

Working Paper for the Penn Project on the Future of U.S.-China Relations

Lessons from the Trump Administration's Policy Experiment on China

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Propelled by an electoral victory and a conviction that previous American policy on China had failed, the Trump administration ushered in a significant shift in America's approach toward China upon entering office. This policy shift was built upon judgments that China's gains in overall national power came at America's expense, and unless China was stopped or slowed, it could eclipse the United States and impose its own vision and values on the international system.

The Trump administration's policy experiment on China sought to slow China's progress and pressure China's leaders to become more responsive to American priorities and concerns about its behavior. Thus far, however, the results of this policy experiment have not achieved their aspirations. China has grown less restrained in pursuit of its ambitions. Within the U.S.-China relationship, areas of confrontation have intensified, areas of cooperation have vanished, and the capacity of both countries to solve problems or manage competing interests has atrophied.

Even so, the solution is not to rewind the clock to a past policy, but rather to take advantage of the policy space that the Trump administration has opened to fashion a more effective approach toward China. The more Washington approaches its competition with China from a position of confidence in its own relative strengths, sets clear-eyed objectives, and executes a coherent strategy that enjoys support from allies and the American public, the better it will be able to craft policies that tangibly improve the security and prosperity of the American people.

Scoping the challenge

Over the course of more than 40 years and successive leadership transitions in Washington and Beijing, the U.S.-China relationship traveled along a broad trajectory of expanding social, economic, diplomatic, and scientific ties. Although there were frequent ups-and-downs depending upon events in both countries and further afield, the general direction of the relationship was toward deepening ties. Neither side ever was fully satisfied, and both sought to alter the other's conception of – and approach toward – the relationship. By and large,

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however, there was a broadly shared understanding that both countries would be better positioned to pursue their national ambitions if relations were competitive yet generally stable than if they were confrontational or hostile. Throughout this period, the United States enjoyed a commanding lead in overall national power, broadly defined, even as China experienced a rapid rise in economic, technological, diplomatic, and military capabilities.

None of those conditions are applicable to the current conduct of U.S.-China relations. Both countries have changed considerably in recent years, and so too has the relationship between them. While much is made of the leaders' personalities in each country, the trend toward intensifying competition preceded both leaders and likely will outlast both of their presidencies.

The actions and judgments of both countries deserve scrutiny in any balanced evaluation of the current downward spiral of the bilateral relationship. To be clear, Beijing's behavior has been the primary contributor to deterioration of relations. This paper is not designed to provide an account of the causes of the breakdown in relations, though.¹ Rather, the goal of this paper is to arrive at some preliminary judgments about which U.S. policy innovations during the Trump administration have worked, which have not, and what lessons the next presidential administration in January 2021 should learn from the period 2016-2020 for purposes of crafting policies to address the challenges China poses to American interests.

The paper will begin by drawing a baseline of the relationship when President Trump entered office. It will then identify key judgments the Trump administration made and how they were reflected in policy adjustments. Next, the paper will briefly evaluate the results of Trump-

¹ For a more detailed analysis of the structural sources of downward pressure on U.S.-China relations, see "U.S.-China relations: The search for a new equilibrium," (Washington, DC: The Brookings Institution, February 2020), https://www.brookings.edu/wp-content/uploads/2020/02/FP_2020026_us_china_relations_hass.pdf.

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era policies. The paper will close with several recommendations for refining China policy in the next presidential administration.

Setting the baseline

With varying degrees of intensity during the period 1972-2016, leaders in both countries viewed it as important to sustain high-level bilateral government dialogue. Prior to the end of the Cold War, such channels were used to coordinate efforts to counter the Soviet Union. In the post-Cold War era, such channels mostly were used to manage tensions and search for common interests that could cushion the relationship from enduring sources of friction. Both sides generally recognized that tension was baked into the relationship given their divergent governance models, irreconcilable interests over issues such as Taiwan and America's alliance network in Asia, and competing visions for the future of regional and global order.

Senior-level bilateral exchanges often were sterile presentations of well-worn talking points and little more. The extensive diplomatic architecture generally proved more effective at forestalling clashes than at aligning interests or generating meaningful coordination on shared challenges.

Even so, it is worth noting the distance the relationship traveled since Nixon's opening to China in 1972. Previously, Beijing was a supporter of proxy foes of the United States, most notably in North Korea and North Vietnam, but also further from its shores. With the Cultural Revolution raging, China was a source of instability in Asia. U.S.-China relations were purely adversarial.

In the years following the diplomatic thaw, relations steadily moved toward becoming a mixture of competition and cooperation. Even as the balance almost always rested more heavily on the

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competitive side than the cooperative one, there nevertheless was some progress on American priorities. Both sides made progress in narrowing differences on proliferation issues. The two countries worked together to strengthen U.N. peacekeeping capacity. China voted for 182 of the 190 United Nations Security Council resolutions that imposed sanctions on states.² Beijing worked with the United States to end genocide in Darfur, Sudan, and contributed to U.S.-led efforts to halt the spread of Ebola from Africa in 2014.

On economic issues, China cut its current-account surplus from nearly 10% of GDP to near zero, unlocking a major source of global demand over the past decade. It responded to American pressure to halt manipulation of its currency. It coordinated closely with the United States during the global financial crisis on a massive stimulus program that helped avert a global depression. For 15 years China was the fastest-growing destination for U.S. exports, supporting roughly 1 million American jobs.

China also responded to American pressure on cyber and climate issues. After engaging in a massively destructive campaign of government-sponsored cyber-espionage against American citizens and corporations, China committed in 2015 to halt government-sponsored, cyber-enabled economic espionage for commercial gain. This agreement largely held during the Obama administration, but reportedly has lapsed during the Trump administration. China also accepted responsibility to combat climate change by working alongside the United States to lobby the rest of the international community to support the Paris climate accord.

Alongside rising levels of cooperation there also were rising levels of friction. Over the past decade, and particularly since Xi Jinping assumed leadership in 2012, China's domestic policies grew increasingly repressive, just as its conduct abroad also became more assertive.

² Robert Zoellick, "The U.S. Doesn't Need a New Cold War," *The Wall Street Journal*, May 18, 2020, <https://www.wsj.com/articles/the-u-s-doesnt-need-a-new-cold-war-11589842987>.

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China showed greater tolerance for friction with the United States and others as it declared itself as a rising power moving toward the center of the world stage. It showed diminishing sensitivity to American concerns on human rights as it clamped down on civil liberties and crushed dissent. China aggressively advanced efforts to establish relative superiority over other claimants in the South China Sea, and also in the East China Sea. China's rapid military modernization, and specifically its prioritization on developing capabilities to target American vulnerabilities in the Western Pacific, also accelerated.

On economic issues, China's leaders' rhetoric spoke to a desire to liberalize its domestic market, but its actions further cemented the role of the state in the allocation of land, labor, and capital. Chinese banks funneled money to state-owned enterprises while Chinese policies granted privileges and protections to firms that enjoyed links to the government. Foreign firms seeking a larger presence inside China grew increasingly frustrated by their inability to operate on a level playing field against Chinese competitors.

So, in sum, U.S.-China relations presented a mixed picture when President Trump entered office in January 2017. Trump inherited an extensive architecture of diplomatic mechanisms for managing the relationship, a broad acceptance on both sides that rising competition need not obstruct mutually beneficial cooperation, widely held frustration within the U.S. Government that so much interaction with the Chinese yielded so little progress on American priorities, a judgment that bilateral consensus existed around the goal of denuclearization in North Korea and Iran but faded rapidly when discussing how to realize the goal, and a sense that points of friction were increasing as China became a more aggressive strategic actor.

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Enter President Trump

Even before he was sworn in as president on January 20, 2017, President Trump already had signaled his determination to shake up China policy. He had used China as one of his favorite foils during the 2016 election campaign to argue that the American people were getting a raw deal and that only he was strong enough to tilt the relationship toward benefiting American workers. He vowed that he would be strong where others before him had been weak.

President Trump gave his incoming policy team a clear mandate to develop a new approach for dealing with China. And they did. Even before they entered office, the new team decided that previous American policy toward China had failed. For the most part, members of the Trump policy team built their argument on the failures of past policy around an assertion that past U.S. policy had assumed China would become more democratic as its standards of living rose, but the bet had not paid off. Even though it is hotly contested within the China expert community that past policy was guided by such rosy assumptions and expectations, such debates have not clouded the shared belief within the Trump administration on the need for a new approach to China.

In 2018, Vice President Pence explained, “America had hoped that economic liberalization would bring China into greater partnership with us and the world...Previous administrations made this choice in the hope that freedom in China would expand in all of its forms – not just economically, but politically, with a newfound respect for classical liberal principles, private property, personal liberty, religious freedom...But that hope has gone unfulfilled.”³

³ “Remarks by Vice President Pence on the Administration’s Policy Toward China,” The White House, October 4, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/>.

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In 2019, Secretary of State Pompeo took his turn, lamenting, “We [the United States] did an awful lot that accommodated China’s rise in the hope that communist China would become more free, more market-driven, and ultimately, hopefully, more democratic...We didn’t realize how China was evolving.”⁴

The Trump administration’s belief in the shortcomings of past policy coincided with China’s incontrovertible escalation of domestic repression and external assertiveness. Beijing’s behavior provided an enabling environment for the Trump administration to set American policy on a new course. And even as President Trump’s own comments on China jerked back and forth between polar extremes, the day-to-day public statements by senior Trump administration officials fluctuated in a seemingly uncoordinated fashion, and differing camps within the administration adjudicated their arguments on China in public view, it nevertheless was clear that the Trump administration had departed from the past approach in fundamental ways.

The big experiment

“We’re going to try out an entirely new approach to China policy. We are going to go big. And if the experiment doesn’t work, then the next administration can always go back to the old way that things were done.” This was my indoctrination to the Trump administration’s mindset in early 2017, courtesy of a White House official immersed in China policy. Other policy participants at different agencies validated this viewpoint and described the new approach to me as liberating. Unlike in past administrations, where each decision on China policy was the subject of intense interagency scrutiny and there was a bias toward risk mitigation, in the Trump

⁴ “2019 Herman Kahn Award Remarks: U.S. Secretary of State Mike Pompeo on the China Challenge,” The Hudson Institute, October 31, 2019, <https://www.hudson.org/research/15444-2019-herman-kahn-award-remarks-u-s-secretary-of-state-mike-pompeo-on-the-china-challenge>.

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administration there was relatively more tolerance for friction with Beijing. Departments and agencies were instructed to pursue their priorities and get things done.

The policy experiment was built upon several key judgments. The first was that China was gaining at America's expense and needed to be stopped. If China succeeds, the world will become more authoritarian and less democratic. Future generations of American workers risk becoming idle; the United States will be left to export airplanes and agriculture because China will dominate the industries of the future.

This viewpoint partly explains why President Trump and others around him have grown fond of highlighting Chinese economic setbacks such as declines in the Shanghai stock index and slowing GDP growth as proof points that their strategy is working. Trump even has boasted of causing China's economy to experience its "worst year" in 57 years (an erroneous claim).⁵

The next judgment was that China had a fully-formed view of how it would like to organize the international system and was actuating on that vision. Anxiety about China's ideological ambitions runs through every major policy pronouncement of this administration. The 2017 *National Security Strategy* asserts, "China and Russia want to shape a world antithetical to U.S. values and interests. China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor."⁶

Vice President Pence later declared, "A country that oppresses its own people rarely stops there. And Beijing also aims to extend its reach across the wider world." And former National Security Advisor H. R. McMaster concluded, "China has become a threat because its leaders are

⁵ Linda Qiu, "Fact-Checking Trump's Claims About China's 'Worst Year,'" *The New York Times*, September 4, 2019, <https://www.nytimes.com/2019/09/04/us/politics/fact-checking-trump-china.html>.

⁶ National Security Strategy of the United States, The White House, December 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

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promoting a closed, authoritarian model as an alternative to democratic governance and free-market economics. The Chinese Communist Party is not only strengthening an internal system that stifles human freedom and extends its authoritarian control; it also is exporting that model and leading the development of new rules and a new international order that would make the world less free and less safe.”⁷

This deepening sense of China amassing capabilities to weaken the appeal of liberal democracy and advance an authoritarian alternative has contributed in Washington to a hardening zero-sum view of the bilateral relationship. China’s gains ineluctably are viewed as America’s losses, and vice versa. Proponents of this view argue that looking at the relationship through such a lens is merely matching America’s frame of reference to the one used by China’s leaders.

Such concerns about China having a fully formed vision for reordering the world and rapidly expanding capabilities to do so has led the Trump administration to become more aggressive in seeking to blunt China’s advances. The administration has come to view disparate Chinese initiatives as pieces of an integrated strategy to bend the international order toward China’s authoritarian preferences. In this light, the Belt and Road Initiative has become a leading vector of China’s efforts to coopt other countries through a combination of graft, “debt-trap diplomacy,” and raw dependency on Beijing for future economic growth. Huawei’s efforts to export 5G and smart cities infrastructure have become viewed as part of a strategy to corrupt data security, lock in espionage advantages, and gain an inside edge on international standard-setting. Scientific, scholarly, and people-to-people exchanges have come to be viewed as Trojan horses for Beijing to steal information and influence American attitudes about China’s ambitions. FBI

⁷ H. R. McMaster, “How China Sees the World,” *The Atlantic*, May 2020, <https://www.theatlantic.com/magazine/archive/2020/05/mcmaster-china-strategy/609088/>.

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Director Christopher Wray has warned that China's deep links into American society, and particularly into American scholarly and scientific research, have become a threat requiring a "whole-of-society" American response.⁸

There also has been growing frustration within the Trump administration over Chinese attempts to manipulate international discourse. Such concerns have come into sharp focus following the outbreak of COVID-19, when various Chinese officials and propaganda outlets spread baseless conspiracy theories suggesting that the virus may have originated in the United States.

In response to these concerns about China's actions and their implications for American interests and values, the United States has made six significant policy shifts.

First, it has made "great power competition" the organizing focus of American foreign policy, much as containment was the north star of American policy during the Cold War and counter-terrorism was the overriding mission in the decade following the September 11 attacks. This theme is central in the Trump administration's *National Security Strategy* and its *National Defense Strategy*. Ex-Trump administration officials Elbridge Colby and Wess Mitchell believe this shift is definitional to Trump's foreign policy legacy. They have written, "When future historians look back at the actions of the United States in the early twenty-first century, by far the most consequential story will be the way Washington refocused its attention on great-power competition. Beneath today's often ephemeral headlines, it is this shift, and the reordering of U.S. military, economic, and diplomatic behavior that it entails, that will stand out – and likely drive U.S. foreign policy under presidents from either party for a long time to come."⁹ (In the

⁸ "Confronting the China Threat," Federal Bureau of Investigation, February 6, 2020, <https://www.fbi.gov/news/stories/wray-addresses-china-threat-at-doj-conference-020620>.

⁹ Elbridge A. Colby and A. Wess Mitchell, "The Age of Great-Power Competition," *Foreign Affairs*, December 10, 2019, <https://www.foreignaffairs.com/articles/2019-12-10/age-great-power-competition>.

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period since Colby and Mitchell published this piece, former National Security Advisor John Bolton has published a book in which he alleges that President Trump cared little for sweeping strategic arguments and sought instead to elicit support from Xi Jinping for Chinese actions that would bolster his re-election prospects.¹⁰)

Second, the Trump administration has reoriented its economic policy toward China. At President Trump's urging, the administration has turned the bilateral trade deficit into a measuring stick of fairness in trade relations. This has led to a shift in focus from pushing for market openness and trade liberalization toward a policy of managed bilateral trade, where policymakers – not market forces – make determinations that influence trade volumes.

Instead of working through established multilateral bodies (e.g., World Trade Organization) and alongside allies to sharpen pressure on Beijing, the Trump administration has relied upon unilateral pressure mostly in the form of tariffs to push for Chinese behavioral modification and to seek to incentivize supply chains to move out of China. The Trump administration also has taken a more expansive view of how national security considerations should apply to investment screening and export controls than previous administrations. As a result, previous firewalls in the relationship between security concerns and other issues have broken down. Security concerns have bled into all aspects of the relationship.

Relatedly, some members of the Trump administration, most notably advisor Peter Navarro, have championed “decoupling” of the U.S. and Chinese economies, arguing that doing so would bolster American security, diminish China's economic competitiveness, and lead to a reshoring of American manufacturing that would boost American jobs. Other pro-market members of the Trump administration, such as Treasury Secretary Steven Mnuchin and National

¹⁰ John Bolton, *The Room Where it Happened: A White House Memoir*, New York, Simon & Schuster, June 2020.

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Economic Council Director Larry Kudlow, reportedly have opposed such an approach. President Trump has vacillated between these competing camps.

Third, the administration has largely abandoned traditional state-to-state diplomacy as the preferred mode for managing bilateral relations. A view has taken root with the administration that China stands too far from American values and interests to be influenced by traditional diplomacy, and also that engaging Chinese officials confers legitimacy on the Chinese Communist Party without delivering offsetting benefits to the United States. Both countries' presidents still maintain a direct channel of communication, which has on occasion served as a temporary coolant on the relationship when tensions have flared. Trade negotiators remain in periodic contact, but now mostly in a maintenance function, given that there are no active negotiations on a phase-two trade deal. Defense officials also maintain a professional channel to clarify intentions of each other's tactical actions.

Taken as a whole, though, the role of direct communication to manage tensions and explore opportunities for cooperation has been circumscribed. With the possible exception of counter-narcotics, there is not any discernible affirmative agenda of areas where the United States is pushing China to take collaborative actions to address a shared challenge, and vice versa.¹¹

Fourth, and relatedly, the Trump administration has largely bypassed China in its dealings with North Korea and Iran. Whereas previous administrations sought to enlist China as a partner in pressuring both countries to abandon their nuclear and missile programs – with mixed results – the Trump administration has dealt directly with Pyongyang and expressed

¹¹ “Fentanyl smugglers: Nine jailed in landmark US-China operation,” BBC, November 7, 2019, <https://www.bbc.com/news/world-asia-50327998>.

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openness to doing so with Tehran. On these policy accounts, Beijing has become viewed more as a country to manage than a partner to coordinate with toward a common objective.

Fifth, the Trump administration has identified reciprocity as a top priority. This prioritization was reflected in trade negotiations leading to the U.S.-China phase 1 trade deal. It also was evident in the Trump administration's attempts to set a reciprocal level of treatment for journalists in each other's countries, and similarly was visible in each country's closure of the other's consulates. A similar policy effort was advanced to impose greater reciprocity on Chinese diplomats' access to scholars and state-level officials in the United States compared with American diplomats' access in China.

Sixth, members of the Trump administration have sought to create distance between the Chinese Communist Party and the Chinese people. This effort has been visible in public statements by, *inter alia*, the Vice President, the Secretary of State, the Deputy National Security Advisor, and the Assistant Secretary of State for East Asian and Pacific Affairs. While the exact words vary, the underlying message is largely consistent. It boils down to an argument that the United States respects the Chinese people, wants to see them enjoy greater freedoms and opportunities, and believes the Chinese Communist Party needs to alter its governance style or abdicate control of the Chinese state so that the Chinese people can realize their democratic aspirations. Even though President Trump has not embraced similar rhetoric in his own comments on China, senior Chinese officials with whom I have interacted have interpreted this new public messaging as discontinuous with 40 years of declaratory American policy and an unambiguous signal of American hostility toward continued Communist Party rule.

Taken cumulatively, these six innovations represent a significant departure from previous policy. Reflecting on the Trump administration's China policy, a former cabinet-level official in

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a Republican administration observed to me that the Trump administration had implemented the sharpest shift without a precipitating act of war that he had ever seen.¹²

How is the experiment working?

The early results of the policy experiment are not encouraging. Areas of confrontation have intensified, areas of cooperation have vanished, and the capacity of both countries to manage frictions has atrophied. By the Trump administration's own telling, China's behavior at home and abroad has grown more problematic. There is not presently any shared strategic rationale for the relationship. It is broadly acknowledged, including among senior members of the Trump administration, that the U.S.-China relationship is traveling along a sharply downward slope.

For some, sharpening enmity was an inevitable outcome, given the irreconcilability of American and Chinese ambitions. Thus, the argument goes, it is better for the United States to pull the timeline for confrontation forward to now while it still maintains a lead in overall national power rather than wait until later, when there might be more parity between both countries.

Some observers, such as Steve Bannon, argue that the limited results of the Trump administration's approach have been because the administration has not gone far enough in challenging China, and thus, a more adversarial approach is required. Other proponents of this policy experiment believe it remains too early to draw permanent conclusions about the wisdom of the Trump administration's new approach to China. Still others argue that the United States has no choice but to persist on its present course because China shows no signs of letting up in its pursuit to displace the United States in Asia, and eventually, as the premier global power.

¹² Private comment by former cabinet-level official, October 1, 2019, Washington, D.C.

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Colby and Mitchell promote this view. They argue, “Returning to the somnolent complacency of years past – when the United States assumed the best intentions of its rivals, maintained economic policies that often undercut its national security, and masked dangerous shortcomings among its allies in the name of superficial political unity – is not an option.”¹³

If strategy is the conception of plans to advance your aims while anticipating how the other side will respond to your moves, then the Trump administration has struggled to elicit Chinese concessions, deter intolerable Chinese behavior at home or abroad, or moderate Chinese reactions to American initiatives. Neither side has proven adept at resolving problems in the relationship. The one negotiated outcome of the past three years was the phase one trade deal, signed in Washington, D.C., on January 15, 2020. The deal generated more pain than gain for hard-working Americans. The Tax Foundation estimates that the Trump administration’s aggregate tariff increases amount to “one of the largest tax increases in decades.” Moody’s Analytics estimates that just one year of the trade war shaved U.S. real GDP growth by three-tenths of a percent and cost almost 300,000 jobs. Worse yet, the deal left untouched the Chinese behavior that precipitated the trade war to begin with. U.S. negotiators settled instead for a series of pledges of policy reforms Beijing already had decided to take and a set of purchasing targets of American products that China will not meet.¹⁴

If the “decoupling” agenda gains steam, it could lead to worse outcomes yet. Political scientist Dan Drezner has warned that U.S. history contains only two analogues to such a policy experiment, both of which undercut American prosperity. The first was the Embargo Act of 1807, in which the United States sanctioned both Great Britain and France during the Napoleonic

¹³ Colby and Mitchell, “The Age of Great-Power Competition.”

¹⁴ Scott Kennedy, “China’s Poor Purchasing Performance: How Should the United States Respond?” Center for Strategic and International Studies, May 8, 2020, <https://www.csis.org/analysis/chinas-poor-purchasing-performance-how-should-united-states-respond>.

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wars, leading to a contraction of five percent of GDP. The second example was the imposition of Smoot-Hawley Tariffs in 1930, a choice that contributed to a two-thirds decline in global trade and the Great Depression.¹⁵

Looking beyond trade issues does not lead to a better picture. China has grown less restrained in its pursuit of its ambitions and less responsive to American pressure. Beijing has dialed up its coercion of Taiwan, dismantled the “one country, two systems” framework on Hong Kong, and incarcerated one million – and perhaps more – ethnic Uighurs in Xinjiang. Beijing also has established a stronger permanent presence in the South China Sea, sharpened pressure on American allies in Asia, gone to the brink of war with India, and become less restrained in its efforts to influence discourse in democratic societies around the world.

Beijing also has been opportunistic in filling vacuums created by American retreat from international leadership. For example, when the United States announced its intention to withdraw from the Paris climate accord, China presented itself as a responsible leader on climate issues. When the United States withdrew from the Iran P5+1 nuclear deal, Beijing immediately hosted Iran’s foreign minister. When the United States declared its withdrawal from the World Health Organization (WHO), President Xi presented China as a world leader on public health, announcing a \$2 billion contribution to shore up WHO funding.¹⁶ And the list goes on.

The COVID-19 crisis has brought into focus the scale of the dysfunction in U.S.-China relations. Previously, many China policy experts anticipated that a simultaneously catastrophic threat to both countries that neither could address on its own would serve as a catalyst for U.S.-China cooperation. This often was referred to in shorthand as an “asteroid strike” or an “alien

¹⁵ Daniel W. Drezner, “There Is No China Crisis,” *Reason*, April 25, 2020, <https://reason.com/2020/04/25/there-is-no-china-crisis/>.

¹⁶ Steven Lee Myers and Chris Buckley, “In China’s Crisis, Xi Sees a Crucible to Strengthen His Rule,” *The New York Times*, May 20, 2020, <https://www.nytimes.com/2020/05/20/world/asia/coronavirus-china-xi-jinping.html>.

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invasion” scenario. Although COVID-19 has been an earthly analogue to an asteroid strike in terms of its suddenness and its scale of destruction, it has not spurred joint U.S.-China actions, such as collaboration to halt the spread of the virus, accelerate the discovery of a vaccine, or avert a global economic depression. Rather, the pandemic has generated an intensification of mutual antagonisms. The pandemic has laid bare that both countries presently are incapable of cooperating with each other, even when it is manifestly in their shared interests to do so. Pursuit of relative advantage over the other has eclipsed other considerations, including those that have life and death implications for citizens in both countries and the world.

Lessons to be applied

The Trump administration succeeded during the period 2017-2020 in knocking China off balance and in providing a clear break with the past conduct of U.S.-China relations. It also raised broad awareness at home and abroad of the risks of becoming dependent upon Chinese production of high-technology equipment. The Trump administration also prodded countries around the world to scrutinize more closely the risks of taking on significant debt loads for Chinese-financed infrastructure projects, what the Trump administration often refers to as China’s “debt-trap diplomacy.”

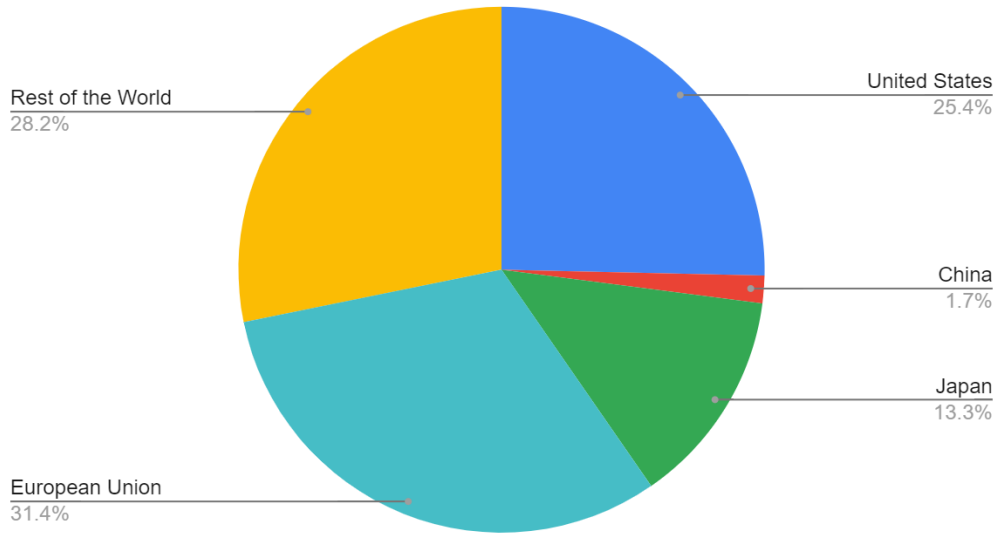
The Trump administration’s policy experiment did not succeed, however, in making the American people more secure or prosperous. If anything, China grew less responsive to American concerns during this period. China purchased less from – and invested less in – the United States. The more that Beijing concluded that the Trump administration was locked in an approach of instinctual hostility irrespective of what China did or did not do, the less restrained it became in its conduct at home and abroad.

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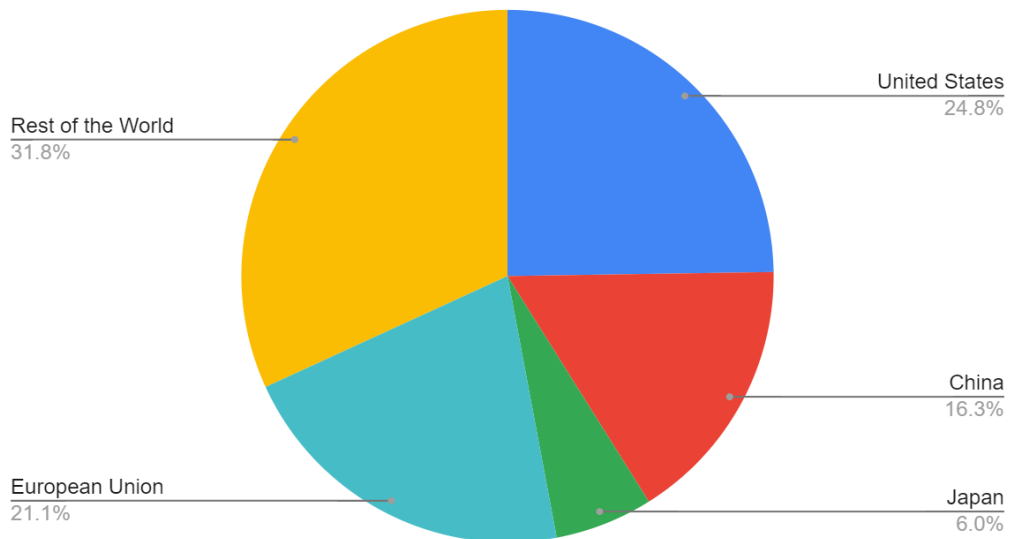
There is no turning back to the pre-2016 status quo. Beijing's behavior has grown too aggressive, and American public attitudes toward China have hardened too much, for there to be any serious consideration of snapping back to any semblance of a pre-Trump China policy. The challenge awaiting the next administration is not to try to rewind the clock, but rather to reimagine how more effectively to use available policy tools to achieve better results vis-à-vis China than has been the case during the experimental period 2017-2020.

Figure: Global Share of GDP, 1990 vs. 2019

Global Share of GDP (1990)



Global Share of GDP (2019)



Source: International Monetary Fund

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The following six suggestions are intended to spur thinking in this direction.

First, restore a sense of perspective on the bilateral relationship. Both romanticism about the past and fatalism about the future should be avoided. Beijing will not realize all of its ambitions, no matter how aggressively it sells its plans at home and abroad. And not every Chinese gain is an American loss. It is worth recalling, for example, that even amidst China's rapid economic rise, America's overall share of global GDP has remained relatively steady over the past three decades. China's growing share of global GDP has mostly come from declining shares in Japan and the European Union.

Second, recall America's enduring advantages in its competition with China. The United States traditionally has enjoyed several crucial relative advantages that China cannot take away. These include a globally distributed alliance network, international prestige, and a record of tackling hard societal challenges. The United States also boasts the world's finest universities, deep and liquid capital markets, relatively strong demographics, a transparent and predictable legal system, a benign external periphery, and a culture of innovation. World-leading companies like Microsoft, Google, and Amazon began in garages and scaled as a result of hard work, access to capital, and a transparent legal environment that protects intellectual property, not as a consequence of connections to leaders.

Third, make China earn its way up the ladder of global leadership; don't clear the path for them. In the past several decades, the United States has experienced a series of setbacks that have sapped its strength and confidence. The U.S. invasion of Iraq in 2003 damaged America's international image and diverted U.S. focus to the Middle East for the greater part of a decade. The Global Financial Crisis in 2008, which originated on Wall Street, sowed doubts about the wisdom of America's political and economic leadership of the international system. America's

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encouragement of the Arab Spring generated significant refugee flows into Europe that contributed to a subsequent rise of populism in Western democracies. The surprise 2016 election of President Trump hastened a period of American retreat from global leadership.

This same period also coincided with China maxing out the benefits of its demographic dividend, its shift toward urbanization, and its bump in productivity resulting from onshoring of multinational firms. In other words, it would be hard for China to script a more favorable strategic tailwind for its rise over the past two decades. Looking ahead, the more the United States gets its own house in order at home and avoids strategic blunders abroad, the harder it will be for China to continue making the types of gains it has been achieving in recent years.

Fourth, stack the competition to America's advantage. As former Singapore leader Lee Kuan Yew once observed, of course China would like to surpass the United States to become the global leader. It will only be able to draw from the talents of its own citizens, though, whereas the United States will be able to benefit from contributions from the rest of the world for sustaining its leadership position. I suspect if Lee Kuan Yew were alive today, he would feel the need to hedge his statement a bit to account for the erosion of American leadership on the world stage. In recent years, the United States has denigrated alliances, abandoned leadership in international institutions, and abdicated its traditional role as a promoter of democratic norms and universal values. The next administration will need to reinvest in restoring international support for America's unique leadership role in the world, including by developing a sense of common purpose with other key countries around the world.

The more the next administration can tailor its engagements with other powers around their interests and anxieties - and not around America's threat perception of China - the more likely those powers will feel bound with the United States as partners, rather than as pawns in a

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great power struggle between Washington and Beijing. Forging constructive partnerships with other powers to address problematic Chinese behavior will require U.S. policymakers to exercise persistence, patience, and pragmatism. Progress will be measured by small steps by partners in America's preferred direction on specific issues of common concern. Reaching for a sweeping policy posture such as containment of China or hostility toward China's rise will not be an available option. No other country in the world is willing to enlist in a coalition to contain China. Pursuit of such a goal is a path to American self-isolation.

Fifth, the United States needs to rediscover how to solve problems in the U.S.-China relationship. It could begin by returning to an approach of positive reciprocity as a means of generating leverage toward negotiated outcomes that address American concerns. Such an approach involves identifying areas of unfairness and then warning privately that the United States will address the problem – using punitive measures if needed – if the problem is not fixed within a certain period of time. Washington used this approach, for example, to compel China to agree to halt state-sponsored cyber-enabled economic espionage for commercial gain. It also used it with success to press Beijing to cut off illicit transfers by Chinese actors to North Korea at various points in time.

Negative reciprocity, on the other hand, involves the United States taking a visible punitive action first and then expressing willingness to reverse its decision only if China makes concessions on issues of concern. This was the approach the Trump administration adopted on journalist visas, for example, with predictable consequences. Beijing refused to play along and took tit-for-tat measures that left the United States more disadvantaged than it was at the outset. The same held true in America's decision to shutter China's consulate in Houston, which

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prompted Beijing to retaliate by closing the U.S. consulate in Chengdu, leaving unresolved America's underlying concerns about the behavior of Chinese officials in the United States.

Sixth, develop clear-eyed objectives for the U.S.-China relationship, and match means to ends in achieving them. The United States does not have the luxury of pursuing a laundry list of grievances with China if it hopes to be effective at influencing Chinese decisions. It will have to prioritize.

As a starting point, I encourage the United States to concentrate on (1) encouraging China to take on a greater share of responsibility for addressing global challenges; (2) deterring China from challenging the credibility of American security commitments or seeking to achieve an exclusive sphere of influence that would limit America's access in Asia; (3) urging Beijing to open up more of its economy to outside competition; and (4) pushing China to be more responsive to the demands of its citizens.

To advance these objectives, the United States will need to make several adjustments. First, it will need to strengthen its presence and relationships in the Asia-Pacific region. Part of the equation for doing so will involve shifting more and more capable military assets to the theater and dispersing such capabilities across the region to improve their survivability. The United States also will be able to multiply the effects of its actions by strengthening security ties with and among allies and partners across the region. The denser the web of security relationships across Asia, the harder it will be for China to pursue zones of exclusion along its periphery.

Arguably as importantly though, the United States needs to revive its diplomatic and economic presence in the region. Beijing is relying most heavily on economic – not military – tools in its battle for influence in Asia. If domestic political constraints preclude the United

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States from joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the United States will need to shift toward pursuing free trade agreements on a bilateral or plurilateral basis. The more the United States can deepen trade and investment flows and integrate its economy with the world's most dynamic region, the more influence the United States will have in pushing forward 21st century trade disciplines and then challenging Beijing to live up to those standards.

Washington also will need to unilaterally abandon a zero-sum mindset in the relationship, even if Beijing does not reciprocate. Reciprocity is an impossible standard to meet between open and closed societies. Pursuing such a goal with China will do more to push the United States in the direction of becoming a closed society than it will do to compel China to open up. Since America already is an open society, China loses relatively less access and insight when its journalists are expelled or its consulates are closed than vice versa.

The United States also should actively welcome China to play a greater role on global challenges. As the dominant power in the relationship, Washington can afford to be magnanimous, particularly if that is the price to be paid for eliciting meaningful Chinese contributions on global challenges that lessen the burden on the United States. American interests would be served by China taking on greater responsibility for building public health capacity in Africa or spurring greater investment around the world in clean energy technologies, for example.

Washington also could open space to press more forcefully for China's leaders to address human rights conditions inside China if it makes clear that doing so is not part of an effort to impose American preferences on China's governance system. The United States will need to develop a habit of consistently raising specific concerns about concrete problems (e.g., disability

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rights, food safety, transparency in rule-making, etc.) at authoritative levels. The goal should be to create pressure on the Chinese government to steadily become more responsive to the needs and demands of its citizens, which is distinct from the Trump administration's practice of using human rights issues as a tool for attacking the Chinese government.

Adjustments also will need to be made to reset the balance between security concerns and other priorities in the bilateral relationship. To listen to senior Trump administration officials such as Attorney General William Barr describe the relationship, the United States cannot afford to engage with China because it cannot protect itself when it does so. Therefore, barriers must be built to guard against China taking advantage of the United States.¹⁷ Such defeatist thinking is unwarranted by the reality of a U.S.-China relationship in which the United States remains the dominant power. The truth is that not every semiconductor export to China supports its military modernization, not every Chinese investment in the United States is for purposes of exfiltrating intellectual property, and not every Chinese student in the United States is an espionage threat. The United States benefits significantly from exports to the Chinese market, from Chinese talent contributing to the growth of the American economy, from joint technological research, and from lab-to-lab collaboration on cutting-edge scientific and medical research.

To regain confidence in America's ability to guard its interests in its exchanges with China, the next administration will need to invest more in counter-espionage capabilities and improve its ability to identify Chinese end-users of concern for export controls. It also will need to prioritize efforts to build coalitions among like-minded countries. Strengthening coordination between the United States, select European partners, plus Australia, Japan, and South Korea will improve America's ability to pressure China on problematic behavior. It also will strengthen the

¹⁷ "Remarks by Attorney General William Barr on China Policy," The Gerald R. Ford Presidential Library, July 17, 2020, <https://www.justice.gov/opa/speech/transcript-attorney-general-barr-s-remarks-china-policy-gerald-r-ford-presidential-museum>.

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odds of producing better alternatives than Chinese offerings, such as subsidized end-to-end 5G kits from Huawei. The more the United States regains confidence in its ability to protect itself and outcompete China, the less its policy toward China will be driven by anxiety.

Conclusion

The Trump administration's policy experiment on China has failed to curb Chinese behaviors of concern or elicit Chinese concessions on American priorities. China has grown more repressive at home, more entrenched in its statist economic model, and more assertive in pursuit of its external ambitions. These outcomes have not made the American people safer or more prosperous.

The good news is that the United States still enjoys a favorable relative position in the U.S.-China relationship. The Trump administration has opened up space for new thinking and new approaches for contending with China. Now is the time for adjustments to strengthen America's ability to protect its interests and promote its values for years to come.