A CRISIS IS A TERRIBLE THING TO WASTE

By Ryan Hass

When Richard Nixon and Zhou Enlai signed the Shanghai Communiqué in February 1972, the national scars from the Korean War were still fresh, the Vietnam War was raging, and Chinese society was mired in the Cultural Revolution. There was virtually no two-way trade, and no American constituency promoting U.S.-China relations.

From those uncertain initial steps in 1972 to the present, relations have developed further and faster than anyone could have foretold. Now, the U.S.-China bilateral relationship is the most consequential in the world, and the United States and China are the two most significant actors on the international stage. In virtually every field – economics, business, academia, science, the environment, development, health – a dense web of connections has formed across the Pacific and pulled the two countries toward each other, making each more sensitive to the actions of the other. At the same time, China has transformed itself from a weak, poor, divided country into America’s most formidable strategic competitor.

The U.S.-China relationship has now reached what respected China scholar David M. Lampton describes as a “tipping point.” The basic assumptions and expectations that guided the development of U.S.-China relations over the past 40 years no longer hold and, so far, no consensus has formed in either country about what should replace them. This paper seeks to contribute a perspective on the future trajectory of U.S.-China relations by addressing how the relationship reached its current inflection point, why this moment may differ from previous periods of bilateral friction, and what key questions the United States needs to answer about the type of relationship it seeks with China going forward.
I suggest that the current turbulence in the bilateral relationship presents both risks and opportunities. If leaders in both capitals persist in treating the other as the source of their problems, they will invite risk of confrontation, and potentially conflict. On the other hand, if leaders use this period to question assumptions and reassess what type of relationship would serve both sides’ interests, they could steer the relationship from crisis toward opportunity.

**How Did We Get Here?**

While the story of President Nixon’s opening to China bears little need of repeating here, three contrasts between that period and the present merit mention.

The first is the difference in the overall level of access to information about developments inside China. With China’s closed borders, its domestic upheavals, and the near-total absence of contacts between the United States and the PRC, the few American scholars that focused on China in the early 1970s for the most part concentrated on China’s history and culture, or confined their analyses to distant birds-eye views of contemporary developments based on the limited information at their disposal. Less than ten of America’s elite universities offered China studies programs, and the study of China was freighted with the risk of being perceived as ideologically sympathetic to communism.

Nowadays, the barrier to studying China or U.S.-China relations is much lower, information about events inside China is abundant, individual incidents – even in remote regions of China – elicit near real-time reactions from the United States, and each country is deeply affected by the actions of the other. It has become easy and commonplace for a wide range of Americans – not just “experts” with formal training – to express their views on China. China, for example, has become the preferred meme for technologists who argue the United States needs a
new Sputnik moment, and for grand strategists who believe China presents a fundamental challenge to America’s continuing leadership in the world.

The second distinction is the geostrategic nature of the relationship. From the 1970s through the end of the Cold War, China was seen as a geostrategic asset for the United States, a partner in challenging the Soviet Union. With the end of the Cold War, that logic for strengthening U.S.-China ties dissipated. With its booming economy, increasingly capable military, and expanding global influence, China came to be seen by many in the U.S. policy community as America’s foremost geostrategic competitor.

Third, the leading American policymakers who built the U.S.-China relationship enjoyed prestige within their political parties and were willing to use it to push forward U.S.-China relations. These individuals – Henry Kissinger, George H. W. Bush, Brent Scowcroft, Zbigniew Brzezinski, George Shultz, William Perry, Stapleton Roy, and others – cultivated deep relationships across government, the specialist community, and the media. Their views on China were afforded significant deference. Some were committed to deepening U.S.-China relations in their own right and supporting China’s reemergence into the community of nations, while others saw China more through the prism of balancing the Soviet threat. Despite these differences, none of them were ideologically hostile to China, all were clear that America’s enemy was the Soviet Union, and all felt strongly that healthy U.S.-China relations supported America’s strategic imperatives.

Nowadays, there are no comparable heirs to the founding generation of policymakers. There are no senior statesmen or stateswomen who command broad deference and are willing to use it to make the case for advancing U.S.-China relations. The current generation of senior officials in the United States government have relatively little experience dealing with China,
less comfort focusing on the broader strategic picture, less inclination to craft long-term strategy, and a lower tolerance for working to solve problems with Beijing when they arise.

As a consequence, U.S. policy on China has become more focused on specific irritants than grand strategy. This is, in part, because there is no consensus on what role China should play in American grand strategy.

None of this analysis is intended to whitewash the past and suggest that U.S.-China relations proceeded smoothly along a positive trajectory up to the present. Between President Nixon’s trip in 1972 and now, the relationship experienced many ups and downs.

The 1980s were a period of optimism. Many Americans viewed China’s former paramount leader Deng Xiaoping as a committed reformer. Some thought China would gain inspiration from the examples of Taiwan and South Korea, both of whom shook off dictatorship and turned to democracy as they became more prosperous. Stirrings elsewhere, including Gorbachev’s pursuit of glasnost and perestroika, also fed hopes that political liberalization would reach China.

Those hopes were shattered in June 1989, when the Chinese Communist Party used lethal force to suppress nationwide student-led demonstrations urging acceleration of reform. The bilateral relationship experienced a significant downturn thereafter, with most high-level exchanges suspended. The 1995-96 Taiwan Strait crisis, which arose from Beijing’s attempts to intimidate Taiwan voters, compelled the Clinton administration to dispatch two carrier strike groups and pushed the relationship further down. It also highlighted for leaders in both capitals the risks arising from the insufficiency of communications channels: miscommunication could easily lead to miscalculation, and miscalculation to conflict.
Following the Taiwan Strait crisis, the Clinton administration announced a policy of “comprehensive engagement” to expand discussion of bilateral and multilateral issues. After a nine-year hiatus in presidential-level travel to China following the Tiananmen incident, President Clinton made an extended visit in 1998.

His mission was to expand American access to China’s market, which he believed would support U.S. economic growth. The centerpiece of Clinton’s efforts was championing China’s entry into the World Trade Organization (WTO). Clinton called China’s accession a “hundred-to-nothing deal for America.” And despite the fact that the internal policy rationale for China’s entry into the WTO had nothing to do with democratization, Clinton also sold the deal as an opportunity for the United States to use economics to open up China’s political system. Without knowing it at the time, Clinton’s overselling of the benefits and his downplaying of the potential dislocations stemming from China’s entry into the WTO sowed the seeds that Donald Trump would harvest in his successful presidential campaign in 2016.

With China’s entry into the WTO in 2001, U.S. policy focus shifted from integrating China into the international system to improving the quality of Chinese contributions. Then-Deputy Secretary of State Robert Zoellick laid out the approach in a 2005 speech calling on China to become a “responsible stakeholder” in upholding the rules-based international order. Zoellick’s comments reflected a viewpoint that the United States would benefit by China becoming more – not less – involved in addressing global challenges.

Since the dawn of the 21st century, China has stepped up its contributions to multilateral responses to regional and global challenges. For example, China has played a largely constructive role in addressing Iran’s and North Korea’s nuclear programs, adhered to international agreements on weapons of mass destruction, worked with the United States during
the global financial crisis to head off a worldwide depression, taken a leading role in combatting climate change, become the largest contributor among permanent members of the United Nations Security Council to U.N. peacekeeping operations, played a leading role in countering pandemic disease, become a major financial contributor to the World Bank and International Monetary Fund, and taken steps to support wildlife protection and address environmental issues.

Even as U.S.-China cooperation has deepened, areas of competition also have intensified. A number of factors contributed to this trend. First, China’s rapid rise has coincided with a period of self-doubt in the United States. Fatigued by wars in Iraq and Afghanistan and shaken by an inability to lift up broad segments of the U.S. population, many Americans have begun to blame China for abusing the open international trading system at America’s expense. For those Americans, China’s trade surplus with the United States has become synonymous with China cheating the American worker.

Second, China has become more aggressive at home and abroad. China has shed its past foreign policy orientation toward patience and modesty and replaced it with a bias toward boldness and activism. This has been evident in China’s coercive policies in the East China Sea and the South China Sea, vis-à-vis Taiwan, and along the Line of Actual Control with India. At home, President Xi Jinping has tightened political control through a far-reaching anti-corruption campaign and a clampdown on dissent. And in the U.S.-China context, Xi has exhibited less concern than his predecessors for maintaining generally stable relations with the United States.

Third, many policymakers and elites in the United States have lost confidence in the ability of the United States to influence China’s policy choices through sustained engagement. As James Mann predicted in *The China Fantasy*, the argument that deeper engagement would yield political liberalization in China has not proven valid. A popular perception has emerged
that American strategy is not delivering. A policy that delivers a blend of cooperation and competition – with a focus on maximizing the former and managing the latter so as to prevent escalation to conflict – has come to feel unsatisfactory for many Americans who believe they are being disadvantaged by a flawed relationship that favors China at the expense of the United States.

Against the growing cacophony of criticism toward U.S. policy on China, two caveats bear mentioning. First, polling data from the Pew Research Center, Gallup, and the Chicago Council on Global Affairs suggest that U.S. public attitudes on China remain divided. The U.S. public views China as neither a partner nor a rival, and the distribution of views now on such questions is similar to public attitudes a decade ago. In other words, public views of China have not hardened to the same degree as those of policymakers and opinion-leaders in Washington.

Second, prominent members of the China policy community remain unconvinced that U.S. policy toward China should be viewed through a purely adversarial lens. Leading voices such as Henry Kissinger, Stephen Hadley, Susan Rice, Stapleton Roy, Jeffrey Bader, Nicholas Lardy, and David Dollar continue to argue for updating U.S. policy to address challenges presented by China’s rise, and reject a false choice between embracing the status quo, on the one hand, and adopting a purely confrontational strategy for influencing China’s behavior on the other.

Regardless, there is broad acceptance that U.S.-China relations presently are under considerable strain, and likely are at a more precarious point than at any time since President Nixon’s opening to China in 1972.

**Why Might This Time Be Different?**
While the relationship over the past 40 years has gone through cyclical swings, the broad trend has been toward deepening integration and growing interdependence, particularly in the economic sphere. Some may argue that the relationship is undergoing another cyclical downturn, as opposed to a structural shift toward an adversarial dynamic. While a definitive judgment may not be known for some time, at least four reasons suggest that – absent a course correction – U.S.-China relations may be entering a period of more permanent structural change.

First, the implicit compact that supported the deepening of relations over the past 40 years has frayed. In the past, both sides’ approach to the relationship was grounded in the often unstated mutual understanding that the United States would not seek to impede China’s development or dictate how China governed itself, and China would not seek to displace the United States from Asia or challenge America’s leadership role in global affairs. Even though both sides harbored profound suspicions about the depth of the other side’s commitment to the compact, by and large, neither flagrantly violated the understanding, so it continued to serve as a guardrail for the relationship.

Today, both sides hold the other in violation of the compact and use the other’s transgressions as justification for their actions. To many in Washington, the cumulative effect of China’s assertive actions in the South China Sea and East China Sea, combined with its rapid military expansion, its efforts to weaken the American alliance architecture, and its creation of alternative multilateral institutions, has been to reveal China’s ambitions to assert primacy in Asia at America’s expense. Beijing’s state-led industrial model has generated fears that China will concentrate its national resources to displace the United States in high-tech sectors at the heart of the 21st century global innovation economy. For members of the American strategic
community, these concerns have been amplified by numerous signs of public ambivalence in the United States about maintaining a U.S. leadership role in the international system.

By the same token, in China “increasing fractions of the elite and public see America as an impediment to China’s achieving its rightful international role and not helpful to maintaining domestic stability.” China’s leadership and its state media in recent years have become increasingly strident in warning their domestic population that “hostile Western forces” are bent on impeding China’s rise. Chinese authorities have ramped up public awareness campaigns warning of foreign spies seeking to infiltrate China’s society, and the Chinese Communist Party has elevated emphasis within the education system on the link between Party control and social stability. Chinese propaganda has portrayed President Trump’s unilateral tariffs on Chinese exports as an element of overall U.S. efforts to restrain China’s rise. Similarly, Chinese officials often assert that U.S. involvement with Taiwan and Hong Kong is intended to sow division in their country as part of a strategy to obstruct their ascent.

In other words, with America no longer secure in its dominance and China increasingly framing American actions as intended to impede its rise, the implicit bargain between both countries is collapsing. As yet, no new understanding for guiding the relationship has emerged to take its place.

Second, the Trump administration has weaponized China as an issue in America’s political discourse, accusing China of “raping” the United States and “plundering American jobs and American wealth.” Trump’s trade representative, Ambassador Robert Lighthizer, has warned that China seeks “to take over all our technology” and leave future generations of Americans economically idle. These views animated President Trump’s 2017 National Security Strategy, which framed China for the first time as a “revisionist power” and a “strategic competitor.” The
document, which identified China 23 times – more than any other country – presented a sharp contrast with the 2015 National Security Strategy, which had encouraged the rise of a “stable, peaceful, and prosperous China.”

Such a sharp rhetorical shift matches the mood of President Trump’s political base. The United States is going through a period of disruptive transition akin to the industrial revolution. Wages are stagnating, entire industries are becoming obsolete, and many people are worried about their own and their children’s future job prospects. According to recent research, as many as 2.4 million U.S. jobs were lost to competition with China between 1999 and 2011, and many of these losses were concentrated in areas that supported President Trump. It has become both easy and convenient for politicians to shift blame to China for the frustrations many Americans feel, and to identify China’s ascent as the primary threat to America’s future prosperity.

The Chinese have brought much of the criticism upon themselves by willfully disregarding international urging to abide by market economy norms. Problems arising from China’s industrial policies, market access restrictions, technology transfer requirements as a condition of entry into the Chinese market, subsidization of state-owned enterprises, over-capacity production in key sectors, and lax enforcement of intellectual property protections have become too big for the United States or others to overlook. China’s naked efforts to provide preferential advantages to its national champions over international competitors have generated resentments that President Trump nurtured and exploited during his bid for the presidency.

Third, both sides assign relatively lower value to interdependence and broadly stable bilateral relations than was the case previously. Whereas past American administrations viewed economic interdependence as a stabilizing factor because it raised the cost to both sides of disrupting relations, the Trump administration holds a different view. It fears close economic ties
are fueling the rise of America’s most formidable strategic and economic competitor. American officials now speak of the need to diversify America’s diplomatic and economic focus away from China, and to “de-couple” the American and Chinese economies, in order to slow China’s ascent and preserve America’s relative strengths.

Similarly, the Xi administration has shown less commitment to preserving generally stable U.S.-China relations than its predecessors. Xi has accepted elevated friction with Washington as a cost of his assertive foreign policy and his statist economic policy. Xi has given little cause for confidence in Washington that more engagement yields better U.S.-China cooperation on shared challenges.

Fourth, U.S.-China competition recently has assumed an ideological dimension. Previously, the absence of U.S.-China ideological competition stood in stark contrast to U.S.-Soviet relations during the Cold War. While it would be an exaggeration to suggest that present-day ideological competition now resembles the Cold War, it also would be a mistake to suggest that no such competition exists today.

Some members of the U.S. policy community have seized on past statements by President Xi about a “China model” to warn that Beijing seeks to encourage other countries to adopt state-led economics and authoritarian governance. Although there is scant evidence that President Xi or the Chinese Communist Party actively seek to export a “China model” of governance to third countries or organize China’s diplomatic efforts to advance such an objective, there are indicators that a number of measures recently adopted in the PRC may be providing inspiration and examples of tools for limiting civil society and curbing dissent. These include China’s foreign Non-Governmental Management Law, China’s Cybersecurity Law, and surveillance platforms that Chinese entities make available for other countries to acquire.
Cumulatively, the adoption of such practices around the world helps to “normalize” China’s governance system, and in so doing, create a more permissive environment for the Communist Party to tighten control over all aspects of Chinese society in the name of stability. Such trends also run counter to a longstanding objective of American diplomacy to promote political liberalization and respect for individual liberties and human rights around the world.

**What is at Stake?**

The deterioration in U.S.-China relations presents both risks and opportunities. The risk is that the relationship will fall into an irreversible tailspin toward a prolonged period of confrontation, and possibly conflict. Short of conflict, a sustained breakdown in bilateral relations likely would inhibit cooperation on global challenges, leading to failures of collective action in addressing transnational challenges that affect both countries’ interests. The result would be less security at higher cost for both countries. A protracted downturn also would create pressure to seek to de-couple the two economies, however improbable such an outcome would be for two countries with a $600 Billion-plus trade balance. Efforts by either side to de-couple economies would reduce efficiencies, leading to lower growth and inflationary pressure. There also would be an impulse on both sides to prioritize relationships with other actors that strengthen each one’s ability to challenge the other.

Such unbridled great power competition paired with rising economic protectionism would place global growth and stability at risk. It also would bear an uncomfortable resemblance to previous periods of great power rivalry, including the nineteenth century competition between Germany and Great Britain that ushered in conditions leading to World War I. In other words, the risks on the horizon for the relationship are considerable. These risks should concentrate minds in both capitals on finding a more productive path forward.
**What can be Done?**

Leaders in Washington and Beijing should use this period of uncertainty to examine their assumptions about the type of relationship they seek with the other. A lot has changed in the United States and China over the past 40 years. The shared strategic imperative that brought both countries together no longer exists. There no longer is a shared belief in the mutual benefit of deepening ties. A serious reassessment should generate a sense of what both sides think the U.S.-China relationship should work toward, and identify practical steps both sides could take to do so.

As a former member of the White House National Security Council staff involved in the development and implementation of U.S. policy toward China, my comparative strength is in examining factors that should inform U.S. policy, and less so in offering recommendations for Chinese officials to consider as they weigh their policy options. So, from an American perspective, here are four questions the U.S. policy community could use to structure its thinking:

1) *What is the objective of U.S. strategy toward China?*

Americans need to break with the notion that they can impose their will on the second-most powerful and fastest-rising country in the world. It is – and always was – unrealistic to expect China to become more like America. It also is – and was – unrealistic to expect the United States to get a vote in how China governs itself. (By the same token, it is unacceptable for China – through coercive, corrupt, or covert means – to seek to manipulate public attitudes or political decisions in the United States.)

On the other hand, it is reasonable to expect China to take on more responsibility for transnational challenges commensurate with its growing capabilities. It is reasonable to expect
China’s economy to become more market-oriented, not out of deference to American concerns, but rather in recognition that China’s modernization will be strengthened by greater competition. And, consistent with longstanding American values, it is fair for the United States to call out China’s authoritarian governance model and its lack of respect for rights related to labor, religion, speech, and assembly.

The United States does not gain by painting China as an adversary. Instead, the United States should outcompete China – investing in America’s foundations of national strength, embracing the benefits of China’s growing economy, and harnessing China’s rise to relieve the burden on itself in addressing global challenges.

2) *Can the United States live with a rising China?*

Within the Trump administration, there is a growing chorus of policymakers arguing that American policy must be organized to obstruct China’s rise in order to preserve a prosperous and peaceful future for the United States. If such views gain sustained expression in American strategy and policy toward China, Beijing likely will abandon efforts to manage relations with the United States and adopt a more hostile approach to the United States and its partners. U.S.-China conflict will become more likely.

From an economic perspective, the United States needs to determine whether it would gain or lose by seeking to torpedo Chinese growth, and also whether the United States would be able to achieve such an objective at an acceptable cost. A Chinese economic downturn would pull down global growth and harm American prosperity.

From a strategic perspective, the United States needs to determine whether it benefits more from a strong and capable China or an internally weak and externally insecure one. The recent past should inform such an analysis. In previous decades, when China was weaker and
more insecure, it employed a disruptive foreign policy. Beijing stoked nationalism by saber-rattling over Taiwan, fighting wars with its neighbors, and actively seeking to export its ideology. China also sought leverage by nurturing close ties with North Korea and enabling proliferation.

By the same measure, Washington should evaluate what effect a hostile strategy would have on its ability to attract support from like-minded partners (i.e., countries that share common concerns with the United States about the impact of Chinese behavior on their interests) in shaping China’s choices. At the onset of the Cold War, none of the would-be NATO partners had close economic ties with Moscow. Now, by contrast, every country along China’s periphery counts Beijing as its most important trading partner. Far from attracting others to partner with the United States, an overtly hostile U.S. policy toward China likely would dissuade countries that otherwise share similar concerns about Chinese behavior from coordinating with Washington. Such an outcome would lead to America becoming more isolated and less effective at influencing China’s choices.

3) Where should China have a greater say on matters of global governance?

Every rising global power has sought to adapt the international system to accommodate its new status. China is no exception. The United States thus far has been more inclined to resist China’s expansion of influence in international structures than to enable it – for example, by obstructing efforts to expand China’s voting share at the International Monetary Fund and withholding support for China’s launch of the Asian Infrastructure Investment Bank (AIIB). The United States would earn more support from like-minded partners by supporting a role for China in international structures commensurate with its growing power, and then insisting that China act in a manner that undergirds – and does not undermine – the founding purposes of those
institutions. If, instead, the United States continues reflexively to obstruct China from gaining a greater voice on the world stage, it will isolate itself and, in the process, diminish its ability to shape how China employs its growing power to address global challenges.

4) What are both sides’ visions for regional order in Asia?

Recognizing that regional order is not a subject to be decided by Washington or Beijing, but rather by all concerned parties, it would nonetheless be valuable for the United States and China to better understand each other’s assumptions, expectations, and ambitions. A sustained, authoritative bilateral dialogue would allow both sides to gain insight into what the other seeks to achieve and how its pursuit of those objectives would impact U.S.-China relations.

The Asia-Pacific remains the region where U.S. and Chinese interests intersect most directly, and also where relative power is shifting most rapidly. America’s 70-year run of uncontested primacy is giving way to a more even distribution of power throughout the region. The more that both sides are able to shrink the gap in expectations during this period of transition, the lower the risk of conflict.

The United States should be unequivocal with China about the objectives that animate U.S. strategy in the region. Under a normal administration, this would include a commitment to ensuring open markets to facilitate the free flow of trade, capital, and ideas. It would include ensuring that the rights of all states are respected, irrespective of size or strength. It would include support for the development of multilateral groupings in Asia, because such groupings foster coordination and lower the barrier to cooperation on common challenges. It would include a determination to ensure that international rules and norms are applied evenly across the global commons.
In other words, the United States should disabuse China of any expectation that China’s growing power exempts it from the rules that bind all other actors in the region. Above all, the United States should resolve to oppose any attempts to establish spheres of influence – where a dominant power enjoys special and exclusive privileges – in any part of Asia. History has shown that when regions get divided into spheres, competition intensifies and the risk of conflict rises.

5) What role should other powers in the region play?

The United States should assign a high priority to fortifying its partnerships, drawing support to its vision for the future of the region, and strengthening regional support for a common set of rules and norms to deal with interstate disputes and management of the global commons. Such an approach should not constrain China’s ambitions, so long as China operates within the existing rules-based regional architecture. If China disregards those boundaries, the United States would be in a stronger position to rally the rest of the region to push back collectively on China’s destabilizing behavior.

China will object to America’s maintenance of regional alliances, arguing that they are aimed at China. Washington and its allies should be direct with Beijing about the purposes of these alliances, including by making clear the array of threats they are organized to address. The more clarity Beijing has on the non-negotiable nature of these alliances, the more likely it will shift focus over time toward other regional challenges it feels it has greater potential to influence.

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In conclusion, the U.S.-China relationship has evolved considerably over the past 40 years and, in the process, has outgrown the conventions that guided it during that period. The sharp deterioration in bilateral relations in recent months likely reflects a structural shift in the relationship; it is not merely an artifact of an unconventional American leader. The sooner that
leaders and leading thinkers on both sides of the Pacific recognize the tectonic shifts taking place in U.S.-China relations, the higher the likelihood of resetting expectations and reaching consensus for an updated approach to the relationship.

The relationship will not return to the days before President Trump was elected. There no longer exists in the United States a constituency supporting such a reversion, just as there no longer are senior officials that could deliver such an outcome. The task now is not to protect the relationship but rather to reimagine it in a way that can attract durable, bipartisan support. This period may lead to a crisis in U.S.-China relations, or it may augur the beginning of a new chapter.

As it undergoes this process, America needs to recognize its enduring strengths vis-à-vis China. It enjoys a global alliance network, unmatched power projection, peaceful borders, generally favorable demographics, food and energy security, deep capital markets, and a culture of innovation that is the envy of the rest of the world. These relative strengths should give Americans confidence in their ability to outcompete China over the long run. They also should help Americans realize that a competitive yet generally stable relationship with China is more conducive to American security and prosperity than an outright hostile one.

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ii Ibid