Unmasking the Holder of the Purse Strings:

Countering Chinese Economic Coercion in the Indo-Pacific

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Abstract

The Indo-Pacific is a key focal point of U.S.-China competition due to its geographical, economic, and military significance. China is using political warfare to achieve its strategic goals in the region, influencing other nations to align with its interests. Economic coercion is a key tool of this warfare. This is evident in the Pacific Islands, among America's treaty allies, in Southeast Asia, and in South Asia. To prove itself the superior partner, maintain access to key points of land, and keep the Indo-Pacific open for trade, the U.S. must counter China's activities. This can be achieved via a stronger economic strategy, deeper engagement with allies and partners, exposure of China's illicit activities, and the development of a true grand strategy.

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Nineteenth century American naval strategist Alfred Thayer Mahan claimed that the maintenance of national power is dependent upon access to international trade routes, which spur essential economic growth (Hardman, 2023). Mahan believed that maritime trade produces the greatest wealth and asserted that the primary role of a navy is to protect commercial trade routes (Hardman, 2023). Although Mahan died over a century ago, his ideas remain relevant in the modern geopolitical landscape.

Today, China is working to expand its power in the Indo-Pacific, a region that contains a significant number of the world's largest economies, most active international trade routes, and key military access points (Hardman, 2023; Gompert, 2013). Although China itself possesses a 9,000-mile coastline with an abundance of high-quality natural harbors, it is trapped behind a chain of islands that includes Korea, Japan, Taiwan, the Philippines, and Indonesia (Kaplan, 2013; Kaplan, 2010). This leaves China feeling boxed-in, which has caused it to react aggressively toward other nations (Kaplan, 2010). This geographical positioning, combined with China's historical understanding of its world status and Confucian and Communist influence, causes China to seek greater national power, ultimately striving to replace the current international system with a China-centered world order (Ford, 2023).

To achieve this overall strategy, China engages in political warfare using tactics such as psychological warfare, public opinion and media warfare, lawfare, gray-zone tactics, espionage and subversion, influence operations, and economic coercion (Gershaneck, 2020). Although China uses all of these tools to serve its interests worldwide, its primary tactic in the key Indo-Pacific region is economic coercion (J. Lee, 2023). In order to achieve its strategic goal of creating a China-centered international system, the Chinese Communist

Party (CCP) is using economic coercion in the Indo-Pacific to acquire power over other nations in an attempt to make them align with China and its interests. But Han and Thayer (2023) call China's economic infiltration perhaps "the least discussed and exposed" aspect of the threat (p. 130). To prove itself the superior partner to Indo-Pacific nations and keep the region open for American economic and military access, the U.S. must formulate a stronger economic policy for the region, expose China's illicit activities, engage with the needs of its allies and partners on a deeper level, and develop a true grand strategy. Indeed, a grand strategy is key for America's ability to compete with China's warfare in all domains, not just on the economic level. To demonstrate all of this, China's overarching goals, the current and historical importance of the Indo-Pacific to U.S. national security, the CCP's illicit activities throughout the Indo-Pacific region, and ways in which the U.S. can respond to that threat will be discussed.

China's Strategic Goals

China's ultimate goal is to alter the international system in order to establish "order" and return China to what it sees as its rightful place at the center of human civilization.

Today's international system was established following the 1648 Peace of Westphalia, which ended the Thirty Years' War (Ford, 2023). The PRC views this system, which was founded upon Western values such as international law and the sovereignty of individual states, as fundamentally chaotic, resulting in a failed and disordered world (Ford, 2023; Callahan, 2008). Under the Westphalian system, all states are considered coequal, they are granted sovereignty over their own diplomatic, economic, and political decisions, and they interact through a formal system of rules and norms (Ford, 2023). But in the opinion of Chinese scholars such as Zhao Tingyang, the competing national interests brought about by this structure result in global conflict and chaos (Callahan, 2008). The PRC seeks to fix the chaotic world by instituting a new, "all-inclusive" system that is based on geographic,

psychological, and institutional unity (Callahan, 2008, p. 752). Under this system, all nations are to give China the deference that it believes it deserves since it sees itself as the historic center of human civilization (Ford, 2023). This concept, called "tianxia" ("all under heaven") in Chinese, is based on ancient Confucian ideas (Callahan, 2008, p. 751; Ford, 2023).

In ancient China, civilization was seen as lying in levels that progressed from a "civilizational core" in the center out to the "barbarous periphery" (Ford, 2023, p. 18). The amount of civilization in a given area depended on the region's amount of "Sinicization," or how much the people understood the Chinese language and held to Chinese culture and Confucian ideas (Ford, 2023, p. 18). China itself was seen as the very center of human civilization, superior to its tributary states and the barbarous regions beyond, where inhabitants were viewed as something less than fully human (Ford, 2023).

Today, these same concepts are still accepted in China, and are now manifesting themselves in China's avarice for respect from other nations. In order to establish its new, China-centered system, the PRC must bring all other nations under indirect control using tools to reward good and punish bad behavior and a system of pervasive global surveillance to ensure cooperation from other countries (Ford, 2023). Though still heavily influenced by Marxist ideology, this Chinese form of control differs from the type of direct control sought by the Soviet Union (Ford, 2023). The CCP realizes that the old Soviet form of direct control would not be possible in the complex societies of today (Ford, 2023). As Ford (2023) writes, "...[the CCP] aims to exert what might be called 'effective control' over a large and diverse society—that is, to influence large masses of people into desired patterns of behavior in the aggregate, relying as much as possible upon autonomous choices..." (p. 44).

This theory of effective control is not just Ford's idea, but is also found Chinese strategic documents. The People's Liberation Army (PLA) Academy of Military Science published a new edition of its Science of Military Strategy (SMS) in 2013 (Shats, 2022). This

official Chinese military document is the earliest record the rest of the world has of a Chinese strategic concept called "effective control" (Shats, 2022, p. 5). The 2013 SMS describes the concept of effective control as consisting of three PLA activities: "establishing posture" in times of peace, "crisis prevention and control," and "war situation control" (Shats, 2022, p. 7). This first activity, establishing posture, involves "building a strategic environment that favors China's 'internal stability, external expansion, and long-lasting peace,' through coordination of military forces with political, economic, diplomatic, cultural, and other nonmilitary means" (Shats, 2022, p. 7). This is all for the purpose of "the 'hegemonic power's' (i.e., the United States) strategic containment and control, which China seeks to counteract within its neighborhood" and requires "building friendly partnerships with neighboring countries which may include economic and security assistance" (Shats, 2022, p. 7). It is noteworthy that this concept of effective control was first included in the SMS in 2013, the same year that China established its Belt and Road Initiative to engage in infrastructure development and energy projects in developing nations on China's periphery, funded by loans from Chinese state banks (Shats, 2022; McBride et al., 2023). This indicates that the Chinese government is indeed attempting to establish posture on its periphery as it seeks effective control in its neighborhood. China is engaging in political warfare in order to achieve this effective control, using methods that include propaganda, legal warfare, espionage, coercion of the media, influence operations, gray-zone operations, and economic coercion (Gershaneck, 2020).

This concept of effective control is based on the CCP's historic ideology. To use phraseology developed and employed by Mao Zedong and other Chinese communists, CCP control is grounded in "the barrel of a gun" (the People's Liberation Army), the "handle of a saber" (police and jails), the "holder of a pen" (the propaganda apparatus), and "the purse strings" (the economic apparatus). Mao himself believed that "political power grows out of

the barrel of a gun" (Columbia University, n.d., para. 2). This statement demonstrates not only the value that Mao placed on military power, but also his belief in the use of force in general to achieve political aims. For Mao, there was no rule by the many, but only an emphasis on the coercive power of the few. Flowing from Mao's ideology, the military, law enforcement, propaganda, and the economy are all "magic weapons" of CCP rule and are fundamental for the CCP's understanding of power (Han and Thayer, 2023, p. 19). These tools are not only employed domestically by China, but also worldwide.

On the international scale, China today sees different strengths within a nation as adding up to equal a country's Comprehensive National Power, which can be compared with that of other nations to establish each country's rank in the international system (Ford, 2022). Ford (2022) explains, "China's understanding of power sees economics, military capabilities, political clout, diplomatic savvy, technological advantage, natural resources, geography, moral stature, and socio-cultural factors as aggregating—in mutually supportive ways—into an overall concept" of Comprehensive National Power (p. 2).

The economy is thus a key tool of power from China's perspective, grounded in both historic CCP ideology and China's current understanding of national power, and the PRC is using this economic coercion to achieve its aims. Sutter and Campbell (2023) write that "the PRC government since reopening to foreign trade and investment in the 1980s has regularly used economic coercion against countries, companies, and individuals to realize its economic and political goals" (p. 3). They continue, "China's coercion involves both the offer and withdrawal of access to its market, the application of commercial pressures to achieve certain outcomes...and the use of other economic levers that China controls...to pressure or incentivize certain behavior" (Sutter and Campbell, 2023, p. 3). China has also created its own mechanisms of economic coercion, such as its BRI. According to Han and Thayer (2023), "China's geo-economic strategy is to lure developing countries, particularly those that

have joined the BRI, with its China model—rapid economic development under political dictatorship" (p. 131). China's president, Xi Jinping, touts the China model as a way for countries to both maintain their independence and accelerate their development. But China's true model is to "invest" in, "indebt," and "incapacitate" other nations (Wani, 2020, p. 5). In doing so, the PRC can fulfill its goal of making the world more reliant on China, thus granting the CCP greater power over other nations (Filipetti, 2023). Another economic method that China uses to acquire greater power is its attempt to replace worldwide usage of the U.S. dollar with the Chinese renminbi. Today's global financial system is "centered on the dollar," and this gives the U.S. power and influence within the financial system, including greater ability to levy sanctions on nations that do not conform to established international norms (Bansal & Singh, 2021, p. 3). In order to undermine the global power of the dollar, China has created tools such as the digital yuan to facilitate the internationalization of its renminbi and the PRC's movement away from the dollar (Bansal & Singh, 2021). China also attempts to make its currency more dominant by lending money for BRI projects in renminbi (Graham & Tran, 2024). The Chinese yuan is appealing for those who want to trade with countries such as Russia but need to work around Western sanctions (Proma, 2023).

This overarching strategy of using economic coercion to acquire greater national power in pursuit of a restructured international system explains China's activity in the Indo-Pacific. Although China employs methods from all across the realm of political warfare in its efforts to achieve its goals in the Indo-Pacific, economic leverage is the PRC's primary tool for neutralizing surrounding nations (J. Lee, 2023). China's BRI is very active in the Indo-Pacific, and the PRC also uses bilateral trade, supply chains, and bribery as leverage against other Indo-Pacific states. This strategy to acquire power and control seems to be working, as Indo-Pacific nations have become more and more compliant to China as their economic dependence on the PRC has grown (J. Lee, 2023). To understand why America should be

concerned about Chinese economic coercion, the importance of the Indo-Pacific region to U.S. national security will be explained. Then the PRC's economic coercion in the Pacific Islands, within America's Indo-Pacific treaty ally nations, in Southeast Asia, and in South Asia will be discussed, followed by an examination of several potential U.S. courses of action for countering this coercion.

Current and Historical Importance of the Indo-Pacific Region

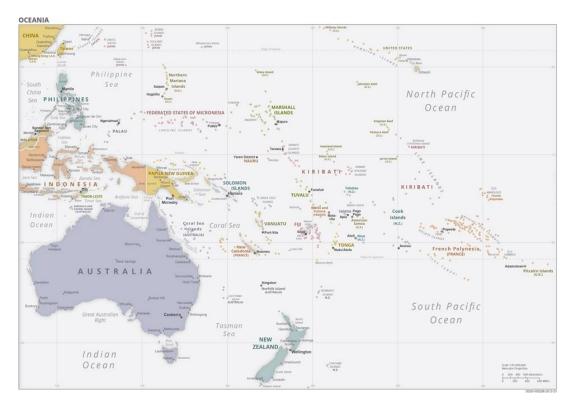
The U.S. Indo-Pacific Strategy notes that the Indo-Pacific "region...is home to more than half of the world's people, nearly two-thirds of the world's economy, and seven of the world's largest militaries...It supports more than three million American jobs and is the source of nearly \$900 billion in foreign direct investment in the United States" (White House, 2022a, p. 4). The area's economic size gives it particular geopolitical importance. Colby (2021) writes, "taken together, the Asian economies are already far larger than that of the United States and are increasingly advanced economically and technologically. From a geopolitical perspective, Asia is therefore the world's most important region" (p. 5). The U.S. has an interest in keeping the Indo-Pacific free from tyranny and open for global commerce. But the region's geography impacts America's ability to do this. U.S. vessels must travel great distances across vast stretches of ocean in order to access the region (Gompert, 2013). But Gompert (2013) believes, "America's apparent geographical disadvantages have been attenuated by the presence of reliable regional allies with deep-water harbors, modern facilities, and good navies of their own" (p. 14). He continues, "In the Western Pacific, Japan, Australia, the Philippines, Singapore, and other allies largely offset the problem of distance, and will thus remain critical to American sea power and interests in the region" (Gompert, 2013, p. 14). The maintenance of U.S. alliances and partnerships in the Indo-Pacific is key to America's ability to protect trade routes, provide for U.S. national defense, and promote U.S. interests across the area. But China is threatening these alliances and partnerships by

engaging in political warfare, using all means available to challenge and coerce Indo-Pacific nations and isolate the U.S. Amidst this political warfare, it is important to understand the geography of the Indo-Pacific and its impact on U.S. national security.

Within this crucial region, the Pacific Islands (shown in Figure 1 below) are of particular strategic importance. Not only are there three delegates to the U.S. Congress from

Figure 1

Map of Oceania, Including the Pacific Islands



Note. From "The World Factbook: World and Regional Maps," by the Central Intelligence Agency, n.d. (https://www.cia.gov/the-world-factbook/maps/world-regional/). In the public domain.

the Pacific Islands (American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands [CNMI]), but they are also some of the very few land masses in the vast Pacific Ocean (May, 2023; Erickson & Wuthnow, 2016). As Erickson and Wuthnow (2016) write, "In the South Pacific...home to the majority of the [Pacific] ocean's islands, the total landmass is only 551,913 square kilometers (213,095 square miles)...These factors put an inherent premium on the military value of any given Pacific feature..." (paras. 22-23). The

Pacific Islands thus help fast-paced modern militaries to cover the massive area of the Pacific Ocean in a shorter amount of time by providing convenient locations for military facilities (Erickson & Wuthnow, 2016).

In addition, the islands of the Pacific make up what is known as the second island chain, as seen in Figure 2 below. According to VornDick (2018), "The island chain is a

Figure 2

Map Showing the First and Second Island Chains



Note. From "Map. First and Second Island Chains," by 960th Cyberspace Wing, n.d. (https://www.960cyber.afrc.af.mil/News/Photos/igphoto/2002873877/). In the public domain. geographical security concept used to illustrate a defensive or offensive perimeter by linking islands and other larger land masses together" (para. 2). The island chain concept was first created in the U.S. in the 1940s to contain Soviet and PRC naval activity and has since expanded to include three island chains in total (VornDick, 2018). The first island chain surrounds the South and East China Seas, the second runs south from Japan to West Papua in Indonesia, and the third is centered on Hawaii (VornDick, 2018). These island chains today form important lines of defense against any potential Chinese military aggression, and

increased Chinese military power among the islands could constrain U.S. naval movements and operations (Fontaine, 2023). The second island chain contains an especially key position to be defended and kept open, namely the strategic chokepoint at Guadalcanal in the Solomon Islands (Moriyasu, 2022).

The Indo-Pacific is not only key for national security today, but has also been historically important to the U.S. Although the U.S. had some engagement with Pacific nations in earlier years, America's involvement in the region began in earnest in the late nineteenth century. The U.S. purchased Alaska in 1867, giving America territory in the North Pacific (Kolakowski, 2018). The U.S. also supported a rebellion against the queen of Hawaii in 1893, which eventually led to American annexation of those islands in 1898 (Kolakowski, 2018). And the 1898 Spanish-American War is credited with formally making the U.S. a Pacific power, with American forces taking Guam and the Philippines from Spain during the conflict (Kolakowski, 2018).

But much of the Pacific was conquered by the Japanese during the Second World War, and it was only through the loss of many American lives that the U.S. was able to free the region from Japanese tyranny. While fighting to retake Saipan in the Northern Mariana Islands, 16,612 U.S. troops were killed, wounded, or went missing; at Leyte in the Philippines, 15,584 U.S. troops were killed, wounded, or went missing; at Iwo Jima, 26,821 U.S. service members were killed or wounded; and at Okinawa, 49,151 American troops were killed, wounded, or went missing (Public Broadcasting Service, n.d.). During the sixmonth campaign at Guadalcanal in the Solomon Islands, around 1,600 American troops were killed, with several thousand more wounded (U.S. Marine Corps Forces, Pacific, n.d.). This bloodshed was not in vain. The retaking of these islands was critical for placing U.S. forces in a position from which they could launch attacks against Japan, eventually forcing a Japanese surrender. This demonstrates the geostrategic importance of the Pacific Islands. Not

only should the U.S. value these islands for the American blood that was spilled in setting them free, but America should also recognize that access to these lands is key for military power in the Indo-Pacific region. From this perspective, one can see the true danger of China's attempts to acquire effective control through political warfare across the Indo-Pacific, gaining power over other nations while shutting the U.S. out. China's economic coercion in the Pacific Islands, among America's Indo-Pacific treaty allies, in Southeast Asia, and in South Asia is a threat the U.S. must understand.

The Pacific Islands

Across the Pacific Islands, the CCP is using trade agreements, illicit business practices, bribery of public officials, and infrastructure investments to exert pressure on Pacific Island nations so that they will choose to support China rather than the U.S. This is all so that the PRC can establish control over the islands and achieve its strategic goals in the region. China is using this economic coercion in nations such as the Solomon Islands, the Commonwealth of the Northern Mariana Islands (CNMI), the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and Palau. China's economic coercion in each of these nations will be discussed below.

The Solomon Islands

The Solomon Islands has been heavily impacted by Chinese economic coercion. After pro-China Prime Minister Manasseh Sogavare came to power in the Solomon Islands in 2019, the country switched its diplomatic recognition from Taiwan to China (Grady, 2023). The premier of Malaita, the largest province in the Solomon Islands, then issued a moratorium in October 2019 on businesses with CCP ties operating in the province. This premier, Daniel Suidani, was concerned about the possible negative effects on Malaita from the growth of these businesses, including social, economic, and religious impacts (Paskal, 2023a). But in February 2023, Suidani was removed from his position by the provincial

assembly, and there are suspicions of Chinese influence over the members who voted him out (Paskal, 2023a). Suidani was accused a month later of attempting to organize a kill squad to take out Prime Minister Sogavare. His accuser was none other than the vice president of the Solomon Islands China Friendship Association, Alfred Sasako (Paskal, 2023a). It is likely based on this evidence that Suidani's removal was orchestrated by China in order to prevent the further hampering of Chinese businesses in the Solomon Islands.

Instances of Chinese economic coercion in the Solomons also occurred within the period of time between Suidani's moratorium and his removal from office. Documents leaked in August 2021 revealed that 39 out of 50 of members of the Solomon Islands' parliament had received money from a Chinese slush fund. This is enough members to amend the constitution in the Solomon Islands, and also enough to keep Prime Minister Sogavare from being ousted in a no-confidence vote (Paskal, 2023a). Also of note is that the 39 members paid were mostly supportive of Sogavare, while the eleven members left unpaid were mostly less supportive of Sogavare (Paskal, 2021). In November of that year, citizens of the Solomon Islands protested against these payments. After the rioting was suppressed, Chinese forces were invited into the Solomon Islands (Paskal, 2023a). Then, in August 2022, the Solomon Islands received a \$66 million loan from the PRC, funding the installment of Huawei cell towers around the country (Paskal, 2023a). Finally, a Chinese-owned company was selected in March 2023 to develop a port in Honiara, the capital of the Solomon Islands (Paskal, 2023a). All of these events demonstrate a scheme by China to use coercive business practices and bribery to obtain greater control over the Solomon Islands.

CNMI

The Commonwealth of the Northern Mariana Islands (CNMI) is a U.S. territory, but it controls its own immigration laws and allows Chinese citizens to enter its territory visa-free.

Because of this, Cleo Paskal calls CNMI China's backdoor into the U.S. (Paskal, 2023c).

CNMI is particularly vulnerable to Chinese influence because of its struggling economy. After CNMI's economy was thrown into disarray by the loss of its thriving garment industry in 2005, CNMI turned to Chinese casinos and gamblers to build up its economy. But this brought extensive crime and corruption. As of now, Chinese casinos have been shut down, but a new one is waiting to be constructed at the same port that the U.S. military is considering using in the future. Plus, CNMI's economy is still in shambles (Paskal, 2023c).

FSM, RMI, and Palau

The Federated States of Micronesia (FSM), Republic of the Marshall Islands (RMI), and Palau make up the "freely associated states" (FAS). As Lum (2020) notes, "The FAS are sovereign states that through bilateral Compacts of Free Association with the United States receive U.S. economic assistance and grant the United States the prerogatives to operate military bases on their soil and make decisions that affect mutual security" (p. ii). RMI, Palau, and FSM gained their status as FAS in 1982, after they fell under U.S. administration following their rescue from Japanese domination at the end of World War II (Lum, 2020). Along with the benefits of U.S. economic and military assistance, citizens of the FAS can enter the United States without a visa (Lum, 2020). Access to these three nations gives the United States a strategic advantage in the Indo-Pacific (United States Institute of Peace [USIP], 2022). The FAS create an important buffer zone between China and U.S. territory in Hawaii and Guam, serve as a potential location for expanded U.S. military presence in the Indo-Pacific, contain a U.S. missile-defense testing site, and are so closely tied to the U.S. that changes in their economic or security situations would also impact the U.S. (USIP, 2022). In late 2023, the U.S. government signed a renewal of the Compacts of Free Association that tie these three nations to the United States; however, Congress has since then failed to fund the agreements, despite the FAS' key geographic positioning and their importance for U.S. national security (Stone, 2024). This has led to frustration for these nations, which rely on

U.S. funding to support their national budgets and who have all allegedly received but refused funding offers from China (Bagshaw, 2024; Newsham, 2024). As U.S. funding for the Freely-Associated States remains in limbo, China is actively employing economic coercion in all three nations.

In FSM, this economic coercion has taken the form of bribery and business ventures that benefit China at the expense of Micronesian security (Doherty and Lyons, 2023). David Panuelo, FSM's former president, accused China of political warfare throughout his tenure (Clark, 2023). In a letter written two months before he left office, Panuelo "alleged that Micronesian elected representatives...had been bribed by Chinese government officials, including with smartphones, alcohol and envelopes full of cash" (Doherty and Lyons, 2023, para. 18). And after leaving office, Panuelo claimed that he was aware during his presidency that FSM officials were handing sensitive information over to the Chinese in exchange for bribes. In response, Panuelo fired some of these officials; however, some of them were reinstated after Panuelo left office (Clark, 2023). China is also now seeking to fly commercial airlines directly from China to FSM. But there are concerns that this would remove a layer of protection from FSM against potential nefarious characters, as the current system routes flights through Guam or Hawaii on their way to FSM, and thus through U.S. customs (Clark, 2023). Clearly, China is using coercive economic tactics such as bribery and an airline deal in an attempt to gain greater influence over FSM's government. As the U.S. continues to delay funding for FSM, China's efforts are likely to continue.

RMI has also seen Chinese attempts at economic coercion. Between 2017 and 2020, two mysterious Chinese criminals attempted to establish an autonomous zone on an island only 200 kilometers from Kwajalein Atoll, the site of a U.S. intercontinental ballistic missile (ICBM) testing facility. The U.S. also uses this site to track foreign missile launches (Belford et al., 2023). Cary Yan and Gina Zhou, the two criminals in question, wanted to establish a

futuristic city on Rongelap Atoll. In order to garner support for their project from high-level politicians in the Marshall Islands government, Yan and Zhou paid out liberal bribes. And when the Marshall Islands president, Hilda Heine, opposed the law that would enable Yan and Zhou to establish the autonomous zone, she was challenged by a no-confidence vote and barely survived (Belford et al., 2023). But the autonomous zone plan was stopped in 2020 when Yan and Zhou were arrested in Thailand and extradited to the U.S. Both were later found guilty of bribing public officials in RMI. Much about Yan and Zhou themselves is unknown. According to President Heine, the two hold Marshall Islands passports, making them Marshall Islands citizens who can enter the U.S. without a visa. But no one knows how they actually acquired those passports. Plus, Yan and Zhou have a history of scams and bribery, including at the United Nations (Belford et al., 2023). Ultimately, it is not known for certain that Yan and Zhou's activities were sponsored by the Chinese government. But the choice of an island so close to a U.S. ICBM testing facility and their mysterious citizenship in a country that gives them easy access to the U.S. makes Yan and Zhou's actions highly suspicious.

The government in Palau is actively attempting to combat Chinese economic influence, despite the fact that it is now facing a "fiscal cliff" due to U.S. delays in renewing Compact of Free Association funding (Bagshaw, 2024, para. 3). Palau's president, Surangel Whipps, Jr., says that China's economic overtures are "intense" and claims that in the past year, Palau's government has been repeatedly contacted by Chinese officials and business executives (Bagshaw, 2024, para. 7). Whipps says, "[The Chinese] are offering everything from fishing ports, fuel storage facilities, expanding the runway, building resorts and hotels...There are real needs that have not been realised, and I think because of that, China is filling a void" (Bagshaw, 2024, para. 8). Whipps also warns, "I don't want to go get a bridge loan from China. But maybe if things can't happen in Washington fast enough, this is a time

for our allies to get together and say, 'Well, we're here'" (Bagshaw, 2024, para. 5). China has also attempted to get Palau to switch its diplomatic recognition from Taiwan to the PRC, using economic tools as leverage. According to Paskal (2023b), China built up Palau's tourist industry so that it was reliant on the Chinese. Then, it pulled out of Palau's tourist industry entirely, leaving the economy in shambles. Paskal's assessment is that this was done to warn Palau that Chinese tourists would not be brought back to Palau unless the government switched its diplomatic recognition to Beijing (Paskal, 2023b). All of this ongoing Chinese activity in Palau creates a greater risk that the U.S. will lose this key ally if funding is not soon supplied.

America's Indo-Pacific Treaty Allies

The United States has five formal treaty allies in the Indo-Pacific: Australia, the Republic of Korea, Japan, the Philippines, and Thailand (White House, 2022b). These allies, especially Australia and the Republic of Korea, have been recipients of strong and uncharacteristically overt attempts at economic coercion by China within the past decade. The 2022 National Security Strategy "reaffirms" its relationships with these allies and states the U.S. government's intention to "modernize" America's alliances with these countries (White House, 2022b, p. 38). If the U.S. desires to maintain these relationships and secure a stronger alliance against Chinese hegemony, then it is in America's best interest to counter Chinese coercion in these countries. The CCP's activity in Australia, the Republic of Korea, Japan, and the Philippines will be discussed below, with Thailand being examined with the rest of Southeast Asia.

Australia

Although Australia is significantly larger than any of the Pacific Islands mentioned in the previous section, this does not make it exempt from China's coercive actions. On the contrary, Australia's economy has been heavily targeted by the Chinese in recent years.

Australia's status as a formal treaty ally of the United States and its participation in the Five Eyes intelligence network and membership in the Quadrilateral Security Dialogue make it a valuable target for China, which desires to weaken America's alliances in the Indo-Pacific region (J. Lee, 2021).

China has employed economic coercion in many instances in Australia. China and Australia signed a Joint Trade Agreement in 2015, which at the time was "the most comprehensive economic agreement China has signed with any advanced economy" to date (J. Lee, 2021, p. 2). But between 2016 and 2018, China criticized Australia's stance on various issues such as China's activities in the South China Sea and the Australian government's decision to keep Huawei's 5G network out of Australia (J. Lee, 2021). China threatened that there would be consequences for these policy stances, but the consequences were undefined and only mentioned out of the public eye (J. Lee, 2021). Although the PRC did not threaten Australia directly at the time, state-owned media outlets did publicly caution that Australia would face consequences for its "anti-Chinese" stances (J. Lee, 2021, p. 1).

In late 2019, the same year that Chinese state media called for a "people's war" against the United States amidst a trade war between the two nations, China's coercion against Australia became much more overt (Westcott, 2019, para. 4). At that time, China began a "barrage of national insults and economic threats" against Australia (J. Lee, 2021, p. 2). These insults and threats came not just from the Chinese media, but also from Chinese officials (J. Lee, 2021). Then Cheng Jingye, the Chinese ambassador to Australia, made a veiled threat in April 2020. He stated that since Australia was not "so friendly to China," Chinese citizens might become less eager to travel and study there, or to drink Australian wine (J. Lee, 2021, p. 1). During that month, China began to institute a series of economic measures against Australia. McGregor (2022) writes that in the months after April 2020 "Beijing enacted the most comprehensive punitive trade measures it has used against any

country in recent history. A raft of punitive measures was applied to a broad range of Australian industries, from barley and wine to coal, lobster, and timber" (para. 11). In May 2020, China also banned four Australian beef exporters for alleged recurring violations of customs inspections and quarantine measures (J. Lee, 2021). Then in June 2020, Chinese students intending to travel to Australia were warned by the Chinese Ministry of Education of supposed "racially motivated incidents" against Asians in Australia, and in August the Chinese began to investigate Australian wine imports (J. Lee, 2021, p. 1). The motivation behind all of these actions became clear in November 2020. At that time, the Chinese embassy published a list of Fourteen Grievances against the Australian government, which included complaints about Australia's policy stances. Grievances included such issues as Australia's opposition to China's activity in the South China Sea, Australia's stance on the Belt and Road Initiative, and the Australian government's call for an international investigation into COVID-19's origins (J. Lee, 2021). The list also claimed that Australia's policies against China were a sufficient excuse for the PRC to punish them economically. Through this claim, China outright admitted that its policies were meant to serve as economic punishments, which was unusually overt language for the PRC (J. Lee, 2021).

Despite China's efforts to coerce Australia to change its policy stances, the Australian government held firm (The Economist, 2023a). Instead of capitulating, "it tied its security policy tighter to America through AUKUS, a trilateral submarine-building pact that also includes Britain, and a policy of deterrence" and "is also doing more diplomatically to counter China's influence in the Pacific" (The Economist, 2023a, para. 9). And in fact, the impact of the trade bans has been limited. Australia was so economically dependent on China by the end of 2020 that it was the most China-reliant advanced economy in the world (J. Lee, 2021). During that year, most of Australia's iron ore, coal, and natural gas exports went to China. These three commodities collectively made up about 44% of Australia's exports (J.

Lee, 2021). About 37% of Australia's total outbound trade went to China in 2020 (The Economist, 2023a). China was also Australia's largest source of revenue from tourism and education, which respectively made up 5% and 8% of Australia's exports (J. Lee, 2021). But this trade dependence was not mutual. Although Australia's economy was heavily reliant on China, Australia only accounted for around 2% of the PRC's total imports and exports (J. Lee, 2021). But Canberra was able to limit the impact of China's coercion by finding alternate markets for some of its exports (The Economist, 2023a). And in some cases, "the two economies were such a good fit that China's businesses felt as much pain as Australia's, if not more" (The Economist, 2023a, para. 4). Plus, "some commodities, such as Australian iron ore, were so hard to replace that China chose not to target them at all" (The Economist, 2023a, para. 4). But some parts of the Australian economy, such as the wine and lobster sectors, have struggled. McGregor (2023) writes, "Australia had been the biggest foreign player in the Chinese wine market, with annual sales of around \$1 billion. They have since trickled to a few tens of millions of dollars. Nearly all of Australia's lobster exports formerly went to China" (para. 34).

Australia elected Anthony Albanese as its new prime minister in May 2022.

Throughout Albanese's time in office, China and Australia have somewhat mended their relationship. Collinson (2023) notes that "At first glance...the relationship looks to have taken another turn—away from the narrative, amplified by the prior Liberal-National government of China's threats, and towards a more stable relationship..." (para. 4). In October 2023, Australia allowed the Chinese to lease a port in Darwin (McGregor, 2023). And Albanese recently visited China, bringing with him an entourage of Australian business leaders (J. Lee, 2023). This trip, which took place in November 2023, made Albanese the first Australian leader to visit China since 2016 (Goh, 2023). Yet "the Labor government, while modifying the tone of its rhetoric and highlighting the ongoing benefits of trade with

China...has nevertheless embraced the strategic assumptions of its predecessor" (Collinson, 2023, para. 5). Even though the current Australian government is willing to dialogue more with China, it is still standing closely alongside its allies through joint ventures such as AUKUS and the Quad, and it is strengthening its defense ties with Japan (Collinson, 2023). In the meantime, Australia is working to become less economically reliant on China by pursuing free-trade agreements with India, the United Kingdom, and the European Union (The Economist, 2023a).

Australia's survival of Chinese economic coercion is being widely hailed as a victory. But it is interesting to note that the China-Australia relationship began to be repaired only after a change in tactic by the Australian government. The approach of the new Albanese government is described in an article by *The Economist* (2023a): "The idea, ministers say, is to 'co-operate where we can, disagree where we must'—meaning no gratuitous poking of the dragon. 'Disagree behind closed doors, but don't amplify your differences,' warns another Australian official. 'China responds well to this'" (para. 8). Even though Australia is now more closely aligned with the United States in its defense policy, China's economic coercion does seem to have succeeded in winning some degree of rhetorical deference from the Australian government. With this in view, did China really lose?

The Republic of Korea (ROK)

Australia is not the only one of America's Indo-Pacific treaty allies to have experienced economic coercion by China. The ROK has been "one of the most prominent targets of Beijing's economic coercion tactics," partly due to the fact that it is a "neighbour of China...with an economy complementary to some of China's core industrial sectors" (He et al., 2023, para. 1). The primary example of this coercion occurred in 2016. During that year, the ROK chose to permit a U.S. Terminal High Altitude Area Defense (THAAD) system to be deployed on its territory in order to guard against North Korea's missile threats (Imai &

Garlauskas, 2024). This decision was made despite China's objections to the move (Imai & Garlauskas, 2024). In response, "Beijing retaliated with a wide range of economic measures" which "resulted in an estimated nearly \$2 billion in losses for the South Korean company, Lotte" and "also harmed various sectors of the ROK economy, particularly tourism and entertainment" (Imai and Garlauskas, 2024, para. 5). The economic tools employed by China in the aftermath of the THAAD deployment included the banning of Chinese tourist travel to the ROK and the cancelation of K-pop concerts in the PRC (C. Lee, 2023). The PRC's restriction of group tours cost the ROK an estimated \$15.6 billion (Cha, 2022). Beijing also specifically targeted the Korean corporation Lotte Group, which sold the land used for the THAAD system. China subjected Lotte Group to regulatory suspensions, which tanked sales and caused the closure of Lotte's stores in China. Eventually, the company relocated its stores to Southeast Asia, but the whole affair cost Lotte Group significant amounts of money (He et al., 2023).

As in the case of Australia, the ROK chose not to capitulate to China over the THAAD disagreement despite the economic cost (He et al., 2023). The ROK government and business community has instead attempted to lessen South Korea's economic reliance on China and "strengthen economic independence, sovereignty and domestic resilience through reshoring and onshoring" (He et al., 2023, para. 4). In June 2022, the ROK was one of a number of U.S. allies to join the Minerals Security Partnership, an alliance created by the United States to "safeguard the supply of copper, lithium, cobalt, nickel, and rare-earth minerals" (Cha, 2022, para. 17). The ROK government also agreed in May 2023 to purchase its critical minerals from Canada, helping to reduce its dependence on China for these imports (C. Lee, 2023). And although China had been the ROK's top trade market for almost twenty years, the U.S. replaced the PRC in that role in 2023 (Imai and Garlauskas, 2024). But despite these changes, the ROK is still heavily dependent on China economically, and must

reduce this dependence cautiously due to its close proximity to China (Imai and Garlauskas, 2024; C. Lee, 2023). Harrell et al. (2018) also note that there were limits to the diplomatic commitments that the ROK was willing to make for a while after the THAAD incident, displaying "deference to Beijing's interests" (p. 29). Overall, the ROK is yet another example of the costs Indo-Pacific nations must be willing to pay to oppose China.

Japan

Japan has been experiencing Chinese economic coercion for over a decade. One prominent example occurred in 2010. That year, a Chinese fishing trawler collided with a Japanese Coast Guard vessel near the Senkaku Islands (King and Armstrong, 2013). These islands are claimed by Japan, China, and Taiwan, so disputes between China and Japan over the islands are not uncommon (Green et al., 2017). In response to the 2010 incident, the Chinese placed a two-month ban on rare earth exports to Japan (British Broadcasting Corporation, 2010). At the time, the Chinese exported more than 90% of the world's rare earths, so the export ban heavily impacted the Japanese economy (Wilson Center, 2023). Shihoko Goto, the director of geoeconomics and Indo-Pacific enterprise at the Wilson Center, points to this incident and the subsequent export ban as the catalyst for Japan's focus on economic security (Wilson Center, 2023). Japan recently created the cabinet-level position of economic security minister in its government, making it the first country in the world to possess such a role, and Japan has also passed legislation to further its economic security (Wilson Center, 2023).

But the need for greater economic security in Japan was underscored in 2023 by the Fukushima wastewater release controversy. In 2011, the Fukushima Daiichi Nuclear Power Station in Japan was destroyed by a tsunami. Because the cooling systems were also destroyed, seawater has since been used to cool nuclear fuel rods at the station. This seawater is then sent through a treatment process that removes nuclear contaminants. But when Japan

began to slowly release the treated water into the ocean in late 2023, China protested, claiming that the process was unsafe (Garver, 2023). The PRC then banned imports of Japanese seafood, even though the safety of the seawater was vouched for by experts and China's own nuclear power plants regularly release water containing far greater amounts of contamination (The Economist, 2023b; Garver, 2023). Chinese fishing vessels have also continued to operate off Japan's coasts despite the Chinese government's alleged safety concerns (Yamaguchi, 2023b). But Japan's seafood industry has been damaged by China's import bans, prompting the Japanese government to create an emergency fund for exporters (Yamaguchi, 2023b; Yamaguchi, 2023a). According to Goto, China chose to criticize the Fukushima wastewater release so strongly in order to demonstrate its economic leverage over Japan, and Japan's continuing dependence on China (Garver, 2023). Plus, the wastewater release serves as a convenient distraction for the Chinese government from its current economic struggles and could also be used to create division between Japan and the ROK, whose populace widely opposes the water release (The Economist, 2023b). Despite Japan's strong focus in the past few years on strengthening its economic security, this recent incident demonstrates that the Japanese economy is still susceptible to Chinese economic coercion.

The Philippines

Similarly to Japan, the Philippines has faced Chinese economic coercion as a result of a territorial dispute. The Philippines and the PRC both claim that Scarborough Shoal, located in the South China Sea, is their territory (Harrell et al., 2018). Between 2012 and 2016, there were multiple instances of Chinese economic coercion against the Philippines related to this disagreement. In April 2012, there was a naval standoff between China and the Philippines over the Scarborough Shoal issue. Following that incident, the Chinese raised the sanitation standards for bananas entering China from the Philippines and stopped accepting quarantine certifications from the authorities in the Philippines. As a result of these measures, many of

the bananas rotted while they were stuck in port. The rise in standards was especially impactful due to the fact that China was the Philippines' third largest export market at the time (Harrell et al., 2018). But bananas were not the only thing impacted. The PRC also put a halt to air travel to the Philippines during that year (Harrell et al., 2018).

A few years later, the Philippines chose to take its territorial dispute with China to the Permanent Court of Arbitration. During this process, China resumed its economic coercion of the Philippines, which included a 2015 decrease in the number of bananas exported from the Philippines to China. And after the Permanent Court of Arbitration ruled in the Philippines' favor in 2016, there was a 20% drop in Chinese tourism (Harrell et al., 2018). But these coercive tactics stopped when the Philippines elected a new president, Rodrigo Duterte, who vowed to shift his country in a pro-China direction (Harrell et al., 2018). Banana exports and Chinese tourism in the Philippines both increased significantly after Duterte and Xi met in person in 2016 (Harrell et al., 2018).

Under Duterte's leadership, the Philippines signed onto several large projects through China's BRI, such as the New Centennial Dam (Busbarat et al., 2023). These projects did bring economic benefits to elites in the Philippines, but it also produced unwelcome side effects such as an increase in online gambling, money laundering, violence, and sex work (Busbarat et al., 2023). The Philippines pulled out of multiple BRI railway projects when Ferdinand Marcos, Jr. took office in 2022, and it has not made any new commitments under the BRI since then (Busbarat et al., 2023). But conflicts between the Philippines and China over their disputed islands have continued to escalate. On multiple occasions in late 2023 for instance, China Coast Guard vessels used powerful and destructive water cannons on Philippine vessels as they approached the disputed Second Thomas Shoal for resupply missions (Heydarian, 2024). And in early March 2024, a group of China Coast Guard vessels disrupted another Philippine Navy resupply mission to the Second Thomas Shoal, using

water cannons to damage the Philippine vessel and actually injure Philippine sailors for the first time in recent history (Heydarian, 2024). The incident was so severe that there was talk in the Philippines about evoking the Philippine-U.S. Mutual Defense Treaty to garner U.S. military aid, but President Marcos decided against this course of action (Heydarian, 2024). The PRC continues to assert its territorial claims to the Second Thomas Shoal area despite a 2016 Permanent Court of Arbitration ruling that said its claims were unlawful under the United Nations Convention on the Law of the Sea (Campbell & Salidjanova, 2016). But President Marcos has vowed that he will not surrender an inch of Philippine territory to the Chinese despite their coercive tactics (Dziedzic, 2024). As the situation continues to escalate, there is a risk that this Chinese coercion will lead to a real conflict, which could result in U.S. military involvement.

Southeast Asia

Because of its economic ties to Japan and its security-related connections to the U.S., Southeast Asia is an important site of conflict with China (Goto and Myers, 2023). In addition, Southeast Asian countries serve as potential alternative markets to China. This was demonstrated when South Korea's Lotte Group moved its stores from the PRC to Southeast Asia during the THAAD dispute (He et al., 2023). The region is thus poised to benefit from nations who seek to diversify their supply chains as a precaution against geopolitical conflict with China (J. Lee, 2022). But this region is also highly vulnerable to China's coercive tactics. John Lee (2022) calls Southeast Asia the "soft underbelly" of the Indo-Pacific due to its vulnerability to Chinese coercion and influence (para. 5). Broad (2023) notes, "China is the largest investment partner of Indonesia, Malaysia, Brunei, Cambodia and the Philippines — and the largest trading partner of all the Association of South East Asian Nations (ASEAN) members, except for Laos and Brunei" (para. 5). Despite this, nations in this region have not seen as much economic coercion as have countries like Australia and the ROK. This

is partly because Southeast Asian countries tend to avoid diplomatic escalation and try not to choose between the U.S. and China (Broad, 2023; J. Lee, 2022). Regardless of these factors, the CCP has indeed employed economic levers to achieve its strategic aims in Southeast Asia.

One recent example of Chinese economic coercion in Southeast Asia occurred in Vietnam. In September 2023, Vietnam formed closer ties with the U.S., upgrading relations between the two countries to a Comprehensive Strategic Partnership (Broad, 2023). That same month, "Chinese border officials abruptly decided to halt imports and turn back six tonnes of Vietnamese lobsters, forcing vendors to sell their produce for a third of the usual price" (Broad, 2023, para. 4). This decision was of particularly high impact because China is Vietnam's largest market for lobster (Broad, 2023). Chinese customs officials claimed that their decision was based on environmental concerns, saying they had added wild tropical rock lobsters to their list of endangered species (Dao, 2023). But it is interesting that this sudden pronouncement came in the same month that Vietnam upgraded its relationship with the U.S.

Another way that China is very active in Southeast Asia is through its BRI. Southeast Asia is very important for the BRI, acting as the connector between the overland "belt" and the oversea "road" of the initiative (Kuik, 2021, para. 1). Thailand, Indonesia, Cambodia, Vietnam, Laos, Malaysia, and Myanmar are all BRI partners (Busbarat et al., 2023). Indonesia is involved in 71 different BRI-related projects, worth a total of \$20.3 billion, and is becoming steadily more reliant on Chinese investment (Busbarat et al., 2023). Thailand has also been very involved in the BRI, agreeing to the construction of a high-speed railway and other projects. Pongphisoot Busbarat of the Institute of Security and International Studies in Thailand writes that "these projects have helped fortify Thailand's economic relationship with China, thereby enhancing the country's economic growth and solidifying its role as a regional hub" (Busbarat et al., 2023, para. 6). Many BRI projects have also been completed in Cambodia, including the Phnom Penh-Sihanoukville Expressway, which has reduced travel

time for Cambodians (Busbarat et al., 2023). Vietnam, on the other hand, has engaged with the BRI more cautiously, signing onto only a few projects (Parameswaran, 2023; Busbarat et al., 2023). Overall, the BRI has served as a forum for China to invest significant amounts of money in each of these nations, tying their governments—and their economies—more closely to the PRC's.

South Asia

Since the outbreak of the Russia-Ukraine war in February 2022 and the resulting application of Western sanctions to global transactions with Russia, some countries have turned away from the use of the U.S. dollar due to their need to trade with Russia or out of a concern that their access to financial channels involving the dollar could be cut off (Proma, 2023; Greene, 2023). China is taking advantage of these concerns by promoting the use of its renminbi as an alternative currency, and the switch to the renminbi is prevalent in South Asia (Proma, 2023). Many nations in this area, including Bangladesh, Sri Lanka, Pakistan, and India, rely on an unceasing energy supply to finance their economic growth and have turned to Russia as their energy supplier (Proma, 2023). But when the West levied sanctions on Russia after its invasion of Ukraine, the dollar was no longer a viable option for transactions with Russia (Proma, 2023). Because of this, these nations have turned to the Chinese yuan to finance energy payments (Proma, 2023). This is even the case for India, who is a strategic partner of the U.S. and who views China as its primary regional competitor (Proma, 2023). This transition to the yuan is a boon to the PRC's attempts to internationalize the renminbi, and it also gives China a degree of power and influence over these transactions (Proma, 2023).

Potential U.S. Courses of Action

From all of these examples, it is clear that China is using economic leverage as a tool to accomplish its strategic objectives across the Indo-Pacific. In the Pacific Islands, the PRC

is using economic coercion to win more nations to its side. In Australia, the ROK, Japan, and the Philippines, China's economic coercion serves to punish policies that do not align with the CCP's interests and to silence public opposition to China's actions. In Southeast Asia, China is purchasing partnerships via infrastructure investments while simultaneously collecting debt that could be used as leverage in the future. And in South Asia, China is acquiring greater economic power as nations transition to the yuan from the dollar for their energy purchases. In order to appeal to countries not currently aligned with the West and maintain alliances and partnerships that are already in place, the United States must counter China's coercive economic tactics. Ultimately, America should formulate a stronger economic strategy for the Indo-Pacific region, engage more deeply with the needs of its partners and allies, expose China's corrupt activities, and develop a true grand strategy. Through this response, the United States can show nations across the Indo-Pacific that it is a steadfast partner and ultimately a superior alternative to China.

First, the U.S. can formulate a stronger strategy for economic engagement with the Indo-Pacific. Richard Fontaine, CEO of the Center for New American Security, highlights economics as the large missing piece in U.S. Indo-Pacific engagement (Filipetti, 2023).

Despite growing military engagement with the Philippines and other Pacific Island nations, the U.S. has basically no economic strategy. Fontaine pointed out that the Pacific is not like the Middle East, where one can get by only on security agreements; rather, one must engage with partners in the Pacific economically in order to form relationships (Filipetti, 2023).

China is party to two pan-Pacific trade agreements. But the U.S. is not involved in these and demonstrates no interest in them. Fontaine stressed that the United States needs to form more free trade agreements, particularly at the bilateral level, in order to compete effectively with China in the region. The U.S. needs to have alternatives to what China offers (Filipetti, 2023).

This is especially the case given South Asian nations' recent transition from the dollar to the yuan for energy transactions.

Next, the United States needs to be more involved in the interests of its partners. For instance, the Solomon Islands recently signed a security agreement with China. In response, the United States established an embassy in the Solomon Islands for the first time in thirty years (Singh et al., 2023). While American officials may claim that the Pacific Islands are strategically important and valuable to the U.S., their words are not supported by action. In order to compete with Chinese influence and prove that the U.S. is a reliable partner, the U.S. needs to be more engaged with the needs of the Pacific Islands. But to do so, Americans must be willing to spend the necessary money on consular facilities in the region. The U.S. also has a loophole in its immigration system within the Pacific Islands. Since the Chinese can enter CNMI visa-free, and CNMI citizens can enter the U.S. visa-free, there is a danger of Chinese nationals illegally entering America. The U.S. needs to close this loophole (Paskal, 2023c).

The U.S. can also engage on a deeper level with the needs of its treaty allies, helping to develop greater trust. One way it can do this is by providing tangible support in the face of China's economic coercion. When China hit Australia with bans on coal and wine importations, the U.S. offered Australia rhetorical support. But America did not provide a tangible form of aid to back up its words (Broad, 2023). If the U.S. would not even help Australia, its close ally, when it experienced such overt coercive tactics, then smaller countries in the region will not believe that they can count on the U.S. to support them in their time of need. Shared interests in economic security provide the U.S. with an opportunity to cooperate with Japan on a deeper level. The two countries are already doing this to a certain extent, as "the United States and Japan are increasingly acting in concert, with both countries taking an active role in defining and developing policies and frameworks to

advance shared economic interests, particularly surrounding resiliency and trust" (Goto and Myers, 2023, p. 5). Southeast Asia presents an opportunity for further U.S.-Japan economic cooperation. Goto and Myers (2023) write, "Japan has historically been the partner of choice for Southeast Asian countries, while the United States remains the foremost security provider...the alliance should leverage its comparative advantages to jointly compete with China in the region" (p. 3). There are also opportunities for deeper engagement with the ROK. South Korea has recently expressed interest in working with the U.S. to jointly secure supply chains and counter China's restrictive policies on technology and manufacturing (J. Lee, 2023). John Lee (2023) notes, "A bargain that combines economic policies that serve these objectives with steps to deepen bilateral strategic and military cooperation would be an attractive offer for Washington to bring to Seoul" (para. 20).

Additionally, China has provided the U.S. with an opportunity to expose the PRC's illicit practices to the world. As has been seen, bribery, corruption, economic struggles, and political interference follow China wherever it goes within the Pacific Island nations. And corruption and illicit activity also expanded in the Philippines as a result of the BRI. Cleo Paskal writes, corruption is "the fuel that drives PRC expansion" (Paskal, 2023c, para. 29). To free the Pacific Islands and other Indo-Pacific nations from China's corrupt and selfish practices, these actions need to be exposed (Paskal, 2023c). The U.S. must ensure that citizens throughout the region are fully aware of what they are really getting when their governments choose to align with China.

Finally, while all of these courses of action can help to mitigate the effects of Chinese economic coercion on the U.S. and its allies, economic efforts are only one form of China's political warfare. In addition to economic means, the PRC conducts political warfare using tactics such as psychological warfare, public opinion and media warfare, lawfare, gray-zone tactics, espionage and subversion, and influence operations (Gershaneck, 2020). China is

indeed engaged in unrestricted warfare, using all means at its disposal rather than relying solely upon traditional military methods (Gershaneck, 2020). Because of this, the United States will not succeed in protecting its alliances and partnerships in the Indo-Pacific if it only counters China on the economic front. Rather, in order to coordinate all available means to achieve the end of competing with the PRC, the U.S. needs an overarching grand strategy. But what is a grand strategy? Dueck (2006) writes that the term "grand strategy" was first employed by B.H. Liddell Hart "to describe the 'higher level' of wartime strategy above the strictly military, by which the nation's policymakers coordinate all of the resources at their disposal—military, economic, diplomatic—toward the political ends of any given war" (p. 9). Wilkie (2021) adds that grand strategy is "a reference from which a nation's historical, cultural, economic, diplomatic, and military thought is brought to bear to create a strategic synthesis" (para. 1). But the U.S. has not developed a true grand strategy since the fall of the Soviet Union (Wilkie, 2021). While each presidential administration does develop a National Security Strategy, these documents do not fall under the definition of a strategy as given above. Rather, they are merely "aspirational or visionary expressions of the kind of world the incumbent wants to shape, and they list priorities among the many challenges facing the country" (Hoehn et al., 2017, p. 143). For the U.S. to successfully counter China, America must have more than mere aspirations. In order to battle the PRC's unrestricted warfare, America must develop a clear and detailed plan of action for countering China on every front.

Conclusion

The CCP is using economic coercion as a tool to bring Indo-Pacific nations into alignment with the PRC's theory of control and accomplish the CCP's strategic aim of tianxia. Across the region, China employs tactics such as bribery, trade agreements, illicit business practices, infrastructure investments, export bans, and the promotion of its currency to coerce Indo-Pacific nations into supporting the PRC rather than the U.S. In a region that is

so important geographically, economically, and militarily, America must show countries impacted by China's coercion that the U.S. is a superior and steadfast partner. As the U.S. seeks to counter China's economic coercion, it must formulate a better economic strategy for the region, engage with the needs of its allies and partners, expose China's illicit practices, and develop a true grand strategy so political warfare can be opposed on every level. In doing so, the United States can better maintain relations with its allies and partners in the region, whose territory serves as critical points of land across the vast Pacific Ocean. If the U.S. loses these nations to Chinese influence, then American power in and access to the region will be severely diminished. Besides the impact this would have on the U.S. military, Mahan would note that the loss of access to key maritime trade routes in the area would ultimately impact America's ability to maintain its own national power. The U.S. must act to secure the territory that was so hard-won by the sacrifices of American troops during the Second World War.

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