After all, the heavier the debt on smaller countries, the greater China’s own leverage becomes”. Saddled with onerous levels of debt, these states are left vulnerable to China’s political and economic influence and subordination, being forced to accept terms that make their debt crises “interminable”. China’s “neocolonial designs” include conducting takeovers of strategic assets and natural resources, and expanding its military and naval presence. Chellaney concludes by

⁷ “Clinton Warns against ‘New Colonialism’ in Africa”, *Reuters*, June 11, 2011, <https://www.reuters.com/article/us-clinton-africa-idUSTRE75A0RI20110611>.

⁸ Brahma Chellaney, “China’s Debt-Trap Diplomacy”, *Project Syndicate*, January 23, 2017, <https://www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01>.

cautioning developing countries “not yet ensnared in China’s debt-trap” to “take whatever steps they can to avoid it”.

Coinciding with growing anxieties in the US about China’s global ascendance, the theory has gained currency in political and media discourse. As part of Washington’s foreign policy shift towards China, US officials have promoted the debt-trap narrative as part of a diplomatic campaign that has sought to discourage developing countries from forming ties with China. The Trump and Biden administrations have routinely accused China of practicing bad-faith debt-trap diplomacy, often pointing to the BRI. In a March 2018 speech on US-Africa relations, then-Secretary of State Rex Tillerson condemned China’s engagement with the continent:

China’s approach ... encourages dependency using opaque contracts, predatory loans practices, and corrupt deals that mire nations in debt and undercut their sovereignty, denying them their long-term, self-sustaining growth ... its approach has led to mounting debt and few, if any jobs in most countries. When coupled with the political and fiscal pressure, this endangers Africa’s natural resources and its long-term economic political stability.⁹

⁹ Tillerson, “US-Africa Relations”.

Tillerson’s successor, Mike Pompeo, echoed these sentiments, expressing “concern” about “the way China enters countries”.¹⁰ During an October 2018 trip to Panama and Mexico, Pompeo cautioned Latin American nations to be wary of China’s “predatory economic activity” and “that when China comes calling it’s not always to the good of your citizens ... and is designed not to benefit the people of Panama but rather to benefit the Chinese Government”.¹¹ In December 2018, then-US national security advisor John Bolton claimed that through the “strategic use of debt”, China held “states in Africa captive to Beijing’s wishes and demands”.¹²

This has continued under the Biden administration, in a slightly more veiled manner. For example, during a 2021 visit to Nigeria, Blinken told officials that, “Too often, international infrastructure deals are opaque, coercive. They burden countries with unmanageable debt. They're environmentally destructive. They don't always benefit the people who actually live there. We will

¹⁰ “Pompeo ‘Concerned’ About China’s Efforts In Latin America”, *Radio Free Europe/Radio Liberty*, December 1, 2018, <https://www.rferl.org/a/us-pompeo-china-latin-america/29632326.html>.

¹¹ “Pompeo ‘Concerned’ About China’s Efforts In Latin America”.

¹² Steve Holland and Lesley Wroughton, “US to Counter China, Russia Influence in Africa: Bolton”, *Reuters*, December 14, 2018, <https://www.reuters.com/article/us-usa-trump-africa-idUSKBN1OC1XV>.

do things differently”.¹³ Meanwhile, in November 2023, Biden urged leaders from Latin America and the Caribbean to reject “debt-trap diplomacy” in favour of the “high-quality, transparent approaches to infrastructure and to development” offered by the United States.¹⁴

Due to its amplification by Washington and major Western media outlets, the notion of debt-trap diplomacy has “solidif[ied] as firm conventional wisdom and [been] accepted as a deep historical truth”. In this chapter, however, I argue that the theory of debt-trap diplomacy does not accurately describe China’s international lending practices. First, investigating primarily China-Africa financial relations, I demonstrate that Chinese loans are not the major driver of debt distress on the continent, are not lent at usurious rates, and by and large fund needed infrastructure projects. Second, I demonstrate that China does not engage in predatory behaviour with borrowing countries, using debt to fuel takeovers of strategic assets and natural resources, as well as military expansion. Finally, comparing Chinese and Western lending practices in Latin American and the

¹³ Antony Blinken, “The United States and Africa: Building a 21st Century Partnership”, United States Department of State, November 19, 2021, <https://www.state.gov/the-united-states-and-africa-building-a-21st-century-partnership/>.

¹⁴ Joseph R. Biden, “Remarks by President Biden Before the Americas Partnership for Economic Prosperity Leaders’ Summit”, The White House, November 3, 2023, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/11/03/remarks-by-president-biden-before-the-americas-partnership-for-economic-prosperity-leaders-summit/>.

Caribbean, I argue that, in contrast to the debt-trap narrative, Chinese unconditional financing has provided increased policy space to developing countries, particularly those facing hostility from the US and its allies.

Does Chinese Finance Drive Debt Distress?

There are two main components of the Chinese debt-trap diplomacy narrative: first, that Chinese lending is the main driver of debt distress in developing countries, promoting unsustainable debt burdens for recipients due to their scale and terms, and the frivolous nature of the projects financed; and second, that China uses this debt distress to facilitate its predatory behaviour against developing countries. In this section I will examine the first component of this narrative, and in the next section I will examine the second component.

In lieu of conducting a systematic investigation of Chinese lending practices, the debt-trap narrative makes broad and sensational claims which rely on unspecified references to “huge loans” that leave developing countries “saddled with onerous levels of debt”.¹⁵ To assess whether Chinese

¹⁵ Chellaney, “China’s Debt-Trap Diplomacy”.

lending does, in fact, promote the development of unsustainable debt burdens, it is necessary to examine China's financial ties with developing countries more closely. The Sino-African financial relationship has significant probative value for evaluating the theory of debt-trap diplomacy due to its breadth along with the continent's high degree of economic vulnerability. According to the United Nations, Africa is home to 33 of the world's 46 designated Least Developed Countries and 24 of the world's 54 most debt-vulnerable countries.¹⁶

Wariness with respect to international economic engagement with African nations is understandable given their current vulnerability and the continent's lengthy history of subjugation to foreign powers. At the same time, as Sautman and Hairong note, "[w]hile China's presence in Africa should be critically examined, interest in it in the West is skewed by elite perceptions of China as a rival".¹⁷ Indeed, W. Gyude Moore, former Liberian Minister of Public Works, argues that "[t]he language of debt-trap diplomacy resonates more in Western countries, especially the

¹⁶ United Nations Conference on Trade and Development, *The Least Developed Countries Report* (New York: United Nations Publications, 2023), https://unctad.org/system/files/official-document/ldc2023_en.pdf; Lars Jensen, "Avoiding 'Too Little Too Late' on International Debt Relief" (New York: United Nations Development Programme, October 2022), <https://www.undp.org/publications/dfs-avoiding-too-little-too-late-international-debt-relief>.

¹⁷ Barry Sautman and Yan Hairong, "The Forest for the Trees: Trade, Investment and the China-in-Africa Discourse", *Pacific Affairs* 81, no. 1 (2008): 1 <https://doi.org/10.5509/20088119>.

United States, and is rooted in anxiety about China's rise as a global power rather than in the reality of Africa".¹⁸ Similarly, Were contends that "the debt-trap narrative seems motivated more by frantic Sinophobia than any genuine concern for the economic and fiscal health of African countries" and is "determin[ed] to paint China as the 'bad guy'".¹⁹

It is perhaps unsurprising, then, that African leaders have frequently bristled at Western warnings regarding their relations with China as condescending and disingenuous. In 2018, Namibian President Hage Geingob responded to China-related concerns raised by a visiting German lawmaker, by stating that, "It looks like a more European problem than our problem".²⁰ Geingob continued, "We know how we will handle our country. Don't be sorry for us ... every time a Westerner comes, it's about the Chinese ... It shows disrespect, that we are children who are going to be cajoled by the Chinese". These frustrations have grown as Western tensions with China and

¹⁸ W. Gyude Moore, "2018 FOCAC: Africa in the New Reality of Reduced Chinese Lending" (Washington, DC: Center for Global Development, 2018), <https://www.cgdev.org/blog/2018-focac-africa-new-reality-reduced-chinese-lending>.

¹⁹ Anzette Were, "Why Thinking of China Debt Trap Diplomacy Is a Fallacy", *Business Daily Africa*, October 28, 2018, <https://www.businessdailyafrica.com/analysis/ideas/Why-thinking-of-China-debt-trap-diplomacy-is-a-fallacy/4259414-4826058-4q9w45/index.html>.

²⁰ "Don't Underestimate Our Intelligence: Geingob," *Namibia Press Agency*, November 2, 2018, <https://www.youtube.com/watch?v=Dx-jKMFtkDI>.

Russia have grown. During a joint press conference with Secretary Blinken in August 2022, South African Minister of International Relations Naledi Pandor accused the United States and European countries of engaging in “patronizing bullying – ‘You choose this or else’”.²¹ The next month, Senegalese president and then-chair of the African Union, Macky Sall, told the UN General Assembly that Africa was “determined to work with all its partners” and “does not want to be the breeding ground of a new Cold War”.²² Sall later stated that “Africans don’t buy into [the debt-trap] narrative”, calling on other countries “to work together, instead of blaming China”.²³

Although the strongest proponents of the debt-trap diplomacy narrative are based in the US and Europe, it has had a disproportionate impact in shaping international perceptions of China’s relations with developing countries, given the West’s dominance in knowledge production and dissemination. Brautigam and Hwang note that “as with many areas of China’s African

²¹ Kate Bartlett, “South African Minister Accuses West of ‘Bullying’ On Ukraine,” *Voice of America*, August 8, 2022, <https://www.voanews.com/a/south-african-minister-accuses-west-of-bullying-on-ukraine-/6693372.html>.

²² Macky Sall, “77th Session of the United Nations General Assembly Address by H.E. Macky Sall, President of the Republic of Senegal, Current Chairman of the African Union | African Union,” African Union, September 20, 2022, <https://au.int/en/speeches/20220920/77th-session-united-nations-general-assembly-address-he-macky-sall>.

²³ “Senegalese President Macky Sall: Africans Don’t Buy into the ‘debt Trap’ Narrative,” *CGTN*, accessed December 2, 2023, <https://news.cgtn.com/news/2023-09-12/Senegalese-president-Africans-don-t-buy-into-the-debt-trap-narrative-1n2hzJA2Na0/index.html>.

engagement, there is considerable hype and a full-fledge mythology associated with Chinese loan finance”.²⁴ China-Africa loan figures tend to be overestimated due to a lack of investigative rigour, acceptance of unreliable reports and rumours, the use of expansive definitions, and double-counting.²⁵ To give a sense of the degree of inaccuracy surrounding this issue, a 2016 study found that after examining over 1300 reports of Chinese loans, “only 56 percent actually materialized and are being used. The rest turned out to be mistakes, hopes, rumors, cancelled, or real loans – but not from China”.²⁶ The most comprehensive and reliable estimates of Chinese lending to African states is the Chinese Loans to Africa (CLA) database, initiated by the China-Africa Research Initiative (CARI) at John Hopkins University and now managed by the Global Development Policy Center at Boston University. Between 2000 and 2022, the CLA database estimates that the Chinese lenders signed 1,243 loan commitments amounting to \$170.1 billion with 49 African

²⁴ Deborah Brautigam and Jyhjong Hwang, “Eastern Promises: New Data on Chinese Loans in Africa, 2000 to 2014”, Working Paper (John Hopkins University, School of Advanced International Studies: China-Africa Research Initiative, 2016).

²⁵ Jyhjong Hwang, Deborah Brautigam, and Janet Eom, “How Chinese Money Is Transforming Africa: It’s Not What You Think”, Policy Brief (John Hopkins University, School of Advanced International Studies: China-Africa Research Initiative, April 2016).

²⁶ Hwang, Brautigam, and Eom.

governments and seven regional institutions.²⁷ According to CARI Director Deborah Brautigam, creator of the database, “so far, in Africa, we have not seen any examples where we would say the Chinese deliberately entangled another country in debt, and then used that debt to extract unfair or strategic advantages of some kind in Africa, including ‘asset seizures’”.²⁸

Chinese lending is not a major driver of debt distress on the continent. As of the end of 2020, World Bank data shows that 39% of African governments’ external debt is owed to multinational institutions and 35% to Western private lenders, with just 12% owed to Chinese public and private lenders (the average interest rate on Chinese loans is 2.7%, compared to 5% on Western private loans).²⁹ Similarly, regarding debt payments due between 2022 and 2028, 35% are owed to Western private lenders, 35% to multilateral institutions, and 19% to Chinese lenders.³⁰

²⁷ Boston University Global Development Policy Center, “Chinese Loans to Africa Database”, 2023, <http://bu.edu/gdp/chinese-loans-to-africa-database>.

²⁸ Deborah Brautigam, “A Critical Look at Chinese ‘Debt-Trap Diplomacy’: The Rise of a Meme”, *Area Development and Policy* 5, no. 1 (2020): 1–14, <https://doi.org/10.1080/23792949.2019.1689828>.

²⁹ Debt Justice, “The Growing Debt Crisis in Lower Income Countries and Cuts in Public Spending”, July 2022, https://debtjustice.org.uk/wp-content/uploads/2022/07/Who-African-governments-debt-is-owed-to_Media-Briefing_07.22.pdf.

³⁰ On the discrepancy between payments to Chinese creditors and debt owed, Debt Justice writes that this “suggests these debts have shorter maturities ... [and] might also be due to the fact that China suspended many countries’ debt payments during the Covid pandemic, but these are now coming due to be paid”, see Debt Justice, “The Growing Debt Crisis”.

Meanwhile, among the 24 African countries with largest debt burdens, China accounts for an average of 11% external debt, far below Western private creditors (32%) and multilateral institutions (34%). In only 6 of these 24 countries does China account for more than 33% of external debt payments.

In addition, Chinese loans by and large are used by African nations to fund sorely needed infrastructure projects, as opposed to frivolous endeavours that saddle borrowers with unnecessary debt. Brautigam and Gallagher argue that whereas “[p]redatory lenders use deception and fraud to entice borrowers to take out expensive loans they don’t really need and can’t afford ... Chinese loans fund projects African borrowers really do need, and the loans generally have favorable terms”.³¹ Moore contends that Chinese financing has emerged as an “indispensable option”³² for African nations which face a estimated infrastructure investment gap of \$130-170 billion per year, with a financing gap of \$68-108 billion.³³ For example, across the continent, 57% of the rural

³¹ Deborah Brautigam and Kevin P. Gallagher, “Trump Team Bashes China but Offers No Alternative in African Nations”, *The Hill*, March 15, 2018, <https://thehill.com/opinion/international/378583-trump-team-bashes-china-but-offers-no-alternative-in-africa>.

³² Moore, “2018 FOCAC: Africa in the New Reality of Reduced Chinese Lending”.

³³ The most recent estimate comes from the African Development Bank, *see African Economic Outlook* (African Development Bank, 2018),

population lack access to an all-season road, while 43% of the entire population lack access to electricity.³⁴ Indeed, African governments have primarily sought Chinese development finance in order to address these exceptional needs. From 2000 to 2022, 64% of Chinese loans to Africa went towards the energy and transportation sectors.³⁵

To summarise, Chinese lending to African nations is not the main driver of debt distress on the continent, and this financing has largely funded necessary infrastructure projects. As such, China-Africa financial relations do not provide evidence to support the first component of the debt-trap diplomacy narrative. Although a comprehensive study of Chinese development finance is necessary, these findings have relevance for understanding China's financial relations with the Global South more generally, given the African continent's economic vulnerability as the least developed region in the world.

https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Economic_Outlook_2018_-_EN.pdf.

³⁴ "Cross-Border Road Corridors Expanding Market Access in Africa and Nurturing Continental Integration" (Abidjan: African Development Bank, October 2023), <https://www.afdb.org/en/documents/cross-border-road-corridors-expanding-market-access-africa-and-nurturing-continental-integration>; International Energy Agency, *Africa Energy Outlook 2022* (Paris: International Energy Agency, 2022), <https://www.iea.org/reports/africa-energy-outlook-2022>.

³⁵ Oyintarelado Moses et al., "A New State of Lending: Chinese Loans to Africa" (Boston University Global Development Policy Center, September 2023), https://www.bu.edu/gdp/files/2023/08/GCI_PB_019_CLA-2023-FIN.pdf.

Does China Engage in Predatory Behaviour Towards Borrowers?

In this section I will examine the second component of the debt-trap diplomacy argument, which claims that China uses debt distress to ensnare developing countries and facilitate predatory aims. Overwhelmed by debts owed to China, it is alleged that borrowing governments are coerced into selling off strategic assets and natural resources, as well as ceding their sovereignty to Chinese military expansion.

(i) Do Chinese Loans Lead to Asset Takeovers and Military Expansion?

The key example cited as evidence of China's predatory aims to take over assets of borrowing countries is the Hambantota port in Sri Lanka. In 2017, facing a potential debt crisis, Sri Lanka leased a majority stake in the Chinese-financed port to the state-owned enterprise China Merchants Port Holdings (CMPort) for 99 years. This deal has received intense global scrutiny, particularly following its depiction by *The New York Times* as how "China got Sri Lanka to cough up a port".³⁶ Many have condemned the transaction as a surrender of Sri Lankan sovereignty in the

³⁶ Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port", *The New York Times*, October 8, 2018, <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>.

face of unpayable Chinese debt and touted it as unassailable proof of China's predatory lending practices.³⁷

While this deal has been widely presented as an example of Chinese debt-trap diplomacy, there are a number of factors which suggest that this is not the case. First, the deal has been incorrectly presented as a "debt-for-equity" swap, in which burdensome debt owed to China by Sri Lanka was cancelled in exchange for control of the port. In fact, the Chinese loans were never defaulted on and the loan agreements between the China and Sri Lanka remain unchanged, with no cancellation of debt. The proceeds of Chinese investment in the Hambantota port were not used to pay off Sri Lanka's debt owed to China; instead, the Sri Lankan government sought to raise foreign exchange to help repay maturing, higher-interest international sovereign bonds.³⁸ As Weerakoon and Jayasuriya note, "Sri Lanka's debt problem isn't made in China" and has "very

³⁷ Ashok K. Behuria, "How Sri Lanka Walked into a Debt Trap, and the Way Out", *Strategic Analysis* 42, no. 2 (2018): 168–78, <https://doi.org/10.1080/09700161.2018.1439327>; Devin Thorne and Ben Spevack, "Harbored Ambitions: How China's Port Investments Are Strategically Reshaping the Indo-Pacific" (Washington, DC: Center for Advanced Defence Studies, 2017), <https://static1.squarespace.com/static/566ef8b4d8af107232d5358a/t/5ad5e20ef950b777a94b55c3/1523966489456/Harbored+Ambitions.pdf>.

³⁸ Barry Sautman and Yan Hairong, "The 'Chinese Debt Trap' and Its Sri Lanka Example", Thought Leadership Brief (Hong Kong University of Science and Technology, Institute for Emerging Market Studies, 2019), <https://archives.ust.hk/dspace/bitstream/9999/47809/1/IEMS-Thought-Leadership-Brief-no29.pdf>; Brautigam, "A Critical Look at Chinese 'Debt-Trap Diplomacy': The Rise of a Meme".

little to do with Chinese loans”³⁹ which at the time of the Hambantota deal accounted for less than 10% of Sri Lanka’s foreign debt.⁴⁰ As of March 2023, 41% of Sri Lanka’s external debt was owed to private creditors, 28% to multilateral institutions, and 13% owed to China.⁴¹

Meanwhile, international sovereign bonds accounted for nearly half of the country’s external debt, with two-thirds of their value held by Americans and only 8% held by Asians.⁴² “Ironically then, if Sri Lanka is debt distressed, it owes more to American and other Western entities than to its Chinese counterparts”, observe Sautman and Hairong.⁴³ For Weerakoon and Jayasuriya, the narrative of debt-fuelled takeovers by the Chinese in Sri Lanka is a “myth” which owes its prominence to international geopolitical agendas – not Sri Lankan realities:

Why Sri Lanka is so widely showcased as an example of the dangers of Chinese debt diplomacy despite the fact Chinese loans are clearly not the primary cause of

³⁹ Dushni Weerakoon and Sisira Jayasuriya, “Sri Lanka’s Debt Problem Isn’t Made in China”, *East Asia Forum*, February 28, 2019, <https://www.eastasiaforum.org/2019/02/28/sri-lankas-debt-problem-isnt-made-in-china/>.

⁴⁰ Dushni Weerakoon and Sisira Jayasuriya, “Debt Financing for Development: The Sri Lankan Experience”, in *Managing Domestic and International Challenges and Opportunities in Post-Conflict Development: Lessons from Sri Lanka* (Singapore: Springer, 2019), 95–112.

⁴¹ “Quarterly Debt Bulletin” (Sri Lanka Ministry of Finance, March 2023), <https://www.treasury.gov.lk/api/file/a7db93c9-70a2-46b7-932f-dc92643865c9>.

⁴² Sautman and Hairong, “The ‘Chinese Debt Trap’ and Its Sri Lanka Example”; Barry Sautman and Yan Hairong, “The Truth about China’s Role in Sri Lanka’s Hambantota Port”, *South China Morning Post*, May 6, 2019, <https://www.scmp.com/comment/insight-opinion/article/3008799/truth-about-sri-lankas-hambantota-port-chinese-debt-traps>.

⁴³ Sautman and Hairong, “The Truth about China’s Role in Sri Lanka’s Hambantota Port”.

Sri Lanka's debt imbroglio has more to do with global politics than the real facts of the Sri Lankan case.⁴⁴

Second, Sri Lanka has not ceded its sovereignty to China. The Sri Lankan government has retained ownership of the port, leasing it to state-owned CMPort for 99 years for \$1.12 billion.⁴⁵ Under the deal, CMPort will hold a 70% stake in the port in a joint venture with the state-owned Sri Lanka Ports Authority (SLPA). In addition to retaining a 30% stake, the SLPA has the right to purchase an additional 20% after 10 years and the remainder thereafter.⁴⁶ Such transactions are not uncommon, with similar 99-year leases of ports having been agreed to in Australia, India and Canada with foreign firms from various nations.⁴⁷

Although the US and its allies India and Japan have raised concerns that China will use the port as a naval base, the Sri Lankan government has retained control over the port's security operations. Indeed, "sensitive operations – including security, navigational services and approvals – will be handled by a second company, in which the Sri Lankan Port Authority will have a

⁴⁴ Weerakoon and Jayasuriya, "Sri Lanka's Debt Problem Isn't Made in China".

⁴⁵ "Chinese Firm Pays \$584 Million in Sri Lanka Port Debt-to-Equity Deal", *Reuters*, June 20, 2018, <https://www.reuters.com/article/us-sri-lanka-china-ports-idUSKBN1JG2Z6>.

⁴⁶ Sautman and Hairong, "The 'Chinese Debt Trap' and Its Sri Lanka Example".

⁴⁷ Sautman and Hairong.

majority stake, ensuring Colombo retains crucial controls over what ships can dock there”.⁴⁸ Sri Lanka has publicly rejected such claims, which predate the leasing of the Hambantota port. In response to concerns raised by India about the docking of two Chinese naval vessels at Hambantota port in 2014, the Sri Lankan navy stated, “This is nothing unusual. Since 2010, 230 warships have called at Colombo port from various countries on goodwill visits and for refuelling and crew refreshment”.⁴⁹

In order to present China as a predatory aggressor, the debt-trap narrative takes it as a given that developing countries could not have mutual interests with the Chinese and entirely ignores US-led militarisation efforts in the Asia-Pacific and around the world.⁵⁰ China’s defensive orientation is hard to deny when one considers that its global military presence abroad amounts to a single foreign base – fewer than the United Kingdom, France, Australia, Italy, Turkey, the United Arab Emirates and even India, and a far cry from the nearly 800 foreign military bases of

⁴⁸ Amy Kazmin, “Sri Lanka to Sell Port to China after Easing India’s Fears”, *Financial Times*, July 26, 2017, <https://www.ft.com/content/dd2c0bc2-71fa-11e7-aca6-c6bd07df1a3c>.

⁴⁹ “Chinese Submarine Docks in Sri Lanka despite Indian Concerns”, *Reuters*, November 2, 2014, <https://www.reuters.com/article/sri-lanka-china-submarine-idINKBN0IM0LU20141102>.

⁵⁰ Woodward, *The US vs China: Asia’s New Cold War?*

the US.⁵¹ As such, the hysteria surrounding Chinese “aggression” is at best misplaced and premature, but more likely dishonest and in bad faith – yet another manifestation of US and Western exceptionalism.

Third, Sri Lanka has genuine economic and developmental interests of its own in pursuing the Hambantota port project – this is not a project which has been thrust upon it insidiously by China. Building a port next to the major Indian Ocean shipping lanes has featured in Sri Lankan national development plans for decades, including the 2002 ‘Regaining Sri Lanka’ government programme. The Sri Lankan government asked both Japan and India to finance the construction of the port but were rejected, before actively recruiting China to fund the project.⁵² In 2016, when the Sri Lankan government was seeking to lease the port, it again approached Japan and India and was again rejected, after which it “lobbied hard to attract a Chinese firm”.⁵³

Finally, the ‘takeover’ narrative essentializes an exceptional case and ignores the broader context of China’s engagement around the world. It is true that the Hambantota port has not been

⁵¹ David Vine, *Base Nation: How US Military Bases Abroad Harm American and the World* (New York: Metropolitan Books, 2015).

⁵² Sautman and Hairong, “The ‘Chinese Debt Trap’ and Its Sri Lanka Example”.

⁵³ Sautman and Hairong.

highly profitable since opening in 2010; however, this is not uncommon as ports are long-term projects often requiring many years to recover costs, attract business and become profitable. Furthermore, as Brautigam observes,

China has been involved in the construction or operation of 116 overseas ports in 62 countries. Of these projects, that in Hambantota, Sri Lanka, is the only one cited as an actual instance (rather than projected possibility of) of debt-trap diplomacy.⁵⁴

As previously mentioned, the CLA database of over 1000 Chinese loans to African recipients has found no examples of predatory lending used by China to extract advantages, including asset seizures. Similarly, a study by the New York-based Rhodium Group examined thousands of cases of Chinese loans around the world, of which only the Hambantota port could be pointed to as evidence to support the notion that China is using debt repayment difficulties to seize assets.⁵⁵ “First and foremost is the realization that actual asset seizures are a very rare occurrence”, the Rhodium Group study found. “Instead, we find those debt renegotiations usually involve a more balanced

⁵⁴ Brautigam, “A Critical Look at Chinese ‘Debt-Trap Diplomacy’: The Rise of a Meme”, 8.

⁵⁵ Agatha Kratz, Allen Feng, and Logan Wright, “New Data on the ‘Debt Trap’ Question”, Rhodium Group, April 29, 2019, <https://rhg.com/research/new-data-on-the-debt-trap-question/>.

outcome between lender and borrower, ranging from extensions of loan terms and repayment deadlines to explicit refinancing, or partial or even total debt forgiveness”.

Although the Hambantota port project has failed to live up to its expected potential thus far, the evidence does not indicate that leasing of the port was a predatory takeover or military expansion by China. Furthermore, when placed in the context of China’s broader lending practices, the Hambantota case is very much the exception and not the rule.

(ii) Does China Use Loans to Take over Natural Resources?

According to Brautigam and Hwang, among the most persistent misunderstandings about Chinese development finance is the widely held belief “that the Chinese mainly offer loans in order to access natural resources”.⁵⁶ Chellaney reproduces such views, alleging that Chinese loans are “often intended not to support the local economy, but to facilitate Chinese access to natural resources”.⁵⁷ Some have gone so far as to claim that Chinese debt-trap diplomacy utilises infrastructure loans in an effort to “recolonize” developing countries,⁵⁸ arguing that it will not be possible

⁵⁶ Brautigam and Hwang, “Eastern Promises: New Data on Chinese Loans in Africa, 2000 to 2014”, 4.

⁵⁷ Chellaney, “China’s Debt-Trap Diplomacy”.

⁵⁸ Abel Kinyondo, “Is China Recolonizing Africa? Some Views from Tanzania”, *World Affairs* 182, no. 2 (2019): 128–64.

for borrowing governments to repay these debts which will result in the surrendering of natural resources to China.⁵⁹

Much of the speculative concern centres around China's use of commodity-secured financing. Resource-backed loans make up approximately half of China's loans to Latin American nations⁶⁰ and one-third of its loans to African nations.⁶¹ In Latin America, all of China's commodity-backed finance is secured in oil; the majority of these loans were made to Venezuela and Ecuador, with one to Brazil.⁶² In Africa, recipients of commodity-backed finance include Angola, Congo-Brazzaville, Democratic Republic of the Congo, Equatorial Guinea, Ethiopia, Gabon, Ghana, Nigeria, Sudan and Zimbabwe.⁶³ In contrast to Latin America, China's resource-secured loans to African borrowers are secured by a variety of commodities, including oil, cocoa, platinum, tobacco, sesame seeds, and profits from copper and diamond mining.⁶⁴

⁵⁹ Xiaochen Su, "Why Chinese Infrastructure Loans in Africa Represent a Brand-New Type of Neocolonialism", *The Diplomat*, June 9, 2017, <https://thediplomat.com/2017/06/why-chinese-infrastructure-loans-in-africa-represent-a-brand-new-type-of-neocolonialism/>.

⁶⁰ Kevin P. Gallagher, *The China Triangle: Latin America's China Boom and the Fate of the Washington Consensus* (New York: Oxford University Press, 2016), 66.

⁶¹ Brautigam and Hwang, "Eastern Promises: New Data on Chinese Loans in Africa, 2000 to 2014", 4.

⁶² Gallagher, *The China Triangle*, 74.

⁶³ Deborah Brautigam and Kevin P. Gallagher, "Bartering Globalization: China's Commodity-Backed Finance in Africa and Latin America", *Global Policy* 5, no. 3 (2014): 346–52, <https://doi.org/10.1111/1758-5899.12138>.

⁶⁴ Brautigam and Hwang, "Eastern Promises: New Data on Chinese Loans in Africa, 2000 to 2014".

While China does have an interest in securing long-term natural resource supplies, Brautigam and Hwang find that “the purpose of this security is much less about locking up natural resources and more about reducing the risks of lending to poor and unstable countries”.⁶⁵ China’s commodity-backed finance

is used most often in high-risk countries, often those that (like China in 1978) are emerging from a period of crisis, even war, with enormous and urgent rebuilding needs, and little cash or credit-worthiness, but with assets that the Chinese banks believe will allow them to securely reduce the risks of default and take on more debt than conventional models would allow.⁶⁶

It is worth noting that this form of lending is modelled in part on China’s own successful experience as a borrower pursuing modernisation. Resource-backed loans, particularly from Japan, were used by China to finance a significant number of China’s industrialisation projects and move forward in its programme of economic development.⁶⁷

By increasing security and decreasing risk, resource guarantees allow development projects in countries without good credit ratings to be financed at reasonable interest rates.⁶⁸ Indeed, many

⁶⁵ Brautigam and Hwang, 4.

⁶⁶ Brautigam and Hwang, 15.

⁶⁷ Brautigam and Hwang, “Eastern Promises: New Data on Chinese Loans in Africa, 2000 to 2014”.

⁶⁸ Brautigam and Gallagher, “Bartering Globalization”.

of the developing countries that China lends to face significant difficulty in obtaining financing from traditional Western lending institutions. In the case of China's loans-for-oil deals, the majority have gone to Venezuela, Ecuador and Angola, countries that historically have faced significant difficulty obtaining financing in conventional capital markets due to political and economic instability, past defaults and geopolitical hostility.⁶⁹ Gallagher notes that in addition to "help[ing] Latin American governments meet their needs", this financing has

improved the profile of Latin Americans in the eyes of the global investment community. Citing the fact that Ecuador has continuously paid China back in dollars and oil, the ratings giant Moody's upgraded the country's bond rating on two occasions. China has helped Ecuador secure access to global capital markets as well.⁷⁰

A common misconception about these loans-for-oil agreements is the notion that borrowing countries "simply pay back the loan by shipping oil to China ... rob[bing] the exporters of massive revenues as oil prices rise".⁷¹ There is no evidence that the Chinese "lock in" low commodity prices.⁷² Loans are not paid by the export of the resource but rather with "the proceeds from

⁶⁹ Gallagher, *The China Triangle*; Brautigam, *The Dragon's Gift*.

⁷⁰ Gallagher, *The China Triangle*, 66.

⁷¹ Kevin P. Gallagher, Amos Irwin, and Katherine Koleski, "The New Banks In Town: Chinese Finance in Latin America" (Washington, DC: Inter-American Dialogue, 2012), 7.

⁷² Brautigam and Gallagher, "Bartering Globalization", 351.

the sale of the [resource] at spot market prices on the day of sale”.⁷³ While this does raise concern regarding the sustainability of loans in the face of commodity price downturns, it is important to note that China has demonstrated a willingness to renegotiate loans to help borrowing countries that are facing repayment difficulties. As Gallagher recounts, “[i]n 2014 the price of oil began to slide significantly, and Venezuela’s cash-flow narrowed. According to official reports, Venezuela was able to renegotiate some of the details of their loans-for-oil with China in order to meet anticipated cash-flow problems”.⁷⁴ Furthermore, in recent years, as Venezuelan oil output declined drastically due to the impact of US sanctions, China restructured oil-for-loan deals with the country including implementing a two-year grace period for repayments:

Commencing in March 2015, the US government-imposed sanctions on Venezuela, including against the Central Bank of Venezuela (BCV) and the state oil firm Petróleos de Venezuela SA (PDVSA), which generates 90% of the country’s revenues. According to the US Department of Energy, in April 2019, Venezuelan oil output reached a 16-year low, while the country has suffered from a protracted economic and political crisis and failed to provide China with the promised oil deliveries. In these circumstances the response of the Chinese side was to restructure the repayment terms, allowing Venezuela a two-year respite from principal

⁷³ Gallagher, *The China Triangle*, 75.

⁷⁴ Gallagher, 85.

repayments. During this period, China purchased oil from Venezuela for cash, rather than using the proceeds from the sale of the oil shipments to repay the loan.⁷⁵

While it is possible that Chinese finance could incentivize borrowing governments to continue relying on extractivist models of development, it does not appear that China is utilising loans in a predatory manner to secure access to natural resources.

Can Chinese Finance Provide Policy Space to Developing Countries?

In the preceding two sections, I have demonstrated that both components of the debt-trap diplomacy narrative – first, that Chinese lending is driving debt distress in developing countries and second, that it is characterised by predatory practices – do not accurately describe Chinese finance. In this section, I will explore how, in contrast to notions of debt traps, Chinese lending can provide policy space to developing countries, particularly those whose governments are facing hostility from the US and its allies. First, comparing Chinese and Western financial relations with Latin America and the Caribbean (LAC), I will illustrate the unconditional character which distinguishes China from Western lenders. Second, I will examine how non-interventionist Chinese

⁷⁵ Brautigam, “A Critical Look at Chinese ‘Debt-Trap Diplomacy’: The Rise of a Meme”, 8.

lending has increased policy space for governments seeking to pursue an alternative to the neoliberal Washington Consensus. LAC is particularly revealing as it likely receives the largest share of China's global policy bank lending, and the region's 'Pink Tide' has increased the diversity of ideologies and political and economic projects being pursued relative to other regions of the Global South.

In recent decades, China has emerged as a major source of financing for LAC. Since 2005, China has pledged more than \$136 billion in loan commitments to LAC governments and state-owned firms.⁷⁶ To understand the appeal of Chinese financing for these states, it is important to first look at the qualities and historical impact of traditional lenders to the region. The US and the West, along with the international financial institutions that they dominate, such as the International Monetary Fund (IMF) and World Bank, notoriously have required recipient countries to implement harsh policy reforms as a precondition for access to financing, often requiring nations to slash social spending, privatise public institutions and liberalise the economy in order to meet

⁷⁶ Rebecca Ray and Margaret Myers, "Chinese Loans to Latin America and the Caribbean Database" (Inter-American Dialogue: Washington, 2023), https://www.thedialogue.org/map_list/.

those conditions.⁷⁷ These neoliberal structural adjustment programmes, which would come to be known as the “Washington Consensus”, have been heavily criticized for leading to the erosion of LAC countries’ national sovereignty, falling living standards for ordinary people and soaring income inequality. Furthermore, in contrast to the claims made by proponents that the reforms were necessary to stimulate economic growth, these policies had a dismal economic impact, with the Washington Consensus era characterised by gross domestic product (GDP) growth of 0.5% per year and per capita GDP growth of 1.1% per year, ‘the lowest on record’ in the region.⁷⁸ The rise of the left-of-centre, anti-neoliberal governments at the turn of the century, known as the Pink Tide, was largely a response to this untenable situation.

Given this context, we can now examine Chinese lending and why it has been an attractive option to many countries in the region. In contrast to traditional US and Western lenders, Chinese finance does not impose policy reform conditionalities on borrowing governments, in accordance with China’s general foreign policy principle of non-interference in the internal affairs of other

⁷⁷ Oscar Ugarteche, “The Structural Adjustment Stranglehold: Debt and Underdevelopment in the Americas” (New York: NACLA, 2007), <https://nacla.org/article/structural-adjustment-stranglehold-debt-and-underdevelopment-americas>.

⁷⁸ Gallagher, *The China Triangle*, 27.

countries.⁷⁹ China's unconditional approach lending has made financing more accessible to states that do not wish to follow the dictates of the Washington Consensus and has been particularly appealing to the region's Pink Tide governments. Kaplan finds that in LAC, "left governments are more likely to seize China's state-to-state funding opportunity compared to their center and right counterparts who are more likely to book loans through private procurement in the marketplace".⁸⁰

An important factor in this trend is that left-wing and nationalist governments in the region have routinely faced economic aggression and enforced isolation at the hands of the US and its allies. Using a range of unilateral coercive measures, including as sanctions and blockades, Washington has often placed economic pressure on governments that it disapproves of in an effort to overthrow them. As President Richard Nixon infamously put it in 1970 with respect to Chile, US strategy aims to "make the economy scream".⁸¹ The most well-known and enduring example

⁷⁹ Gallagher, *The China Triangle*; Stephen B. Kaplan, "Banking Unconditionally: The Political Economy of Chinese Finance in Latin America", *Review of International Political Economy* 23, no. 4 (July 3, 2016): 643–76, <https://doi.org/10.1080/09692290.2016.1216005>; Stephen B. Kaplan, "The Rise of Patient Capital: The Political Economy of Chinese Global Finance", *Institute for International Economic Policy, The George Washington University, Working Papers*, 2018, <https://doi.org/10.2139/ssrn.3108215>.

⁸⁰ Kaplan, "The Rise of Patient Capital: The Political Economy of Chinese Global Finance", 3.

⁸¹ Peter Kornbluh, "Chile and the United States: Declassified Documents Relating to the Military Coup, September 11, 1973" (The National Security Archive, The George Washington University), <https://nsarchive2.gwu.edu/NSAEBB/NSAEBB8/nsaebb8i.htm>.

is the US blockade of Cuba, which it has imposed since 1960. The blockade continues to be imposed despite being overwhelmingly condemned by the UN General Assembly for 31 straight years, dating back to 1992.⁸² Another illustrative example is the case of Venezuela, which since 2015 has been under US sanctions. Between 2017 and 2018, the Center for Economic Policy estimated that US sanctions against Venezuela caused more than 40,000 deaths.⁸³ Even amid the coronavirus crisis, the US refused to lift its unilateral coercive measures from Venezuela and made the resignation of the Venezuelan government a precondition for sanctions relief and, thus, financial relations.⁸⁴ Further, the US, which holds an effective right of veto in the IMF, reportedly pressured the international lending agency to reject Venezuela's request for \$5 billion in emergency financing to address the pandemic.⁸⁵ As of 2023, the IMF's dealings with Venezuela remain "paused" due to the ongoing US-led refusal to recognize the country's government.

⁸² "General Assembly Votes Overwhelmingly against US Cuba Embargo", United Nations News, November 2, 2023, <https://news.un.org/en/story/2023/11/1143112>.

⁸³ Mark Weisbrot and Jeffrey Sachs, "Economic Sanctions as Collective Punishment: The Case of Venezuela" (Washington, DC: Center for Economic and Policy Research, April 2019), <https://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf>.

⁸⁴ "US Offers Venezuela Sanctions Relief for Power-Sharing Agreement", *BBC News*, March 31, 2020, <https://www.bbc.com/news/world-us-canada-52111805>.

⁸⁵ Dan Beeton and Diana Duarte, "US Sanctions in a Time of Coronavirus Are Morally Depraved as Well as Illegal under International Law", *MarketWatch*, April 6, 2020, <https://www.marketwatch.com/story/us-sanctions-in-a-time-of-coronavirus-are-morally-depraved-as-well-as-illegal-under-international-law-2020-04-06>.

In contrast, China's non-interventionist approach has not discriminated between on the basis of governments political or economic ideologies, engaging with countries across the political spectrum, from neoliberal to communist. Chinese lending has thus been accessible to a wider range of countries and provided borrowers with greater policy autonomy than traditional US and Western creditors have. As Gallagher puts it:

China's billions in finance are more in line with what Latin American nations want, rather than what Western development experts say they need. Whereas the US and International Financial Institutions (IFIs) such as the World Bank and IMF tend to finance in line with the latest development fads such as trade liberalization, health, and education, Chinese loans tend to go into energy, infrastructure, and industry projects in a region that has an infrastructure gap of \$260 billion per year. Latin America's roads, ports, telecommunications networks, and energy systems are severely lacking.⁸⁶

Not sharing the US and the West's hostile predisposition against state intervention and deficit spending, increased Chinese state-to-state lending has been found to positively correlate with budgetary expansion amongst LAC recipients, which may provide more flexibility to developing countries that wish to avoid the imposition of austerity.⁸⁷ Examining government spending in Venezuela following the 2008 global financial crisis and negative oil price shock, Kaplan argues

⁸⁶ Gallagher, *The China Triangle*, 65.

⁸⁷ Kaplan, "Banking Unconditionally".

that Chinese lending was “instrumental” in allowing the Chávez administration to avoid austerity and continue “massive state spending on social projects, known as *misiones* programs”:

Without Chinese financing, it is hard to imagine that state intervention on such a scale would have been possible on the heels of the commodity correction. The availability of a non-market financing stream without traditional conditionality appears to have given Venezuela greater policy autonomy. Perhaps, the late Venezuela president, Hugo Chávez, most aptly describes this policy latitude, when he lauded Chinese lending after being able to spend countercyclically during the global financial crisis: it differs from other multilateral loans because it comes with no strings attached, unlike the scrutiny of international finance.⁸⁸

Had Chinese lending been unavailable, and Venezuela needed to turn to traditional lenders, Kaplan contends that the government would have likely had to implement austerity and abandon its popular, socially inclusive policies:

Without Chinese lending, the central government would have, thus, had to borrow more in global capital markets. In 2010, the major credit rating agencies – S&P, Moody’s, and Fitch – had already rated Venezuela’s sovereign debt below investment grade, meaning new funding would not have come cheap. Incurring more debt would have likely subjected Venezuela to greater investor scrutiny and thus austerity.⁸⁹

⁸⁸ Kaplan, 659.

⁸⁹ Kaplan, 659.

This is not to suggest that Chinese finance is a cure-all of some sort for developing countries. Indeed, there are important challenges and concerns associated with Chinese finance and the projects that it funds, including their social and environmental impact. The point here is that China's non-interventionist approach can create space for recipients, a fact which undermines the debt-trap narrative and is an important reason why Chinese finance is an appealing option for many developing countries.

* * *

In this chapter I have assessed the debt-trap diplomacy narrative that has emerged in recent years to characterise Chinese international finance. First, I examined China-Africa financial relations to demonstrate that Chinese lending is not a significant driver of debt distress in the region. Second, focussing on the oft-cited Hambantota port case, I demonstrated that Chinese finance is not predatory, in terms of takeovers of strategic assets and natural resources, or military expansion. Finally, I compared Chinese and Western lending in Latin America and the Caribbean, to illustrate how, far from being a trap, China's non-interventionist lending approach can provide greater

policy autonomy for developing countries, a feature that has been particularly appealing for left-wing governments.

There are several significant implications of such an understanding of Chinese financial relations with developing countries. First, it suggests that the debt-trap diplomacy accusations levelled against China not only lack rigour and sophistication, but are unfounded. Second, it lends support to the notion that such claims are rooted in the anxieties of the US about China's rising international role, rather than any genuine concern about the welfare of developing countries. Third, for developing countries facing hostility from the US and its allies, Chinese financing may provide breathing room and flexibility. As such it is important and necessary to reject notions of Chinese "debt-trap diplomacy", not only due to their inaccuracy and to promote an honest understanding of China, but to support greater diversity and leverage for developing countries.

2

Does China “Lie, Cheat, and Steal” Its Way to Economic Development?

In recent years, the United States has been engaged in an economic conflict with China that has been variously referred to a “trade war”, “technology war”, and full-out “economic war”. Beginning in 2018, the Trump administration would impose wide-ranging tariffs on hundreds of billions of dollars’ worth of Chinese goods. These measures were justified as a response to China’s “unfair” economic practices, namely “forced technology transfer”, “intellectual property theft”, and “state-led, market-distorting policies and practices”.¹ Along with its tariffs, the Trump administration blacklisted the Chinese technology firm, Huawei, and lobbied other countries to ban the

¹ Office of the United States Trade Representative, Executive Office of the President, “Findings of the Investigation into China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation Under Section 301 of the Trade Act of 1974”, March 22, 2018, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/march/section-301-report-chinas-acts>.

corporation. Designated as a “national security threat”, Huawei and its affiliates were placed on the Department of Commerce’s “entity list”, making it illegal for companies to export US technologies to the Chinese company.

This conflict was foreshadowed during the 2016 US presidential campaign. “We can’t continue to allow China to rape our country”, Trump declared, accusing China of “the greatest theft in the history of the world”.² Federal Bureau of Investigation Director Christopher Wray later provided a more detailed summary of this view: “The Chinese government is fighting a generational fight to surpass our country in economic and technological leadership, but not through legitimate innovation, not through fair, lawful competition ... Instead, they’ve shown that they’re willing to steal their way up the economic ladder at our expense”.³

Under the Trump administration, the notion that China’s development was ill-gotten and illegitimate, attained by “cheating” and “stealing” from the United States, became the bipartisan

² Nick Gass, “Trump: ‘We Can’t Continue to Allow China to Rape Our Country,’” *Politico*, 2016, <https://www.politico.com/blogs/2016-gop-primary-live-updates-and-results/2016/05/trump-china-rape-america-222689>.

³ “Confronting the China Threat”, Federal Bureau of Investigation, February 6, 2020, <https://www.fbi.gov/news/stories/wray-addresses-china-threat-at-doj-conference-020620>.

consensus in Washington.⁴ It also gained significant currency among the public. Polling data gathered in the days after Trump left office indicated that a majority of US adults felt that the country “should get tougher with China on economic issues”.⁵

In 2020, prior to assuming office, Biden echoed Trump’s sentiment from four years prior (albeit, with less colourful language). “The United States does need to get tough with China”, Biden wrote in *Foreign Affairs*.⁶ “If China has its way, it will keep robbing the United States and American companies of their technology and intellectual property. It will also keep using subsidies to give its state-owned enterprises an unfair advantage – and a leg up on dominating the technologies and industries of the future”.

⁴ In 2018, as the economic conflict was getting underway, former US Secretary of the Treasury Henry Paulson warned that it would “likely endure for some time”, since “China is viewed – by a growing consensus [within the US policy establishment] – not just as a strategic challenge to the United States but as a country whose rise has come at America’s expense”. See “Remarks by Henry M. Paulson, Jr., on the United States and China at a Crossroads”, Paulson Institute, November 7, 2018, https://www.paulsoninstitute.org/press_release/remarks-by-henry-m-paulson-jr-on-the-united-states-and-china-at-a-crossroads/.

⁵ Laura Silver, Kat Devlin, and Catherine Huang, “Most Americans Support Tough Stance Toward China on Human Rights, Economic Issues”, Pew Research Center, March 4, 2021, <https://www.pewresearch.org/global/2021/03/04/most-americans-support-tough-stance-toward-china-on-human-rights-economic-issues/>.

⁶ Joseph R. Biden, “Why America Must Lead Again: Rescuing US Foreign Policy After Trump”, *Foreign Affairs* 99, no. 2 (April 2020), <https://www.foreignaffairs.com/articles/united-states/2020-01-23/why-america-must-lead-again>.

Building off Trump’s restrictions against Huawei, the Biden administration has significantly expanded the use of export controls to systematically target China’s advanced technological industries. In October 2022, the US issued sweeping restrictions on exports to China related to semiconductor, advanced computing, and artificial intelligence technologies, including US-origin components, software, chip-making equipment, and persons. This marked a major escalation in the economic conflict, considered “the single most substantial move by the US government to date in its quest to undermine Chinese technology capabilities”.⁷ Simply put, semiconductors are the building blocks of all modern electronics, from computers, phones, cars, and other devices essential to everyday life, and the engines driving the most advanced technological breakthroughs.⁸

As the Trump administration had done with respect to Huawei, the Biden administration again invoked a domestic legal provision called the “foreign direct product rule” to compel extra-territorial compliance, claiming that its restrictions were applicable to any product that contained

⁷ Matt Sheehan, “Biden’s Unprecedented Semiconductor Bet”, Carnegie Endowment for International Peace, October 27, 2022, <https://carnegieendowment.org/2022/10/27/biden-s-unprecedented-semiconductor-bet-pub-88270>.

⁸ For a brief, accessible overview on semiconductors, *see* Trevor Thornton, “What Is a Semiconductor? An Electrical Engineer Explains How These Critical Electronic Components Work and How They Are Made”, *The Conversation*, August 10, 2022, <http://theconversation.com/what-is-a-semiconductor-an-electrical-engineer-explains-how-these-critical-electronic-components-work-and-how-they-are-made-188337>.

relevant US components. “That rule subjected all semiconductors on the planet to American law, because every foundry on the planet uses US tools at least in part”, explained Kevin Wolf, a former US Department of Commerce official, “If you have one US tool and 100 non-American tools in your fab, that taints any wafer moving across the line”.⁹ The *Economist* described the scope of the

US measures in the following manner:

The American government was claiming jurisdiction over every line of code or machine part that had ever passed through the United States, and over the activities of every American citizen, everywhere on the planet. Companies using American code, equipment or people to make advanced computer chips bound for China had to stop, on pain of being cut off themselves.

It was a salvo from America’s favourite new economic weapon, the Foreign Direct Product Rule (FDPR). Whereas some sanctions weaponize the ubiquity of the dollar to inflict harm by preventing targets from using it, the FDPR attempts to weaponize the ubiquity of American technology. It lets the government claim jurisdiction over almost every chip factory in the world, because almost every one contains hard-to-replace American tools.¹⁰

⁹ Alex W. Palmer, “An Act of War: Inside America’s Silicon Blockade Against China”, *The New York Times*, July 12, 2023, <https://www.nytimes.com/2023/07/12/magazine/semiconductor-chips-us-china.html>.

¹⁰ “The History and Limits of America’s Favourite New Economic Weapon”, *The Economist*, February 8, 2023, <https://www.economist.com/united-states/2023/02/08/the-history-and-limits-of-americas-favourite-new-economic-weapon>.

Ultimately, US strategy has “weaponized” its dominant position over critical “chokepoints” in global semiconductor supply chain to impede China’s technological catching-up.¹¹ Washington’s efforts have been reinforced by securing the support of its allies, namely Japan and Netherlands, which dominate key areas of the supply chain.¹² Given the maximal scope of the restrictions and the centrality of semiconductors in modern economic and technological development the export controls have been called “a declaration of war”.¹³

In this chapter, I argue that that the US is not primarily motivated by its purported concerns of “national security” and “unfair” practices, but rather seeks to impede China’s economic and technological development, and maintain US international primacy. First, I will demonstrate that the US invocation of “national security” is a fig leaf for the launching of aggressive economic policies. Second, I will demonstrate that the US narratives regarding China’s “unfair” economic

¹¹ Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion”, *International Security* 44, no. 1 (July 1, 2019): 42–79, https://doi.org/10.1162/isec_a_00351.

¹² Cagan Koc and Jenny Leonard, “Biden Wins Deal With Netherlands, Japan on China Chip Export Limit”, *Bloomberg*, January 27, 2023, <https://www.bloomberg.com/news/articles/2023-01-27/biden-wins-deal-with-dutch-japan-on-china-chip-export-controls>.

¹³ William H. Overholt and Lawrence Summers, “China’s Future: Xi Jinping and After” (Harvard University Kennedy School of Government, November 7, 2022), <https://www.youtube.com/watch?v=o-PkcXprZhc>; Palmer, “An Act of War.”

practices are not substantiated. State-directed industrial and technological policies are not only legitimate, but they have also been employed by every developed country – including the United States. Finally, I contend that US economic warfare against China fits within a broader historical pattern in which the Global North has sought to “kick away the ladder” of development from the Global South.

“Economic Security is National Security”

As part of its hostile turn towards China, the United States has increasingly conflated its “national security” with “economic security”. This equation has been explicitly enshrined in US foreign policy by the Trump and Biden administrations, which have proclaimed that “economic security is national security”.¹⁴ Scholars of international law have broadly recognized this as a significant expansion of the meaning of “national security”, being driven by US concerns about its relative global economic decline in the face of China’s growing economic competitiveness.¹⁵ “Even

¹⁴ Trump, *National Security Strategy*; Joseph R. Biden, *Interim National Security Strategic Guidance* (Washington, DC: The White House, 2021), <https://www.whitehouse.gov/wp-content/uploads/2021/03/NSC-1v2.pdf>.

¹⁵ See Anthea Roberts, Henrique Choer Moraes, and Victor Ferguson, “Toward a Geoeconomic Order,” *Journal of International Economic Law* 22, no. 4 (2019): 655–76, <https://doi.org/10.1093/jiel/jgz036>; J. Benton Heath, “The New National Security Challenge to the Economic Order,” *The Yale Law Journal* 129, no. 4 (2020): 1022–98;

though the United States enjoys technological supremacy in many areas, surges in Chinese research and development funding and recent breakthroughs in areas like AI have stirred US concerns”, Roberts, Moraes and Ferguson have noted, arguing that the Washington, “has an interest in defending its existing technological dominance, hobbling the technological ambitions of its upcoming rival and doubling down on its own technological advancement to ensure it retains its innovative edge”.¹⁶ Kho and McNamara similarly contend that the US has adopted “an excessively broad definition of national security that encompasses the maintenance of economic advantages” and “ensuring that the US maintains its economic and trade pole positions in all industries”¹⁷ Meanwhile, Lee describes the trend as a “misuse of the national security argument for a commercial purpose”, that “creates hostile international dynamics”.¹⁸

Stephen Kho and Yujin K. McNamara, “Focus On China: The Expansive Use Of National Security Measures To Address Economic Competitiveness Concerns,” *University of Pennsylvania Asian Law Review* 17, no. 3 (2022): 368–402; Kristen E. Eichensehr and Cathy Hwang, “National Security Creep in Corporate Transactions,” *Columbia Law Review* 123, no. 2 (2023): 549–614; Yong-Shik Lee, “National Security as a Means to a Commercial End: Call for a New Approach,” *Nebraska Law Review* 102, no. 1 (2023): 1–51.

¹⁶ Roberts, Moraes, and Ferguson, “Toward a Geoeconomic Order”, 12.

¹⁷ Kho and McNamara, “Focus on China: The Expansive Use of National Security Measures to Address Economic Competitiveness Concerns”, 369–70.

¹⁸ Lee, “National Security as a Means to a Commercial End: Call for a New Approach,” 29, 35.

Washington’s new interpretation has been key to its export control strategy, which has been justified as necessary “to protect US national security and foreign policy interests”.¹⁹ Tellingly, US export controls against China have utilized an obscure blacklist of the Bureau of Industry and Security (BIS) that was initially published in 1997 to prevent the diversion of exports towards the production of weapons of mass destruction.²⁰ Even within the heart of the US political establishment, this invocation of “national security” as a fig leaf for waging economic warfare.

“Although framed as a national security measure, the primary damage to China will be economic, on a scale well out of proportion to Washington’s cited military and intelligence concerns”, former Pentagon official Jon Bateman noted, explaining the weaknesses of Washington’s “national security” case:

To justify this dramatic escalation, BIS makes the same old national security arguments. Its filing takes pains to portray Chinese high-end computing as an urgent military threat. Nuclear weapons are invoked 16 times, on the grounds that top-tier processors facilitate their design and may be “inherently radiation hardened”. Artificial intelligence is cited as a surveillance tool. It’s all factually true. Yet BIS never

¹⁹ “Commerce Implements New Export Controls on Advanced Computing and Semiconductor Manufacturing Items to the People’s Republic of China (PRC)”, Bureau of Industry and Security, October 7, 2022, <https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/3158-2022-10-07-bis-press-release-advanced-computing-and-semiconductor-manufacturing-controls-final/file>.

²⁰ “Entity List”, Bureau of Industry and Security, accessed December 1, 2023, <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>.

really deals with the fundamental fact that semiconductors and AI are both dual-use, general-purpose tools. Indeed, they are the basic building blocks for an advanced, globally competitive economy. Denying them to China is effectively a form of economic containment.²¹

“The strategic objective and political commitment are now clearer than ever. China’s technological rise will be slowed at any price. ... [the US will] openly block China’s path to become an advanced economic peer”, Bateman concluded. This interpretation was echoed by former US trade official Emily Kilcrease: “We said there are key tech areas that China should not advance in. And those happen to be the areas that will power future economic growth and development”.²²

A report by the Center for Strategic and International Studies, a leading think tank based in Washington, DC, described the measures as, “a new US policy of actively strangling large segments of the Chinese technology industry – strangling with an intent to kill”.²³ The report further contended that the US did not simply seek to maintain a relative advantage, but to permanently block and reverse China’s development: “In doing this, the Biden administration is going beyond

²¹ Jon Bateman, “Biden Is All-In on Taking Out China, Whatever the Consequences”, *Foreign Policy*, October 12, 2022, <https://foreignpolicy.com/2022/10/12/biden-china-semiconductor-chips-exports-decouple/>.

²² Sheehan, “Biden’s Unprecedented Semiconductor Bet”.

²³ Gregory C. Allen, “Choking off China’s Access to the Future of AI” (Washington, DC: Center for Strategic and International Studies, October 2022), <https://www.csis.org/analysis/choking-chinas-access-future-ai>.

the traditional US policy of seeking to keep the United States' two semiconductor technology nodes ahead of China and is now trying to actively degrade China's technological maturity below its current level".

The credibility of the US "national security" argument is further undermined by Washington's that its overall aim is to indefinitely maintain US global economic and technological superiority. "We will ... shape the rules of the road for technology, cybersecurity, and trade and economics", the 2022 *National Security Strategy* declared.²⁴ Shortly after the Biden administration enacted its export controls Blinken similarly emphasized that "we're going to remain the technology leader".²⁵ Acknowledging that semiconductors "are the foundational building blocks of the twenty-first century economy", Blinken stated that the US sought "to make sure that countries that we don't want to have the most sophisticated leading-edge chips don't get them or the capacity to

²⁴ Biden, *National Security Strategy*, 11.

²⁵ Antony Blinken, "Remarks to the Press", United States Department of State, October 17, 2022, <https://www.state.gov/secretary-antony-blinken-remarks-to-the-press-3/>.

make them”.²⁶ Blinken’s remarks underscored comments made one month prior by National Security Advisor Jake Sullivan: “we must maintain as large of a lead as possible”.²⁷

This position is untenable. Of course, countries can and should promote their national economic development, and economic matters are relevant to any country’s national security. However, a country cannot equate its economic and/or national security with global supremacy. Under the current US definition, any country that Washington deems capable of attaining an *equal* position constitutes a threat, thereby justifying US efforts to sabotage that country’s development. This outlook is incompatible with the principle of sovereign equality between states.²⁸

Although the US has long undermined the development of countries that have pursued political-economic programs that it does not condone, China presents a distinct threat in Washington’s eyes, being the only country with both the “intent” and “power” to attain equal standing and, thus, “reshape the international order”.²⁹ Should China’s development advance to the point

²⁶ Blinken.

²⁷ Sullivan, “Remarks by National Security Advisor Jake Sullivan at the Special Competitive Studies Project Global Emerging Technologies Summit”.

²⁸ United Nations, “Charter of the United Nations”, 1 UNTS XVI (1945), <https://legal.un.org/repertory/art2.shtml>.

²⁹ Biden, *National Security Strategy*, 23.

that it can provide a comprehensive economic alternative to the US-led order, it would mark a death knell for Washington's ambitions for global supremacy, as countries around the world would be in a position to "refuse to go along with the demands of the US".³⁰ Unable to compete economically with China, Washington's global economic interventions aim to prevent this dynamic from reaching a point of no return.

China's "Unfair" Economic Practices

Across both the Trump and Biden administrations, the United States has claimed that there is "a coordinated effort across the Chinese government to lie, cheat, and steal their way into unfairly dominating entire technology sectors".³¹ Specifically, the US has accused China of engaging in "unfair" practices, namely "forced technology transfer", "intellectual property theft", and "state-led industrial policy". The most comprehensive evidence that the United States has provided for these claims is an investigation conducted by

³⁰ Woodward, *The US vs China: Asia's New Cold War?*, 247.

³¹ Christopher Wray, "Director Wray's Remarks at Press Conference Announcing Actions to Disrupt Criminal Activity by Individuals Associated with the Government of the People's Republic of China", Federal Bureau of Investigation, October 24, 2022, <https://www.fbi.gov/news/speeches/director-wrays-remarks-at-press-conference-announcing-actions-to-disrupt-criminal-activity-by-individuals-associated-with-the-government-of-the-peoples-republic-of-china-102422>.

the United States Trade Representative (USTR) that was released in 2018. On the basis of the USTR's findings, the Trump administration launched the US trade war against China.

(i) Forced Technology Transfer and Intellectual Property Theft

As outlined in the USTR Section 301 report, the US alleges that China forces US companies to give up their proprietary technologies in exchange for market access. The key element of the allegation is that this technology transfer is coerced and, thus, involuntary and non-consensual. The USTR focuses on the Chinese state's use of foreign ownership restrictions, such as joint venture (JV) requirements, and administrative licensing and approvals processes. Specifically, the US claims that the Chinese state makes use of these policies to “require or pressure technology transfer from US companies to Chinese entities”, and “force the disclosure of sensitive technical information”.³²

³² USTR (Office of the United States Trade Representative), “Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation Under Section 301 of the Trade Act of 1974”, March 22, 2018, <https://ustr.gov/sites/default/files/Section%20301%20FINAL.PDF>.

However, the depiction of massive, powerful US corporations as fragile victims who have been bullied for their lunch money is decidedly out of touch with reality. As Stephen Roach points out:

US and other multinational corporations willingly enter these legally negotiated arrangements for commercially sound reasons – not only to establish a toe-hold in China’s rapidly growing domestic markets but as a way to cut global production costs ... Contrary to the impression conveyed in the Section 301 report, US companies are far from innocent victims of JV arrangements. They knew what they were getting into and did so of their own volition.³³

Similarly, reviewing deals reached by US technology corporations, such as IBM and AMD, Chris Miller concludes that they were “driven by reasonable business logic”.³⁴ Rather than force, it is commercial self-interest that has motivated multinational companies to voluntarily enter into these arrangements. Foreign firms investing in China have received considerable sums in licensing fees for the use of their technology. In 2017, the year prior to Trump’s imposition of tariffs, China’s total such payments were roughly \$30 billion. In light of all the controversy that technology transfer has generated, it is worth noting that China ranked fourth in the world in the amount it pays

³³ Roach, *Accidental Conflict: America, China, and the Clash of False Narratives*, 82.

³⁴ Chris Miller, *Chip War: The Fight for the World’s Most Critical Technology* (New York: Simon & Schuster, 2022).

to use foreign technology – well behind Ireland, the Netherlands, and the United States.³⁵ Ultimately, as Gros observes “American and European companies do not have to invest in China; if they choose to do so, knowing that it will require them to share their technology, it is because they still expect to earn a profit”.³⁶

Tellingly, the USTR report was unable to present any hard evidence of “forced technology transfer”, due to their “implicit” character. Instead, the USTR report instead relies on confidential surveys of US companies operating in China. The USTR cites two 2013 surveys, which found that 36 percent of respondents and 42 percent of respondents in “advanced technology sectors” were concerned about technology transfer requirements. It is telling that in its own report, the strongest evidence the USTR could put forward indicated the majority of US firms operating in China are not concerned with technology transfer requirements.

³⁵ Nicholas R. Lardy, “China: Forced Technology Transfer and Theft?”, Peterson Institute for International Economics, April 20, 2018, <https://www.piie.com/blogs/china-economic-watch/china-forced-technology-transfer-and-theft>.

³⁶ Daniel Gros, “The Myth of China’s Forced Technology Transfer”, Project Syndicate, November 8, 2018, <https://www.project-syndicate.org/commentary/myth-of-forced-technology-transfer-china-by-daniel-gros-2018-11>.

Similarly, the USTR report was unable to present hard evidence to substantiate its claims of “intellectual property theft”. Instead, the report relies on various proxy modeling techniques, which attempt to estimate the value of Chinese intellectual property theft through extrapolation from various statistical “proxies”, such as data on narcotics trafficking, occupational fraud, illicit financial flows, and seizures of counterfeit and pirated goods; large shares of these estimated figures are then attributed to China – without providing evidence to substantiate the attributions.³⁷ As Roach outlines, the US “demands an extraordinary leap of faith to accept its notorious claim of Chinese intellectual property theft, a claim that basically relies on models built on models of models – models that in all cases are of dubious quality in their own right”.³⁸ In addition, US credibility on this matter is dubious. The disclosure of National Security Agency (NSA) documents by Edward Snowden revealed that US intelligence conducts extensive spying operations on corporations and economic actors around the world. The NSA has conducted extensive operations against Chinese telecommunications giant, Huawei,³⁹ and has been “particularly active in economic espionage

³⁷ Roach, *Accidental Conflict: America, China, and the Clash of False Narratives*, 86.

³⁸ Roach, 86.

³⁹ David E. Sanger and Nicole Perlroth, “NSA Breached Chinese Servers Seen as Security Threat”, *The New York Times*, March 22, 2014, sec. World, <https://www.nytimes.com/2014/03/23/world/asia/nsa-breached-chinese-servers-seen-as-spy-peril.html>.

against Brazil”.⁴⁰ The US has claimed that that its practices are distinct, as it does not use espionage to benefit US companies. However, the leaks indicate otherwise. In its 2009 Quadrennial Intelligence Community Review, the NSA anticipated potential scenarios in coming decades in which a “China/Russia/India/Iran centered bloc [that] challenges US supremacy” with “technological capacity ... [that] could outstrip that of US corporations”. In response to such a scenario, the NSA recommended “using cyber-espionage to bolster the competitive advantage of US corporations”.⁴¹

Washington’s fixation on finding a Chinese smoking gun is fundamentally misguided. China’s technological development is not the product of elaborate heists taking place behind closed doors, rather the reasons are plain to see. As former US Treasury Secretary Lawrence Summers has stated, “You ask me where China’s technological progress is coming from. It’s coming from terrific entrepreneurs who are getting the benefit of huge government investments in basic science. It’s coming from an educational system that’s privileging excellence, concentrating on science and

⁴⁰ “Wikileaks: US ‘routinely Spied’ on Brazil”, *BBC*, July 4, 2015, sec. Latin America & Caribbean, <https://www.bbc.com/news/world-latin-america-33398388>.

⁴¹ Glenn Greenwald, “The US Government’s Secret Plans to Spy for American Corporations”, *The Intercept*, September 5, 2014, <https://theintercept.com/2014/09/05/us-governments-plans-use-economic-espionage-benefit-american-corporations/>.

technology. That's where their leadership is coming from, not from taking a stake in some US company".⁴²

(ii) State-led Economic and Industrial Policy

At the core of US grievances are China's state-led economic model and industrial policies, which it condemns as unlawful and illegitimate. Publicly available white papers, such as the Made in China 2025 initiative, and terms within them, such as "indigenous innovation" – undoubtedly an aspiration of every country – are frequently seized upon as undeniable "evidence of China's devious plot to attain global dominance".⁴³ However, far from this sinister depiction, state-directed industrial policies are valid and essential tools that all modern states have employed and have the right to employ.⁴⁴

⁴² Matthew J. Belvedere, "Larry Summers Praises China's State Investment in Tech, Saying It Doesn't Need to Steal from US", CNBC, June 27, 2018, <https://www.cnbc.com/2018/06/27/larry-summers-china-does-not-need-to-steal-us-technology.html>.

⁴³ Roach, *Accidental Conflict: America, China, and the Clash of False Narratives*, 88.

⁴⁴ The term industrial policy encompasses a wide range of government interventions that aim "to change the production structure of an economy in order to accelerate economic development". Such measures are undertaken to promote domestic capabilities and diversify into new, non-traditional, and higher-productivity activities, in which the "free market" tends to be unable to generate sufficient investment and support. See Robert H. Wade, "The Role of Industrial Policy in Developing Countries", in *Rethinking Development Strategies after the Financial Crisis, Volume I: Making the Case for Policy Space*, ed. Alfredo Calcagno et al. (New York: UNCTAD, 2015), 67–80.

The contemporary controversy surrounding state economic intervention and industrial policy is the product of decades-long stigmatization during the neoliberal period. To advance their agenda of privatization, liberalization, and deregulation, the US and Western countries cast “the state’s role in the economy ... in an emphatically negative light”, and attributed “economic advancement ... to the workings of free markets”.⁴⁵ The rigidity of Western neoliberal ideology was encapsulated in the slogan: “there is no alternative”. For several decades, the US and its allies constrained many state functions, not only in their own countries, but frequently imposed such “structural adjustments” on developing countries through economic coercion (i.e., sanctions, blockades, and the withholding of finance), armed force, and regime change.⁴⁶

Putting aside for a moment the issue of imperial interventionism, is there a sound basis for this severe opposition towards state economic intervention and industrial policy? As Dani Rodrik points out, “in light of the skepticism that attaches to industrial policy” it is curious that “almost

⁴⁵ Elizabeth Thurbon and Linda Weiss, “The Developmental State in the Late Twentieth Century”, in *Handbook of Alternative Theories of Economic Development*, ed. Erik Reinert, Jayati Ghosh, and Rainer Kattel (Northampton, MA, USA: Edward Elgar, 2016).

⁴⁶ Sarah Babb, “The Washington Consensus as Transnational Policy Paradigm: Its Origins, Trajectory and Likely Successor”, *Review of International Political Economy* 20, no. 2 (April 1, 2013): 268–97, <https://doi.org/10.1080/09692290.2011.640435>; Alexander Main, “Out of the Ashes of Economic War”, *NACLA Report on the Americas* 52, no. 1 (January 2, 2020): 33–40, <https://doi.org/10.1080/10714839.2020.1733222>.

no-one questions” the long-standing role of government intervention in critical areas, “such as education, health, social insurance, and macroeconomic stabilization”.⁴⁷ In each of these areas, there is near-universal recognition that government intervention is necessary and, despite any difficulties, “debates in these policy areas are rarely about *whether* the government should be involved; they are about *how* the government should go about running its policies. It’s not about whether, but about how”.⁴⁸ Similarly, industrial policy should be normalized and not be dismissed out of hand.

More important than this logical argument, is the historical record: the development of all now-developed countries – the principal opponents of state intervention – has depended upon industrial policy.⁴⁹ In the words of the WTO, industrial policies are “as old as industrialization”, dating back to “nineteenth-century ... early industrializers in Western Europe and North

⁴⁷ Dani Rodrik, “Industrial Policy: Don’t Ask Why, Ask How”, *Middle East Development Journal* 1, no. 1 (January 2009): 1–2.

⁴⁸ Rodrik, 2.

⁴⁹ Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (London: Anthem Press, 2002); Mehdi Shafaeddin, “How Did Developed Countries Industrialize? The History of Trade and Industrial Policy: The Cases of Great Britain and the USA”, UNCTAD Discussion Papers (Geneva: United Nations Conference on Trade and Development, 1998), <https://digitallibrary.un.org/record/266117>.

America”.⁵⁰ Twentieth century post-war economic expansion – commonly referred to as the “golden age of capitalism” – was in fact, the “golden age of industrial policy”, as both “the United States and the Soviet Union used state power to mobilize industry and science ... Meanwhile, European governments increasingly turned to industrial planning to accelerate the development of strategic sectors and to narrow the perceived technology gap with the United States”.⁵¹ Similarly, industrial policies drove the “economic miracle”, associated with Japan, South Korea, and other East Asian economies.

State-led industrial policy has also been central to the (incomplete) development that has taken place in the Global South. State steerage is so important in the developing world because, unlike private economic actors and market forces, states are capable of adopting the long-term, strategic perspectives necessary to promote national economic development and industrialization.⁵²

This view is supported by the unmatched success of the post-decolonization *dirigiste* period of

⁵⁰ World Trade Organization, *World Trade Report 2020: Government Policies to Promote Innovation in the Digital Age* (Geneva: World Trade Organization, 2020), 17, https://www.wto.org/english/res_e/publications_e/wtr20_e.htm.

⁵¹ World Trade Organization, 18.

⁵² “Dani Rodrik, “What’s So Special about China’s Exports?”, *China & World Economy* 14, no. 5 (September 2006): 6, <https://doi.org/10.1111/j.1749-124X.2006.00038.x>.

state-directed economic development. During this period (1950–1990), the Global South surpassed the economic development attained by the Global North during its comparable, early industrializing period (1820–1900) – doing so in *half* the amount of time and with *five* times the initial population.⁵³ As Surendra Patel concludes, “[t]he achievements of those decades are a story without parallel in world development history”.⁵⁴ In contrast, the neoliberal “Washington Consensus” led to “the lost decades” of development. Between 1980–1998, median per capita income growth in developing countries was 0.0 percent, compared to 2.5 percent from 1960–1979.⁵⁵ The post-decolonization period of dirigisme, thus represents a distinct interlude between two eras – colonial and neoliberal – in which Western powers proscribed states of the Global South from leading national development programs.⁵⁶ Viewed in this context, contemporary Western hostility to state economic intervention can be understood as part of a broader imperialist orientation.

⁵³ Surendra J. Patel, “In Tribute to the Golden Age of the South’s Development”, *World Development* 20, no. 5 (May 1992): 767–77, [https://doi.org/10.1016/0305-750X\(92\)90151-K](https://doi.org/10.1016/0305-750X(92)90151-K).

⁵⁴ Patel, 1.

⁵⁵ William Easterly, “The Lost Decades: Developing Countries’ Stagnation in Spite of Policy Reform 1980-1998”, *Journal of Economic Growth* 6, no. 2 (June 2001): 135–57.

⁵⁶ See Utsa Patnaik and Prabhat Patnaik, *A Theory of Imperialism* (New York: Columbia University Press, 2017).

China was one of the few developing countries that was able to “escape from shock therapy” and “wholesale assimilation to global neoliberalism”.⁵⁷ Over the past four decades, China has rapidly transformed from a poor agrarian country to the world’s second largest economy, attaining unparalleled industrial and technological development and lifting hundreds of millions of people out of poverty. Although Western institutions and commentators attempted for many years (prior to the US pivot) to attribute China’s rise to a purported adoption of neoliberalism, “much more than comparative advantage and ‘free markets’ have been at play here”.⁵⁸ State-led industrial policies allowed China to reduce its reliance on multinational corporations, increase its domestic industrial capabilities, and shift towards higher value-added activities.⁵⁹

Industrialization, technological upgrading, and development are common aspirations across the Global South. For this reason, countries across Africa, Asia, and Latin America, have closely studied China’s experience and sought to extrapolate lessons for their own development. In 2022, the United Nations Conference on Trade and Development (UNCTAD) published a

⁵⁷ Isabella M. Weber, *How China Escaped Shock Therapy: The Market Reform Debate* (New York: Routledge, 2021).

⁵⁸ Rodrik, “What’s So Special about China’s Exports?”, 16.

⁵⁹ Rodrik, “What’s So Special about China’s Exports?”

volume dedicated to examining this specific question.⁶⁰ Colloquially referred to as the think tank of the Global South, UNCTAD expressed a perspective on that diverged sharply from Washington's, calling China's achievements "inspirational for many developing countries". On industrial policy, the report stated:

China's successful transformation from an agrarian economy to a global manufacturing hub can provide important insights for developing countries regarding industrial policy design. ... First the state has a vital role in the industrialization process, which cannot be left to the market alone. The state needs to set its goals and then implement policies to enable the domestic producers to achieve those goals. ... industrial policy has been the key to China's transformation⁶¹

This interest is not merely theoretical but motivating large-scale partnerships between developing countries and China. Significantly, The Forum on China-Africa Cooperation and the China-Community of Latin American and Caribbean States have both reached regional agreements to facilitate industrial cooperation and industrial policy exchanges.

* * *

⁶⁰ United Nations Conference on Trade and Development, *China's Structural Transformation: What Can Developing Countries Learn?* (United Nations Publications, 2022), https://unctad.org/system/files/official-document/gds2022d1_en.pdf.

⁶¹ United Nations Conference on Trade and Development, 83–84.

Ultimately, no country has the right to determine another country's development strategy.

Industrial policies are not only legitimate, but they have also been central China's development and future prospects. The contemporary US posture with respect to China reflects a broader historical pattern within global capitalism, in which dominant powers have sought to block the ascendance of "contender" developers.⁶² As nineteenth century German economist Friedrich List famously put it:

It is a very common clever device that when anyone has attained the summit of greatness, he *kicks away the ladder* by which he has climbed up, in order to deprive others of the means of climbing up after him.⁶³

⁶² Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective*.

⁶³ Chang.

3

Is Chinese “Aggression” Responsible for Tensions Around Taiwan?

In recent years, Taiwan has become a flashpoint for tensions between the United States and China, raising global fears that a major war may break out in the Asia-Pacific. In 2021, amid the growing prospect of an armed conflict in the Taiwan Strait, *The Economist* declared the island to be, “the most dangerous place on Earth”.¹ The precariousness of the situation was underscored in December 2022, when US and Chinese military aircraft came within three metres of colliding over the South China Sea.²

¹ “The Most Dangerous Place on Earth”, *The Economist*, May 1, 2021, <https://www.economist.com/leaders/2021/05/01/the-most-dangerous-place-on-earth>.

² Idrees Ali, “Chinese Jet Came within 10 Feet of US Military Aircraft, US Says”, *Reuters*, December 29, 2022, sec. World, <https://www.reuters.com/world/chinese-jet-came-within-20-feet-us-military-aircraft-us-military-2022-12-29/>.

The US national security establishment routinely sounds the alarm, warning that a Chinese military invasion of Taiwan is imminent. In just the past two years, Admiral Philip S. Davidson, then-commander of US Indo-Pacific Command, told the US Senate that China’s “threat” to Taiwan would “manifest” by 2027; CIA Director William Burns claimed that “we know as a matter of intelligence that [President Xi Jinping has] instructed the People’s Liberation Army to be ready by 2027 to conduct a successful invasion”;³ US Air Force General Mike Minihan issued a memo stating that, “my gut tells me we will fight in 2025”;⁴ and, outpacing all of these predictions, Admiral Mike Gilday, US Chief of Naval Operations, warned that the US should be prepared for a potential invasion of Taiwan in 2022 or 2023 (...perhaps next year, Admiral).⁵ These urgent warnings are echoed by a bipartisan consensus on Capitol Hill. “[W]hen it comes to Taiwan, time is not on our side”, stated Republican Congressperson Mike Gallagher, chair of the US House Select Committee on the Chinese Communist Party. “We have entered the window of maximum

³ Olivia Gazis, “CIA Director William Burns: ‘I Wouldn’t Underestimate’ Xi’s Ambitions for Taiwan”, *CBS News*, February 3, 2023, <https://www.cbsnews.com/news/cia-director-william-burns-i-wouldnt-underestimate-xis-ambitions-for-taiwan/>.

⁴ Courtney Kube and Mohsseh Gains, “US General Predicts War with China in 2025, Tells Officers to Get Ready”, *NBC News*, January 27, 2023, <https://www.nbcnews.com/politics/national-security/us-air-force-general-predicts-war-china-2025-memo-rcna67967>.

⁵ “US Must Prepare Now for China Invasion of Taiwan: Admiral”, *France 24*, October 20, 2022, <https://www.france24.com/en/live-news/20221020-us-must-prepare-now-for-china-invasion-of-taiwan-admiral>.

danger”.⁶ Similarly, Democratic Senator Bob Menendez, chair of the US Senate Committee on Foreign Relations, has stressed that the US must act “while there is still time”.⁷ The temperature in Washington has become so heated, that it prompted General Mark Milley, former chairman of the Joint Chiefs of Staff, to call on officials to “lower the rhetoric”.⁸

How did we get to this moment?

The current tensions surrounding Taiwan are the latest phase in a longer-term conflict between the United States and China that dates back to the Chinese Civil War and is rooted in the two countries’ divergent positions regarding island’s relationship to the mainland (this history will be explored in greater detail later in the chapter). The Chinese position, known as the “One China” principle, is firm: the mainland and Taiwan have different political systems, they are part of the same country, with sovereignty residing in Beijing. Meanwhile, the US has formally adopted a One China policy, but its meaning has shifted over time and remains relatively opaque, in part

⁶ Mike Gallagher, “Gallagher Outlines Vision to Deter CCP Invasion of Taiwan”, Congressman Mike Gallagher, October 18, 2022, <http://gallagher.house.gov/media/press-releases/gallagher-outlines-vision-deter-ccp-invasion-taiwan>.

⁷ Bob Menendez, “This Is How the US Will Stand with Taiwan”, *The New York Times*, August 3, 2022, <https://www.nytimes.com/2022/08/03/opinion/taiwan-us-defense-china.html>.

⁸ Kevin Baron, “‘Lower the Rhetoric’ on China, Says Milley”, *Defense One*, March 31, 2023, <https://www.defenseone.com/threats/2023/03/lower-rhetoric-china-says-milley/384693/>.

due to its policy of “strategic ambiguity”. Prior to normalizing relations with China in 1979, the US officially recognized the island’s government as the sole, legitimate representative of all of China. Since normalization, the US position has been more ambiguous. Washington has established official relations with Beijing, severed formal ties with Taiwan, and stated that it does not support “Taiwan independence”. At the same time, the US has maintained extensive “unofficial” relations with Taiwan, including significant military, economic, and diplomatic ties. During the past three decades, this uneasy status quo continued to be a source of friction between the US and China, with occasional flare-ups such as the Taiwan Straits crisis in the mid-1990s.

Under the Trump and Biden administrations, these unresolved tensions have threatened to boil over. A new era in the conflict was signalled shortly after the 2016 US presidential election, when Trump accepted a congratulatory phone call from Tsai – the first official communication between a US president or president-elect and a leader of Taiwan since 1979. During Trump’s presidency, the US would lift decades-old restrictions on contacts between US officials and their Taiwanese counterparts and enact new pieces of legislation to promote further official visits and

greater advocacy for the island's membership in interstate organizations.⁹ The Trump administration also strengthened US military support for Taiwan, ramping up US Navy transit through the Taiwan Strait and approving billions worth of arms sales that the Obama administration had previously blocked to the island and military activity in the Taiwan Strait.¹⁰ According to Richard C. Bush, former head of the American Institute in Taiwan (the *de facto* US embassy), the “[Trump] administration’s stated policy towards China [was] the most hostile of any since the Eisenhower administration”.¹¹ For reference, the Eisenhower administration publicly threatened to launch nuclear strikes against China during the Taiwan Straits crises of the 1950s.¹²

The Biden administration has continued in this direction. Official exchanges further expanded, highlighted by then-Speaker of the House Nancy Pelosi’s controversial visit to the island in August 2022 – the highest-ranking US government official to do so since 1997 – and Tsai Ing-

⁹ See “Taiwan Travel Act”, Pub. L. No. 115–135 (2018), <https://www.congress.gov/bill/115th-congress/house-bill/535>. Taiwan Allies International Protection and Enhancement Initiative (TAIPEI) Act, Pub. L. No. 116–135 (2020), <https://www.congress.gov/bill/116th-congress/senate-bill/1678>.

¹⁰ Grothusen, “How Biden Is Building on Trump’s Legacy in Taiwan”.

¹¹ Richard C. Bush, “The Trump Administration’s Policies toward Taiwan”, The Brookings Institution, June 5, 2019, <https://www.brookings.edu/articles/the-trump-administrations-policies-toward-taiwan/>.

¹² Gregory Kulacki, “Nuclear Weapons in the Taiwan Strait Part I”, *Journal for Peace and Nuclear Disarmament* 3, no. 2 (July 2, 2020): 310–41, <https://doi.org/10.1080/25751654.2020.1834963>.

wen's visit to the US and meeting with Pelosi's successor Kevin McCarthy in April 2023 – the highest-ranking official to meet with a Taiwanese leader on US soil since 1979.¹³ On at least four occasions since October 2021, President Biden has publicly stated that the United States would militarily intervene to “defend Taiwan”.¹⁴ By explicitly pledging the direct intervention of the US military, these declarations go beyond existing US policy and legal commitments, prompting many observers to ask whether Washington has abandoned its long-held stance (it should be noted that the White House has walked back Biden's comments in each instance).¹⁵ Most significantly, the Biden administration has accelerated weapons transfers to the island. “The US aims to turn Taiwan

¹³ Yasmeeen Abutaleb and Lily Kuo, “White House Scrambles to Tamp down Crisis amid Pelosi Visit to Taiwan”, *The Washington Post*, August 2, 2022, <https://www.washingtonpost.com/world/2022/08/02/nancy-pelosi-visit-taiwan-china-military/>; “US Speaker McCarthy Meets Taiwan's Tsai despite China Pressure”, *Al Jazeera*, April 5, 2023, <https://www.aljazeera.com/news/2023/4/5/us-house-speaker-mccarthy-holds-historic-visit-with-taiwans-tsai>.

¹⁴ Stephen Wertheim, “Biden's Bullish Rhetoric on Taiwan Risks Provoking China with No Gain in Security,” *The Guardian*, September 21, 2022, <https://www.theguardian.com/commentisfree/2022/sep/21/biden-taiwan-comments-china-war-independence>.

¹⁵ See for example, Stephen Wertheim, “Biden's Bullish Rhetoric on Taiwan Risks Provoking China with No Gain in Security”, *The Guardian*, September 21, 2022, <https://www.theguardian.com/commentisfree/2022/sep/21/biden-taiwan-comments-china-war-independence>; David Smith, “Biden's Taiwan Vow Creates Confusion Not Clarity – and Raises China Tensions”, *The Guardian*, May 23, 2022, <https://www.theguardian.com/us-news/2022/may/23/biden-taiwan-china-strategic-ambiguity-us-foreign-policy>; David Sacks, “What Biden's Big Shift on Taiwan Means”, Council on Foreign Relations, May 24, 2022, <https://www.cfr.org/blog/what-bidens-big-shift-taiwan-means>; Josh Rogin, “Has Biden Altered the One-China Policy? Yes and No”, *The Washington Post*, October 13, 2022, <https://www.washingtonpost.com/opinions/2022/10/13/biden-china-taiwan-policy-contradiction/>.

into a giant weapons depot” per *The New York Times*, while the *BBC* reports, “the US is quietly arming Taiwan to the teeth”.¹⁶

The United States has provided three principal justifications for its increased involvement in the Taiwan Strait. First, Washington frames its motivations in moral terms, namely, the defense of democracy, rather than in terms of its geopolitical interests. The Biden administration has situated the island and mainland on opposing sides of the “battle between democracy and autocracies”.¹⁷ During her visit to the island, Nancy Pelosi summarized this outlook, telling Taiwanese officials that the world faces “a choice between democracy and autocracy” and declaring that “America’s determination to preserve democracy, here in Taiwan and around the world, remains ironclad”.¹⁸

Second, the Biden administration has portrayed the US as a defender of the sovereignty of weak countries against autocratic assaults: “we are trying to support every country, regardless of

¹⁶ Edward Wong and John Ismay, “US Aims to Turn Taiwan Into Giant Weapons Depot - The New York Times”, *The New York Times*, October 5, 2022, <https://www.nytimes.com/2022/10/05/us/politics/taiwan-biden-weapons-china.html>; Rupert Wingfield-Hayes, “The US Is Quietly Arming Taiwan to the Teeth”, *BBC News*, November 5, 2023, <https://www.bbc.com/news/world-asia-67282107>.

¹⁷ Biden, “State of the Union Address”.

¹⁸ Huizhong Wu, “Pelosi Tells Taiwan US Commitment to Democracy Is ‘Ironclad,’” Associated Press, August 3, 2022, <https://apnews.com/article/taiwan-asia-beijing-nancy-pelosi-taipei-938933cfaea62b31e7577b0a2a4f7006>.

size or strength, in exercising the freedom to make choices that serve their interests. This is a critical difference between our vision, which aims to preserve the autonomy and rights of less powerful states, and that of our rivals, which does not”.¹⁹ In the case of Taiwan, while formally stating that it “[does] not support independence”, the US invokes the island’s “self-determination” to justify its involvement. For example, the 2022 *Indo-Pacific Strategy* states that the US will work “to ensure an environment in which Taiwan’s future is determined peacefully in accordance with the wishes and best interests of Taiwan’s people” and “to ensure Indo-Pacific governments can make independent political choices free from coercion”.²⁰ More importantly, the US is the principal ally of Tsai Ing-wen and her Democratic Progressive Party (DPP), which has formally adopted a separatist policy, declaring that “Taiwan is a sovereign state”, and lists as its principal objective “establishing the Republic of Taiwan as a sovereign, independent, and autonomous nation”.²¹

¹⁹ Biden, *National Security Strategy*, 9.

²⁰ Joseph R. Biden, *Indo-Pacific Strategy of the United States* (Washington, DC: The White House, 2022), <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>.

²¹ Democratic Progressive Party of Taiwan, “Party Platform”, accessed July 12, 2023, https://www.dpp.org.tw/en/upload/download/Party_Platform.pdf.

Third, the US contends that China’s “growing aggressiveness” is driving tensions around Taiwan, and that its own involvement is a response to this provocation and is aimed at “maintaining peace and stability across the Taiwan Strait”.²² Blinken has summed up the US position in the following manner: “our policy has not changed, what has changed is Beijing’s growing coercion ... Beijing has engaged in increasingly provocative rhetoric and activity”.²³ The Pentagon echoed this sentiment in its 2022 *National Defense Strategy*, stating that “[China’s] increasingly provocative rhetoric and coercive activity towards Taiwan are destabilizing ... and threaten the peace and stability of the Taiwan Strait”, and accusing China of using its “growing strength and military footprint, to coerce its neighbours and threaten their interest”.²⁴ Similarly, the 2022 *Indo-Pacific Strategy* claims that the reason for “the intensifying American focus” on the region is due to “[China’s] coercion and aggression ... is most acute in the Indo-Pacific”, highlighting its “growing pressure on Taiwan”.²⁵

²² Biden, *National Security Strategy*, 17.

²³ Antony Blinken, “The Administration’s Approach to the People’s Republic of China”, United States Department of State, May 26, 2022, <https://www.state.gov/the-administrations-approach-to-the-peoples-republic-of-china/>.

²⁴ Austin III, *National Defense Strategy of the United States of America*, 4.

²⁵ Biden, *Indo-Pacific Strategy*, 5.

In this chapter, I argue that the US narrative on Taiwan is inaccurate. First, examining the historical roots of current tensions surrounding Taiwan, I demonstrate that Washington's concern for the island was driven by a desire to use it as a strategic foothold to advance US interests. Second, I argue that, in the current period, the US is not motivated by concerns for democracy or self-determination, but opportunistically invoking this sentiment to legitimize its ongoing intervention in the island. Finally, reviewing the US militarization of Asia, I conclude that Washington's continued intervention in the region and containment strategy against China is driving tensions in the Taiwan Strait.

A Foothold for US Influence

To understand the current tensions surrounding Taiwan, it is necessary to examine the island's historical importance within the Chinese Civil War and Cold War. From 1927 to 1949, the civil war was fought intermittently between the Communist Party of China (CPC) and the nationalist Kuomintang (KMT). The civil war was halted by the Japanese invasion of China in 1937 but would resume following the end of the Second World War in 1945. Seeking to prevent

a communist victory, the United States threw its weight behind KMT, providing the nationalist forces with over \$2 billion in aid between 1945 and 1949, roughly half of which was military aid.²⁶

Senior US officials did not consider their participation in the Chinese Civil War as a democratic struggle. In fact, the US State Department noted in internal assessments that “the Nationalists lack ... the affirmative support of the population in whose midst they must operate”.²⁷ Similarly, General Albert C. Wedemeyer, commander of US forces in China, told the US Senate Committee on Foreign Relations that “it doesn't matter an awful lot whether [KMT leader Chiang Kai-Shek] is a benevolent despot – which he is – or a democrat”.²⁸ This lack of concern for Chinese democracy was also a product of racist attitudes towards the peoples of Asia. According to George Kennan, architect of the containment strategy that guided US foreign policy during the Cold War, Asians were “for political purposes, emotionally volatile children”,²⁹ for whom “human rights, the

²⁶ United States Department of State, *The China White Paper, August 1949*, ed. Lyman P. Van Slyke (Stanford: Stanford University Press, 1967).

²⁷ Paul J. Heer, *Mr. X and the Pacific: George F. Kennan and American Policy in East Asia* (Cornell University Press, 2018), 39.

²⁸ J. Y. Smith, “Gen. Albert Wedemeyer, WWII Strategist, Dies”, *Washington Post*, December 20, 1989, <https://www.washingtonpost.com/archive/local/1989/12/20/gen-albert-wedemeyer-wwii-strategist-dies/181c00ac-0bec-4e40-b314-2e7534724883/>.

²⁹ Heer, *Mr. X and the Pacific: George F. Kennan and American Policy in East Asia*, 125.

raising of the living standards, and democratization” were “unreal objectives”.³⁰ In 1948, Kennan, then-director of the State Department’s Policy Planning Staff, offered the following assessment of

US priorities in Asia:

we have about 50 percent of the world’s wealth but only 6.3 percent of its population. This disparity is particularly great as between ourselves and the peoples of Asia. In this situation, we cannot fail to be the object of envy and resentment. Our real task in the coming period is to devise a pattern of relationships which will permit us to maintain this position of disparity without positive detriment to our national security.³¹

Despite US efforts, the civil war culminated in a communist victory. In Washington, this defeat was referred to as “the loss of China”, igniting a bitter debate over who was to blame. As Chomsky observes, “[t]he terminology is revealing. It is only possible to lose something that one owns. The tacit assumption was that the US owned China, by right, along with most of the rest of the world, much as postwar planners assumed”.³²

³⁰ Heer, 125.

³¹ United States Department of State, “PPS/23: Report by the Policy Planning Staff (February 24, 1948)”, in *Foreign Relations of the United States, 1948*, vol. I, General; The United Nations, Part 2 (Washington, DC: United States Government Printing Office, 1976), <https://history.state.gov/historicaldocuments/frus1948v01p2/d4>.

³² Noam Chomsky, “‘Losing’ the World: American Decline in Perspective, Part 1”, *The Guardian*, February 14, 2012, <https://www.theguardian.com/commentisfree/cifamerica/2012/feb/14/losing-the-world-american-decline-noam-chomsky>.

After the war, the CPC established the People’s Republic of China (PRC) on the mainland, while the KMT fled to Taiwan and established a rival government-in-exile under the name of the Republic of China (ROC). The US military and nuclear weapons soon followed.³³ The United States Taiwan Defence Command was established in 1955, occupying the island with thousands of US troops until 1979.³⁴ General Douglas MacArthur, commander of the US Army in the Far East from 1947 to 1951, described Taiwan as an “unsinkable aircraft carrier” and a central cog – along with Japan, South Korea, and the Philippines – in “a chain of islands ... held by us and our free allies” that would allow the US to “embrace the entire Pacific Ocean” and “control it to the shores of Asia”.³⁵ The US used the island to place military pressure on Beijing, assisting the ROC to conduct aerial bombing and naval shelling of the mainland.³⁶ In addition,

³³ Robert S. Norris, William M. Arkin, and William Burr, “Where They Were”, *Bulletin of the Atomic Scientists* 55, no. 6 (November 1, 1999): 26–35, <https://doi.org/10.2968/055006011>.

³⁴ W. Brent Christensen, “Remarks by AIT Director W. Brent Christensen at the Security Cooperation Month Memorial Unveiling Ceremony”, American Institute in Taiwan, September 2, 2020, <https://www.ait.org.tw/remarks-by-ait-director-w-brent-christensen-at-the-security-cooperation-month-memorial-unveiling-ceremony/>.

³⁵ “National Affairs: An Unsinkable Aircraft Carrier,” *Time*, September 4, 1950, <https://content.time.com/time/subscriber/article/0,33009,856644,00.html>.

³⁶ Kulacki, “Nuclear Weapons in the Taiwan Strait Part I”.

Taiwan became an essential hub for gathering intelligence, as Rawnsley notes, “the island became the CIA’s main operational base in Asia, eventually boasting 600 CIA staff”.³⁷

Located just 160 kilometres off the south-eastern coast of the Chinese mainland, Taiwan represented a useful foothold that the US used to project its power and isolate Beijing from the international community. From 1949–1971, the US successfully manoeuvred to exclude the PRC from the United Nations by arguing that the ROC administration in Taiwan was the sole legitimate government of the entirety of China. As more and more formerly colonized nations won their independence and entered the UN, the US-led campaign to exclude China became increasingly difficult to sustain. In 1971, the UN General Assembly ultimately voted to oust the ROC and recognise the PRC as the only legitimate representative of China. Another important factor was Washington’s shift, under President Richard Nixon, towards the pursuit of relations with Beijing (seeking to gain greater leverage over the Soviet Union and benefit from engagement with the mainland).³⁸ Following a decade of rapprochement, in 1979, the US finally normalised

³⁷ Gary D. Rawnsley, “Taiwan’s Propaganda Cold War: The Offshore Islands Crises of 1954 and 1958”, in *The Clandestine Cold War in Asia, 1945–1965: Western Intelligence, Propaganda, and Special Operations*, ed. Richard J. Aldrich, Gary D. Rawnsley, and Ming-Yeh T. Rawnsley (London: Frank Cass, 2000), 86.

³⁸ Woodward, *The US vs China: Asia’s New Cold War?*, 123–37.

relations with the PRC, adopted the One China policy, and ended its formal diplomatic relations with the ROC in Taiwan.

Far from protecting “democracy” in Taiwan during the Cold War, the US instead backed the ROC as it established a dictatorship, including a 38-year-long consecutive period of martial law from 1949–1987. During this time, known as the “White Terror”, the ROC engaged in intense political repression, with Taiwanese authorities estimating that 140,000 to 200,000 people were imprisoned or tortured, and 3,000 to 4,000 were executed.³⁹ Despite its high-minded rhetoric, Washington backstopped the ROC’s violent, authoritarian rule given the regime’s utility in advancing US geopolitical aims. As former US diplomat and historian Nancy Bernkopf Tucker put it, “[i]n America’s broad vision, Taiwan could be useful if it restrained and embarrassed Beijing ... the US found its association with the repressive and dictatorial KMT authorities necessary and convenient”.⁴⁰

³⁹ “Teaching Human Rights through Documentaries”, Ministry of Culture (Taiwan), April 20, 2014, https://web.archive.org/web/20230330181047/https://www.moc.gov.tw/en/information_196_75811.html.

⁴⁰ Nancy Bernkopf Tucker, *Strait Talk: United States-Taiwan Relations and the Crisis with China* (Cambridge, MA: Harvard University Press, 2011), 12.

The Shift to “Democracy” and “Self-Determination”

As the previous section has recounted, for more than three decades the US cynically used Taiwan as an outpost for its influence in the region. Today’s discursive shift towards “democracy” and “self-determination”, does not reflect a change in this underlying motivation, rather they are adaptations to changes in the global landscape.

(i) From “Containment” to “Democracy Promotion”

As the Cold War came to an end that the US “increasingly emphasized support for democracy as a foreign policy goal” as it sought to “a new organizing concept that [could] fill the void left by containment’s demise”.⁴¹ According to Peceny, the US “use[d] the promotion of democracy to build domestic political consensus and ‘policy legitimacy’ for US interventions”.⁴² Washington’s track record in subsequent decades of invoking “democracy promotion” to launch wars of aggression, particularly in the case of Iraq, and regime change efforts has left the concept with little credibility. By 2008, Thomas Carothers, the leading academic proponent of US “democracy

⁴¹ Thomas Carothers, “Democracy Without Illusions”, *Foreign Affairs*, February 1997, <https://www.foreignaffairs.com/articles/africa/1997-01-01/democracy-without-illusions>.

⁴² Mark Peceny, “Two Paths to the Promotion of Democracy during US Military Interventions”, *International Studies Quarterly* 39, no. 3 (1995): 371–401, <https://doi.org/10.2307/2600926>.

promotion” lamented that, “on the world stage, the US provokes many doubts and suspicions about its efforts to promote democracy”.⁴³ Carothers list of prescriptions “to decontaminate American democracy promotion” reflect the degree to which the concept had been abused: “[the US] has to first say that democracy promotion will not be pursued via unauthorized military force against another country. Secondly, it means that the US must stop associating democracy promotion with regime change ... Third, it means not intervening in elections for the sake of favouring certain groups”.⁴⁴ In fact, as Carothers more-or-less conceded, democracy promotion was merely an ideological justification to buttress the designs of US imperialism in the post-Cold War era.⁴⁵

Moreover, Washington has consistently demonstrated it is willing to abandon its purported democratic concerns when it serves US interests. To expand its global military base network, Vine demonstrates that “[US] officials have repeatedly collaborated with murderous, antidemocratic regimes and ignored widespread evidence of human rights abuses”.⁴⁶ Many of the countries that host

⁴³ Thomas Carothers, “Does Democracy Promotion Have a Future?”, in *Democracy and Development*, ed. Bernard Berendsen (Amsterdam: KIT Publishers, 2008), 121.

⁴⁴ Carothers, 135–36.

⁴⁵ Radhika Desai, “The Imperialism of Democracy and Human Rights vs the Democracy and Human Rights of Imperialism,” *International Critical Thought* 12, no. 2 (2022): 169–78.

⁴⁶ David Vine, *Base Nation: How US Military Bases Abroad Harm America and the World* (New York: Metropolitan Books, 2015), 97.

US military bases qualify as “authoritarian regimes” under leading democracy indices; in these cases, Vine argues that “American installations and the troops stationed on them are effectively helping block the spread of democracy”.⁴⁷

Due to this historic and ongoing hypocrisy, the Biden administration’s “democracy versus autocracy” framework has faced widespread criticism and struggled to galvanize global support.⁴⁸

Due to its close relations with far-right, repressive governments in India, Saudi Arabia, Brazil, and the Philippines, the US has been accused of hypocrisy and using “democracy” as ploy to construct a geopolitical bloc. Ahead of Biden’s initial “Summit for Democracy”, a report in *The Washington Post* noted that the White House had “creat[ed] an invite list that seems to divide the world into

⁴⁷ Vine, “How US Military Bases Back Dictators and Military Regimes”, *Truthdig*, May 18, 2017, <https://www.truthdig.com/articles/how-u-s-military-bases-back-dictators-and-military-regimes/>.

⁴⁸ See James Goldgeier and Bruce W. Jentleson, “A Democracy Summit Is Not What the Doctor Ordered”, *Foreign Affairs*, December 14, 2020, <https://www.foreignaffairs.com/articles/2020-12-14/democracy-summit-not-what-doctor-ordered>; Anatol Lieven, “Why It Would Be Better If This Democracy Summit Never Happened”, *Responsible Statecraft*, December 7, 2021, <https://responsiblestatecraft.org/2021/12/07/why-it-would-be-better-if-this-democracy-summit-never-happened/>; Debasish Roy Chowdhury, “Joe Biden’s Democracy Summit Is the Height of Hypocrisy”, *Time*, December 10, 2021, <https://time.com/6127359/biden-summit-for-democracy/>; David Adler and Stephen Wertheim, “Biden Wants to Convene an International ‘Summit for Democracy’. He Shouldn’t”, *The Guardian*, December 22, 2020, <https://www.theguardian.com/commentisfree/2020/dec/22/biden-wants-to-convene-an-international-summit-for-democracy-he-shouldnt>.

good guys and bad guys”.⁴⁹ Former State Department official, Elizabeth Shackelford has observed that the “us’ versus ‘them’ approach” has “draw[n] attention to the hypocrisy of US engagement around the world”.⁵⁰ As such, “[t]he clear lesson emerging is that democratic values matter a lot less than winning the geopolitical influence game” against China and Russia.⁵¹ Across the Global South there is little desire to be drawn into a new Cold War in the name of “democracy”, as evidenced by the emergence of a “new non-alignment” – a development that has caused much frustration in Western capitals.⁵²

(ii) “Self-Determination” with “No Choice”

For three decades following the Chinese Revolution, Washington, Beijing, and Taipei all agreed the island and the mainland were part of one country – China – the disagreement was over whether the PRC or ROC was the rightful government. Following normalization, the US has

⁴⁹ Ashley Parker and John Hudson, “Biden’s ‘Summit for Democracy’ Includes Countries That Hardly Seem to Qualify”, *Washington Post*, December 7, 2021, https://www.washingtonpost.com/politics/biden-democracy-autocracy-summit/2021/12/06/67558116-56ad-11ec-929e-95502bf8cdd5_story.html.

⁵⁰ Elizabeth Shackelford, “Democracies vs. Autocracies: The Risk of Framing Geopolitics as Us vs. Them”, *Jurist*, August 31, 2023, <https://www.jurist.org/commentary/2023/08/democracies-vs-autocracies-the-risk-of-framing-geopolitics-in-terms-of-us-vs-them/>.

⁵¹ Shackelford.

⁵² Hannah Beech, Abdi Latif Dahir, and Oscar Lopez, “With Us or With Them? In a New Cold War, How About Neither”, *The New York Times*, April 24, 2022, <https://www.nytimes.com/2022/04/24/world/asia/cold-war-ukraine.html>.

increasingly invoked the island's "self-determination", and tacitly adopted the opposite posture – China and Taiwan are two separate entities, and their "status quo" cannot be disrupted. What accounts for this reversal of sorts? As with Washington's turn from "containment" towards "democracy promotion", changes in the global landscape have motivated changes in US posture and discourse. The principal objective, however, has remained the same – preventing reunification and maintaining the island's role strategic foothold.

Between 1949 and 1971, it was politically expedient for the US to agree that Taiwan and the mainland were part of one country, as it did so to argue that the ROC was the "true" representative of China, thereby legitimizing US efforts to turn Taiwan into an "unsinkable aircraft carrier", exclude Beijing from the UN, and isolate the PRC from the international community. However, over time this position became less and less tenable and, in 1971, more than two-thirds of UN member states voted to oust the ROC and recognise the PRC as the only legitimate representative of China. The year prior, the Nixon administration had already begun to look toward rapprochement with Beijing and sought to reconfigure its position on Taiwan in a way that allowed

the US to maintain its strategic foothold on the island but “not be embarrassed” on the international stage. As Tucker recounts:

Mounting pressures for PRC admission ... had resumed and required a new US policy. By autumn 1970, the US itself no longer advocated unconditional exclusion of Beijing, having shifted to a posture of keeping Taiwan in rather than the mainland out. American diplomats feared that UN members viewed Taiwan as a ‘sinking ship,’ assuming its removal unavoidable. The president reminded Kissinger that he wanted ‘a position in which we can keep our commitments to Taiwan’ but not be embarrassed by them.⁵³

To maintain “keep our commitments to Taiwan” – or, as MacArthur may have put it, to keep the “unsinkable aircraft carrier” afloat – Washington sought to formulate “a reasonable and pragmatic solution”. The solution that US reached was to sever formal relations with the ROC, while maintaining that island’s separation from the mainland – a change discourse but a continuous objective. To this end, The Taiwan Relations Act (1979), which officially governs US relations with the island, requires the United States, as a matter of law, to have a policy “to provide Taiwan with arms of a defensive character” and “to resist any resort to force ... that would jeopardize the security, or the social or economic system, of the people on Taiwan”.

⁵³ Tucker, *Strait Talk*, 47.

Despite Washington's invocations of self-determination and solidarity, US-Taiwan relations have and continue to be defined by dependency and dominance. Tucker describes Taiwan's position relative to Washington, during the Cold War, as one of "utter dependency", wherein "US officials tended to make policy decisions without consultation or much warning, without excessive thought or planning, and, frequently with the objective of curtailing the government's access, opportunities, and maneuvering room. has been one of dependency and dominance".⁵⁴ Thomas W. Robinson reaches a similar conclusion in assessing post-Cold War relations: "Taiwan has become a continuous foreign policy protectorate of the United States. Had it not been for American security protection, Taiwan would long since have come under Beijing's rule ... from the onset of the People's Republic of China, it was the American connection that was the *sine qua non* of Taiwan's quasi-independent existence".⁵⁵

This unequal relationship continues to characterize US-Taiwan relations in the current period. A 2023 report published by the Brookings Institution characterized ties as a "relationship

⁵⁴ Tucker, 79.

⁵⁵ Thomas W. Robinson, "America in Taiwan's Post Cold-War Foreign Relations," *The China Quarterly*, no. 148 (1996): 1340–61.

between a patron state (the United States) and its client (Taiwan)".⁵⁶ This power dynamic has become increasingly visible as the US "technology war" against China has intensified.

In the 1970s and 1980s, the US offshored its semiconductor production to its Asian allies to take advantage of cheaper labour costs and strengthen its presence in the region. As Chris Miller recounts "Washington's foreign policy strategists embraced complex semiconductor supply chains as a tool to bind Asia to an American-led world". Miller writes, "[f]rom South Korea to Taiwan, Singapore to the Philippines a map of semiconductor assembly facilities looked much like a map of American military bases across Asia".⁵⁷ By 2022, Taiwan Semiconductor Manufacturing Company (TSMC) was the world's largest semiconductor manufacturer, holding a 56 percent share in the overall global market, and 90 percent in advanced chips.⁵⁸ Amid growing anxieties related to China, the US has begun "re-shoring" Taiwan's semiconductor production for fear of it being

⁵⁶ Alastair Iain Johnston, Tsai Chia-hung, and George Yin, "When Might US Political Support Be Unwelcome in Taiwan?," Brookings Institution, April 5, 2023, <https://www.brookings.edu/blog/order-from-chaos/2023/04/05/when-might-us-political-support-be-unwelcome-in-taiwan/>.

⁵⁷ Miller, *Chip War: The Fight for the World's Most Critical Technology*, 66.

⁵⁸ Demetri Sevastopulo and Kathrin Hille, "TSMC: The Taiwanese Chipmaker Caught up in the Tech Cold War", *Financial Times*, October 24, 2022, sec. The Big Read, <https://www.ft.com/content/bae9756a-3bce-4595-b6c9-8082fd735aa0>; "Taiwan's Share of Contract Chipmaking to Hit 66% This Year: Report", Nikkei Asia, accessed December 3, 2023, <https://asia.nikkei.com/Business/Tech/Semiconductors/Taiwan-s-share-of-contract-chipmaking-to-hit-66-this-year-report>.

“captured by China”. Despite Taiwan’s protests, however, decision-making authority ultimately rests with Washington. A recent report in *The New York Times* offered the following description of the relationship:

the partnership between the US and Taiwan and unequal one ... Strategically, American policymakers see the US’s dependence on Taiwan as an unacceptable risk. They have pushed for TSMC to build more fabs in the US, as part of a broader strategy to locate more semiconductor manufacturing closer to American shores.

Taiwan has no choice but to comply, for fear of upsetting its most powerful ally and largest arms supplier; but with every move to erode the island’s pre-eminence, it makes itself more vulnerable. In the worst case, Taiwan’s chip chokehold may only invite more destruction: Some American commentators and war-gamers have suggested that, if China does invade, the US should destroy TSMC’s fabs to stop them from falling under China’s control.⁵⁹ [emphasis added]

The last sentence omits the important fact that, in addition to “commentators and war-gamers”, US politicians have also made these suggestions. In May 2023, Democratic Congressman Seth Moulton, a member of the US House Select Committee on the Chinese Communist Party, prompted outrage in Taiwan when he proposed that, “the US should make it very clear to the Chinese that if you invade Taiwan, we’re going to blow up TSMC”. Washington’s narrow,

⁵⁹ Alex W. Palmer, “‘An Act of War’: Inside America’s Silicon Blockade Against China”, *The New York Times*, July 12, 2023, <https://www.nytimes.com/2023/07/12/magazine/semiconductor-chips-us-china.html>.

strategic interests vis-à-vis Beijing remain the overriding concern in US policy towards Taiwan. In this sense, contemporary US rhetoric related to “democracy” and “self-promotion” can be best understood as opportunistic, seeking to legitimize the continuation of its self-serving Cold War strategy.

Who is the Military Aggressor?

The United States points to Chinese military aggression and expansionist aims as driving tensions around Taiwan, and thus, necessitating US involvement. To evaluate this, it is helpful to compare the two countries respective militaries, in terms of military expenditure, overseas military presence, and use of force:

(i) Military Expenditure

According to the Stockholm International Peace Research Institute, in 2022, the US military expenditures amounted to \$877 billion.⁶⁰ US expenditures constitute a 3.5 percent share of its gross domestic product (GDP). The US military expenditures were greater than the next 10

⁶⁰ “Trends in World Military Expenditure, 2022” (SIPRI, April 2023), <https://www.sipri.org/publications/2023/sipri-fact-sheets/trends-world-military-expenditure-2022>.

highest spending countries combined (China, Russia, India, Saudi Arabia, United Kingdom, Germany, France, South Korea, Japan, Ukraine). The US share of global military spending (40 percent) is ten times greater than its share of the global population (4 percent).

In 2022, China's military expenditures amounted to \$277 billion. China's expenditures constitute a 1.6 percent share of its GDP (in 2013, the share was 1.7 percent). For reference, as a share of GDP, China spends less than a number of US allies, including Saudi Arabia (7.4 percent), India (2.4 percent), the UK (2.2 percent), France (1.9 percent), South Korea (2.7 percent), and Israel (4.5 percent). China's share of global military spending (13 percent) is less than its share of the global population (18 percent).

(ii) Overseas Military Presence

The US operates roughly 750 military bases in more than 80 countries around the world. In East Asia alone, the US operates 313 military bases, including in Japan, South Korea, Guam, and Australia. China operates one foreign military base, in Djibouti (which also hosts military bases belonging to the United States, United Kingdom, Germany, France, Italy, and Spain).

The US has also expanded its military alliances in Asia in recent years, including the AUKUS nuclear submarine pact signed with Australia and the United Kingdom in 2021, and the establishment of trilateral military cooperation with Japan and South Korea in 2023 (along with support for Japan's rearmament and move away from its post-war pacifist Constitution).⁶¹ The US-led North *Atlantic* Treaty Organization has also turned its eyes towards the Pacific, naming China as a "security challenge" for the first time in 2021, including the "Indo-Pacific" within its strategic documents for the first time in 2022, and inviting countries from the Asia-Pacific (Japan, South Korea, Australia, and New Zealand) to its summit for the first time in 2022, and again in 2023.⁶² China has one military alliance with North Korea.

(iii) Use of Force

The United States is "the most warlike nation in the history of the world".⁶³ This factual assessment was made by former US President Jimmy Carter in 1979. It is difficult to dispute

⁶¹ Santora, "Pompeo Calls China's Ruling Party 'Central Threat of Our Times.'"

⁶² See "Brussels Summit Communiqué", North Atlantic Treaty Organization, June 14, 2021, https://www.nato.int/cps/en/natohq/news_185000.htm; "NATO 2022 Strategic Concept", North Atlantic Treaty Organization, June 29, 2022, https://www.nato.int/nato_static_fl2014/assets/pdf/2022/6/pdf/290622-strategic-concept.pdf.

⁶³ Emma Hurt, "President Trump Called Former President Jimmy Carter To Talk About China," *NPR*, April 15, 2019, <https://www.npr.org/2019/04/15/713495558/president-trump-called-former-president-jimmy-carter-to-talk-about-china>.

Carter's claim when reviewing the historical record. Since the country's founding in 1776, the United States has undertaken roughly 400 to 500 military interventions around the world.⁶⁴ The US use of force has increased over time. Over 200 of these interventions have taken place since the end of the Second World War, with a quarter of all interventions taking place in the post-Cold War period. Aside from the year 2000, the United States has been at war for every year of the twenty-first century. China has not been involved in a war since 1979 (the Sino-Vietnamese War).

(iv) Verdict

By any measure the United States is the most aggressive military actor in the world. For seven decades, it has leveraged its immense military advantage over China to send billions in weapons to “arm Taiwan to the teeth”, station US troops on the island, provide military training, and regularly sail warships through the Taiwan Strait. All of this on an island that the international community has overwhelmingly recognized as part of China (only 12 of 193 UN member states

⁶⁴ According to the Military Intervention Project at Tufts University's Center for Strategic Studies, the United States has conducted 392 foreign military interventions since 1776, however, the actual figure may be substantially higher as the project currently lists 178 cases as “unconfirmed”. Meanwhile, the Congressional Research Service has found 469 instances in which the United States used its armed forces abroad from 1798-2022. *See* Sidita Kushi and Monica Duffy Toft, “Introducing the Military Intervention Project: A New Dataset on US Military Interventions, 1776–2019,” *Journal of Conflict Resolution* 67, no. 4 (2023): 752–79.

hold relations with the ROC) and that is located just 160 kilometres off the coast of the mainland.

In short, as *The Economist* has put it: “America nods to the one China idea, but has spent 70 years ensuring there are two”.

Would the United States or any other Western country accept a situation where China provided weapons to, stationed troops on, or sailed warships near their internationally recognised territory? Even if we were to put aside the question of Taiwan’s sovereignty, would this be deemed acceptable at a distance of 160 kilometres?

The recent Chinese “spy balloon” incident is instructive. Between January 28 and February 4, 2023, a balloon originating from China flew across North American airspace. This prompted widespread public fear and outrage. The Chinese government’s explanation that a meteorological airship had blown off course was dismissed, and the US Air Force shot down the balloon. In addition, US Congress voted 419–0 to unanimously adopt a resolution condemning China for committing “a brazen violation of United States sovereignty”. Meanwhile, Secretary Blinken cancelled a trip to China, stating that it was “unacceptable and irresponsible ... It’s a violation of our sovereignty. It’s a violation of international law”. Seven months later, General Mark Milley,

chairman of the US Joint Chiefs of Staff, clarified “there was no intelligence collection by that balloon”, and that the “leading theory” was that it was blown off track due to strong winds.⁶⁵

* * *

The Taiwan conflict fits within the broader US foreign policy agenda in Asia. In January 2021, the Trump administration declassified the US Strategic Framework for the Indo-Pacific, its “overarching strategic guidance” for the previous three years.⁶⁶ Under the heading, “Top Interests of the United States in the Indo-Pacific”, the document stated, “maintain US primacy in the region”. Under the heading “Desired End States”, the document stated, “the United States maintains diplomatic, economic, and military pre-eminence in the fastest-growing region of the world”. One administration and two years later, the US Ambassador to China Nicholas Burns clarified that this

⁶⁵ “The Bizarre Secret behind China’s Spy Balloon - CBS News”, September 17, 2023, <https://www.cbsnews.com/news/the-bizarre-secret-behind-chinas-spy-balloon/>.

⁶⁶ Donald Trump, “United States Strategic Framework for the Indo-Pacific” (The White House, February 2018), <https://trumpwhitehouse.archives.gov/wp-content/uploads/2021/01/IPS-Final-Declass.pdf>; “Statement from National Security Advisor Robert C. O’Brien – The White House”, accessed March 17, 2021, <https://trumpwhitehouse.archives.gov/briefings-statements/statement-national-security-advisor-robert-c-obrien-011221/>.

stance had not changed: “I do think that the Chinese now understand that the United States is staying in this region. We’re the leader in this region”.

The position of the United States – *a country that is not located in Asia*, but an ocean away – is that China must accept a position of subordination to it within Asia (and the rest of world). Not equality, but subordination to US “primacy” and “pre-eminence” in diplomatic, economic, technological, and military terms. As with the economic war, again the US position is untenable, not only for China, but for Asia as a whole. Washington’s unrelenting pursuit of global dominance is driving tensions in the Taiwan Strait and throughout the region.

Conclusion

This thesis has examined the justifications for contemporary US foreign policy towards China and argued that they are fundamentally inaccurate. The argument was developed by closely analyzing three important areas of tension and conflict between the United States and China. While these case studies do not address every element within broad and complex US-China conflict, they shed light on core aspects of this struggle is unfolding in political, economic, and military domains and across the Global South and Global North. Together, the case studies demonstrate that the United States has not provided remotely sufficient or credible evidence to justify its hostile foreign policy against China, and strongly indicate that the construction and intense promotion of “China threat” narratives is being driven by Washington’s need to legitimize its imperial containment strategy.

The first chapter examined the narrative of Chinese “debt-trap diplomacy” which has emerged in recent years under the Trump and Biden administrations. Amid China’s growing economic engagement with developing countries, Washington has intentionally worked to malign these relations, portraying China as a bad actor that is using loans as poisoned bait to entrap these countries and advance neo-colonial agendas. First, by examining China-African relations, I demonstrated that Chinese lending is not the driver of debt distress amongst African nations. Rather, the most burdensome source of debt is that which is tied to Western private creditors. Chinese loans are attractive to African countries, bridging critical gaps in development financing under the traditional Western-led international financial regime. Consequently, African leaders and governments have frequently pushed back at paternalistic lecturing from Western powers regarding their ties with China. Second, I demonstrated that there are no instances in which loans repayment challenges have led to asset takeovers, looking at the case of Sri Lanka. Finally, I examined Chinese financing in Latin America and the Caribbean, to illustrate its distinct non-conditional approach. In contrast with traditional Western-led international financial institutions, which have historically conditioned lending on the implementation of neoliberal policies, Chinese

lending does not impose such conditions, thereby providing greater policy space to borrowers. This quality is particularly attractive to left-wing governments in the region which face economic and financial coercion, led by the United States.

The second chapter examined the US economic war against China, which has been justified on the basis that of protecting “national security” and combating “unfair” economic practices. The Trump and Biden administrations have invoked “national security” to implement sweeping measures aimed at restricting China’s access to exports related to semiconductor, advanced computing, and artificial intelligence technologies. To do so, the US has equated “economic security” with “national security”, and defined the former as the indefinite maintenance of US economic and technological supremacy. This position is untenable, as it defines a threat as any country capable of attaining *equal* status and is thus incompatible with the principle of sovereign equality enshrined in the UN Charter.

Meanwhile, Washington’s accusations of “unfair” economic practices have focused on “forced technology transfer”, “intellectual property theft”, and “state-led industrial policies”. Rather than provide any hard evidence for its claims of “stolen” technology and “forced” transfers, the US

has relied on sensationalist claims and anti-statist presumptions. US firms have not been “forced” to do business with China but have entered legally negotiated agreements out of commercial self-interest. Further, state-led economic and industrial policies are legitimate and have historically been essential in every modern development project. The stigmatization of state intervention in the economy has been motivated by desires to promote neoliberalism and to delegitimize the *dirigiste* development policies that have been most successful in the Global South.

The third chapter examined the rising tensions surrounding Taiwan, and justifications for growing US involvement. The US has framed itself as defending “democracy” and “self-determination” on the island against the growing “aggression” from the mainland. Tracing the history of the Taiwan conflict from Chinese Civil War to Cold War, I demonstrated that Washington’s involvement was driven by its anti-communist crusade and desire to maintain a strategic foothold vis-à-vis Beijing and the region. The US was unconcerned with democracy in Taiwan and backed the establishment of a repressive dictatorship for four decades. Shifts in US discourse on Taiwan towards notions of “democracy” and “self-determination” reflect Washington’s efforts to adapt to changing global circumstances and maintain its position on the island. Following the end of the

Cold War, the US sought a new unifying concept for its foreign policy to replace containment, settling “democracy promotion”. Washington’s credibility soon deteriorated as it routinely invoked the concept to justify military aggression and interventionist policies, demonstrated a willingness to abandon democratic concerns when it served US interests, and frequently supported anti-democratic forces. The Biden administration has sought to revive this concept with its “democracy versus autocracy” framework, within which it incorporates Taiwan. However, Biden’s efforts have been widely criticized as hypocritical, given the close ties between the US and far-right, repressive governments, and a transparent geopolitical ploy. Similarly, changing international circumstances have prompted shifts in US notions of Taiwan’s “self-determination”. Between 1949 and 1971, the US agreed that Taiwan and the mainland were part of one country because it was politically expedient, namely in legitimizing US intervention on the island and strengthening efforts to isolate Beijing. By 1970, Washington understood that the tide was turning and sought to develop a position that allowed it to continue its involvement in Taiwan but “not be embarrassed”. In this context, the US has shifted to promoting the notion that the island and mainland are separate countries. Despite this rhetoric, US-Taiwan relations have remained unequal, dominated by US

interests. As tensions rise in the current period, this dynamic is becoming more visible as Washington coerces Taipei to allow it to “re-shore” parts of the semiconductor industry and openly debates whether it should “blow up” Taiwan’s semiconductor firms to prevent them from falling into China’s hands.

Comparing the US and Chinese militaries, in terms of expenditure, overseas presence, and use of force, I demonstrated that the US is – by an overwhelming margin – the more aggressive military power. It has leveraged this to maintain a divide across the Taiwan Strait for more than 70 years. Washington’s continued ambitions for global primacy are driving tensions in Asia and are inconsistent with global desires for development and equality.

Together, these three case studies demonstrate that the “China threat” narrative is fundamentally inaccurate, unsound, and unsubstantiated, which has important implications on several fronts. First, in the US and Western countries, the extreme circulation and adoption of anti-China narratives in media, academic, and public discourse, sheds light on (i) the degree to which representations of China (and other countries) are molded by the exigencies of foreign policy; (ii) the enduring relationship between the political and media apparatuses in “manufacturing consent”;

and (iii) the enduring influence of Eurocentric chauvinism in knowledge production and circulation. Second, the new Cold War is an asymmetric conflict – in terms of aggression, responsibility, and power. The initiation and ongoing escalation of this conflict has been driven by the United States, which has adopted a comprehensive zero-sum outlook towards China and – unwilling or unable to compete – has deemed it necessary to forcefully intervene in various domains to try to halt “threatening” developments that are in motion before it is “too late”. Third, the actual concerns of the United States are better understood: (i) the US views the emergence of a peer – even if the peer is only equal in a single regional – as an existential threat to ambition of primacy; (ii) the US does not feel that it can win in peaceful economic competition with China; (iii) the US is threatened by the Global South having meaningful political-economic, financial, and military alternatives to the Washington Consensus and, related to this, the US lacks the ability to improve its offer. Fourth, the equation – if China, therefore bad – is not substantiated. China plays a constructive role in the world in a number of important ways, including (i) putting forward the first substantial alternative to the Washington Consensus in the post-Cold War era (which legitimizes notions of alternatives, in general, and improves the negotiating position of developing countries,

in particular – they can say no); (ii) re-legitimizing the role of the state in economic development after four decades of stigmatization; and (iii) demonstrating that economic development is not dependent on military expansion and foreign intervention.

* * *

On December 14, 1960, the United Nations General Assembly adopted the Declaration on the Granting of Independence to Colonial Countries and Peoples. The resolution proclaims, “the process of liberation is irresistible and irreversible”. During the vote, nine countries abstained: Australia, Belgium, Dominican Republic, France, Portugal, Spain, apartheid South Africa, and the United States.

Sixty-three years later, the movement of history has confirmed the truth of that statement. Today, it is China, tomorrow there will be more. There is no going back, there is no stopping. The sooner we are able to look and move forward, the sooner we can build a better world.

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