

OFFICE OF THE DIRECTOR  
NATIONAL SECURITY COUNCIL  
**THE WHITE HOUSE**  
WASHINGTON, D.C.

THE PRESIDENT

FROM: JAVIER SOLIS

DATE: 9 FEBRUARY 2018

**SUBJ: POLICY RECOMMENDATION**

**DECISION REQUESTED OF THE PRESIDENT.**

In recent years, China has become a rising threat to our social, economic, and military global hegemony. The president has requested that the National Security Council come up with a set of implementable policy recommendations to curtail the growing influence of China on our world.

## I. ISSUE/BACKGROUND

China's rising economic growth has put the country of 1.4 billion on a collision course with our own declining economic growth. Domestically, their industrial and manufacturing sectors have surpassed our own and their high-tech and fine electronics development is beginning to rival ours. Regionally, their military and political ambitions have expanded not only in their immediate neighborhood, but also across the world. Internationally, China's expansion and innovation is threatening to disrupt the world order we established. All these circumstances make it clear that China is a growing threat to both our national security and our international hegemony. Intuitive and comprehensive policy steps, such as reinvigorating our domestic economy and reinforcing the global free trade- and democracy-promoting institutions we constructed, must be implemented to curtail China's growing influence and power.

Within their immediate geographical region, there has been increasing conflict and tension in the South China Sea. The region is a tight, confusing patchwork of overlapping maritime claims between the Philippines, Vietnam, Malaysia, Taiwan, and Brunei, with the Chinese laying claim to the majority of the South China Sea. The Chinese, in order to bolster their territorial claims in the region, have gone as far as creating manmade islands and military bases out at sea. The countries in the South China Sea have had to perform a delicate balancing act between being friendly with China, but also not alienating their traditional American ally. Ultimately, these countries seek to avoid any disastrous conflict or engagement between the Chinese and Americans.

The Chinese have also been making ambitious forays far outside the reach of their immediate backyard. Under President Xi Jinping, the "one belt, one road" initiative aimed to establish a modern-day Silk Road with China as the end destination. The project currently involves 68 different Middle Eastern, European, African, and South Asian countries that account for 65 percent of the world's population and 40 percent of its GDP. China's infrastructure-driven economic development framework is beginning to rival the appeal of traditional export-driven economic development championed by the Washington Consensus.

In Latin America, traditionally our main protectorate against "Old World" imperialism, China has also been cozying up with our allies. For the five-year period between 2015 and 2019, President Xi Jinping announced an ambitious set of trade and investment goals between China and Latin American countries, totaling \$500 billion in trade and \$250 billion in direct investment. China is on pace to replace the United States as the world's largest supplier of capital and the implications of this are quite troubling to think about. As exemplified by the growth of Chinese influence in this region, United States' guiding hand is becoming less relevant in international affairs and we are losing our ability to shape global events in our favor.

Yet China's succession as the sole global hegemon is far from guaranteed. The United States still has considerable advantages in terms of military, prestige, and economic prosperity while China faces a series of daunting challenges in the upcoming years. However, our previous and current policies have ceded far too much influence and power to the Chinese already. If this continues, we will be forced to share our proverbial throne with China at best, or get dethroned all together at worst.

## II. POLICY OPTIONS

There are several policy options that can be implemented to prevent our fall from grace. One would be to bolster existing trade agreements with trading partners other than China. An increasingly interconnected globalized world runs on the lifeblood of free trade between nations. By pursuing an anti-free trade agenda, we simply risk alienating our allies and pushing them into the hands of the Chinese by default. Furthermore, these protectionist policies, such as proposing a 45 percent tariff on Chinese exports to the US, would spark a massive trade war—something that would likely be disastrous to the economies of both countries. China could use this as leverage to either punish our own allies with increased tariffs on their exports or use the opportunity to lure them away from our influence and into the fold of their own trade regime. It can also trigger other countries to pursue their own protectionist policies, slowing down the flow of international trade, or incentivize them to pursue regional and multilateral trade agreements without the United States. The global order of free trade that our country championed after the conclusion of World War II has lifted countless millions of people throughout the world into middle class prosperity and has also managed to prevent the outbreak of another world war. Though it has not been without its flaws, we must bolster and modernize this system rather than abandon and let it deteriorate.

To do so, we must first invest more time, energy, and resources into revitalizing our own domestic workforce and economy. We must recognize that certain well-paying manufacturing and industrial jobs will not be coming back to the United States—though politically popular, it is simply not economically viable to do so. Rather than long for the days of our past, we must prepare our workforce for the work opportunities of tomorrow in the rising fields of bioengineering, data processing, nanotechnology, and artificial intelligence to name a few. There's no better way to do this than by making college or vocational schools more accessible to more students as well as placing an emphasis on Science Technology Engineering and Mathematics (STEM) curriculum at all levels of educations.

Public-private partnerships can greatly expand access to STEM education. Cooperation with private companies will ensure that federal funds for STEM education and training programs are used both intelligently and efficiently. Cooperation also ensures that these opportunities are presented to students in all communities, with a special emphasis on uplifting impoverished communities that were hit the hardest by our decline in manufacturing and industrial production. These partnerships will be mutually beneficial because they will incentivize STEM-related companies to stay and expand opportunities in the United States while also raising the skills of our workforce, giving them the training and knowledge necessary to compete in an increasingly globalized and digital international economy. Our workers will earn better wages and have more job advancement opportunities, uplifting consumer purchasing power and revitalizing our economy once more.

The US can also continue to attract and keep the brightest, most innovative minds from around the world. We can do this by reforming our broken-down immigration system, making it easier for intelligent, talented individuals to become productive members of American society. Two specific points of improvement include the H-1B visa program as well as the Deferred Action for Childhood Arrivals (DACA) program. Many of our tech companies are struggling to find suitable workers, so H-1B visas provide them with the necessary pool of talent. However, too often are these bright minds forced out of this country after obtaining much of their education and technical skills here, causing considerable and unnecessary brain drain. By reforming the system and making it easier for applicants to become citizens, we ensure talent retention.

Furthermore, we can reassert our global influence by once again taking the lead in the fight against global climate change. The relationship between climate change and our national security is one that has been clearly documented and cannot be ignored. Internationally, climate change is making certain areas increasingly uninhabitable and forcing people to go elsewhere for food, shelter, and/or employment opportunities. As we saw in the Syrian Civil War, massive and sudden influxes of rural populations in urban centers can greatly increase the chances of social conflict and upheaval. The outbreak of conflict increases refugee and migratory flows from the afflicted country to more affluent ones, which increases the strain placed on the latter's social safety nets. Domestically, climate change can adversely affect our food security by making it unviable or more difficult to grow crops. The droughts in California have shown us how human-driven climate change can limit our access to bountiful domestic food supplies and make us increasingly dependent on foreign food sources, an action which puts us at the mercy of other nations. Furthermore, the damage caused by natural disasters such as wildfires and hurricanes have been amplified through the conditions caused by climate change. Natural disasters claim the lives of thousands of our citizens and cause billions in damage annually, further degrade our public infrastructure, and make our society less productive and more vulnerable.

China already has the lead in solar panel, electric battery, and wind turbine manufacturing and also paradoxically holds the title of world's largest solar power producer. With our recusal from the Paris Climate Agreements, China has become the *de facto* leader in the fight against global climate change. This position grants China substantial influence over and avenues into developing countries which are looking to fuel their socioeconomic growth with green energy, thus ceding another aspect of our global leadership to the Chinese. By once again reaffirming our commitment to the fight against climate change and shifting away from fossil fuels, the United States—not China—will once again be the world's role model and source of green energy innovation and sustainable socioeconomic development, which will gain us tremendous amounts of diplomatic capital within the international community.

We can also take a lesson or two from the Chinese approach at establishing good foreign relations in the developing world. Our social capital in countries across the world has been diminished greatly through our unpopular military interventions abroad, so we cannot continue to coerce and punish countries which don't oblige to our every desire. Rather, we should take a more altruistic and mutually beneficial approach. China's forays into the developing world have been spearheaded by infrastructure development programs that come with little to no strings attached. While this creates potential for waste and inefficiency, we can refine this system to remove some of the cumbersome requisites needed for the dispersal of aid while also ensuring the money is used efficiently and as intended. Much like China, we can also expand our outreach through cultural exchange programs that strengthen the ties between us and developing nations, training their bureaucrats and workers with American, not Chinese, knowledge and expertise. This will ensure that public and private sector leaders in nations around the world are equipped with the tools and education to ensure our economic and political systems remain the dominant ones.

### III. RECOMMENDED OPTION

The gap between written policy and spoken word has grown considerably, and though unpredictability may help throw our adversaries off our trail, they also confuse our allies. This inconsistency has been making us look ineffectual and weak, almost akin to a rudderless ship. Inconsistencies between our words/actions and the established norms of the international system we created make China think that it is acceptable to blatantly disregard international laws and institutions while facing no consequences as a result. Our neo-isolationist rhetoric is also emboldening the Chinese to exploit American decline and assume control of global leadership in the face of our reluctance. It is encouraging our allies and trading partners to pursue isolationist policies themselves or multilateral trade agreements that bypass the United States. To prevent our country from ceding even more power and influence to China, we must reaffirm our commitment to the security alliances and international institutions and regimes we created in the decades after World War 2. We must also once again claim leadership in the realms of human rights and democracy rather than turning a blind eye to abuses or perpetuating them ourselves. However, we also cannot stretch ourselves too thin, which is why it is also important to bolster the efforts of our allies and help refine our economic and political world order to be more self-sufficient and robust to challenges and disruptions.

Focusing on restoring American prosperity at home is a vital component to curtailing Chinese expansion abroad. We simply cannot contain the ambitions and hopes of another country if our own are bursting apart at the seams. By providing our citizens with improved healthcare and education systems, we can substantially increase their productivity, foster innovation, and incubate talent. By prioritizing and expanding access to STEM education across all American communities, we ensure that our workforce is ready for the challenges of tomorrow rather than being stuck in the industries of the past. These moves will increase the standard of living and economic opportunities of all Americans and secure the economic prosperity of generations to come.

Rather than relying on military and hard power to assert our dominance, we must project our strength to the world from within through our economic prosperity, social development, and technological innovation. Thus, the expansion and intelligent usage of American soft power signify the lynchpin that holds together our country's blueprint of success. Though a strong military is still necessary to defend our interests and allies, this form of hard power is no longer as effective at obtaining our desired ends as it once was; our inability to stamp out radical Islamic terrorist groups in the Middle East and North Africa is a prime example of the limitations of our hard power. Furthermore, military confrontation against a superpower like China would be catastrophic, both in terms of human and monetary costs. Therefore, a fully-encompassing policy approach that stresses domestic economic growth, regional and global sociocultural hegemony, and strong international diplomatic capital would be a much more effective way at securing our dominance over China while safely avoiding dangerous confrontations.

#### IV. CONSEQUENCES OF RECOMMENDATION

If our policy recommendation is implemented effectively and thoroughly, it will ensure that the past sixty decades of painstakingly-assembled American foreign policy is not in vain. It will solidify the strong foundation we have built and allow us to transform it into a self-sufficient system which emphasizes human rights, democracy, economic liberalization, and technological innovation. Furthermore, it will help stave off Chinese military, economic, and social ambitions for the time being. Short of a catastrophic war, there is little that we can do to outright halt their growth and ambitions. However, we can take proactive steps to maintain the US' superiority relative to China. These steps, which include both domestic and foreign policy recommendations, will revitalize the United States' position in the world and give us the proper tools to counter expanding Chinese influence and strength. It will remind them that we are still very much a force to be reckoned with and that we are not relinquishing our global hegemony without a fight.

Domestically, these recommended policies will allow the citizens of our country to flourish and thrive socially and economically. It will revitalize manufacturing and industrial regions of this country and bring them unprecedented economic prosperity through integrating them into fledging STEM industries. Our citizens will be prepared to compete in the 21<sup>st</sup> century global economy and the United States will once again become the leader of science and technology innovations. The affluence of America's middle class will furthermore cement our global cultural dominance, gaining us valuable soft power capital we can use to further meet our goals.

Internationally, the policy recommendations will reaffirm the longstanding commitments of our country and ease any skepticism from the international community. It will let our allies know that we will be right there to help and defend them, but also make them aware that their own cooperation and involvement are also necessary. It will alert our adversaries that their actions will not be tolerated while buttressing the idea that democracy and free trade are the bastions of human affluence. Our renewed commitment to combating climate change will exemplify leadership and gain us serious diplomatic capital and influence, especially in developing nations. It will help us quell instability in regions most afflicted by the effects of climate change and stymie the flows of violence and refugees. Our dedication to free and fair trade will spread the bountiful gains of industrialization and capitalism to every corner of the world, leading to a happier, healthier, and more peaceful world.

Failure to implement these policies will be catastrophic for the future of our country and our world. We are currently the only country in the world with both the desire and means to maintain the global *status quo*; if we continue to relinquish our leadership to the Chinese, it is unlikely this global system of governance and trade will survive on its own. By not prioritizing democracy and free trade, we embolden China to establish their own world order where authoritarianism and state capitalism run supreme. The lack of strong American leadership following World War I created the conditions necessary for the outbreak of World War 2. In contemporary times, the stakes are higher and the world has far more to lose from the absence of America's presence.

China faces its own litany of problems, however, so its ascension to the role of global hegemon is far from a guarantee. Their gargantuan population is aging rapidly and suffers a terrible gender imbalance; they face significant environment degradation, pollution, and desertification; their economy is overly reliant on exports, as their paltry wages aren't enough to fuel domestic consumption. Yet we should not pray for their downfall nor should we help

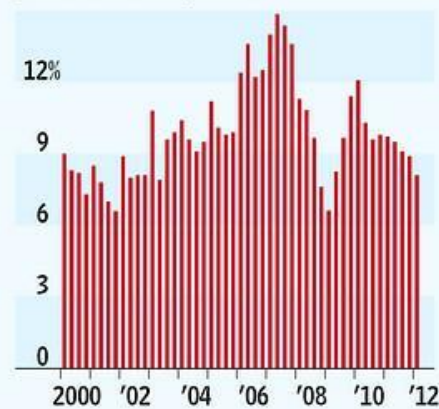
orchestrate it, as that would be dangerous for both our country and. Though it is essential that we maintain our leadership and superior influence on global affairs, China can serve as an advantageous partner, especially when combatting climate change, de-nuclearizing the Korean peninsula, or developing advanced technology. By reasserting our position at the helm and reiterating our support for the organizations and norms we established decades ago, we put pressure on China to continue liberalizing their economic and political structure, thus neutralizing or at least mitigating the threat that China's growth and influence possess. In fact, we might even succeed in making China a willing supporter of our international system, thus allowing the United States to focus more attention on domestic matters. We have reached a pivotal, defining moment in our nation's history, one where we decide to either pull back from our responsibilities and let the cards fall wherever they may, or one where we embrace our leadership and actively guide the course of world events in our favor and for the betterment of humankind.

## V. ATTACHMENTS:



## China's GDP Growth Slows

Year-on-year growth in quarterly gross domestic product



\*First quarter Sources: CEIC, National Bureau of Statistics

Contribution to gross domestic product growth as percentage



The Wall Street Journal