

A COURSE CORRECTION IN AMERICA'S CHINA POLICY

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Executive summary

The U.S.-China relationship is on a downward trajectory. Neither side agrees on the diagnosis of problems or the remedies, and domestic political trends in both countries limit the likelihood of improved relations any time soon. Even so, the relationship remains too consequential to people in both countries and the rest of the world to be guided by a fatalistic acceptance of deepening enmity. And while competition resides at the core of the relationship, it is a mistake to view the relationship solely through the lens of rivalry. Doing so limits tools available to Washington for developing a more durable, productive relationship that serves America's interests.

This paper presents five specific recommendations of steps the United States could take to better protect and advance its interests vis-à-vis China. The common thread of these recommendations is that U.S. policy should be informed by an awareness of America's long-term national interests and how China relates to them. For the coming decades, China will have enormous potential on the world stage to do good or ill. A more interest-driven approach will give confidence to America's partners

that its policy toward China is organized around a coherent theory of the case and is not simply reactive to Chinese initiatives or guided by the perpetual pursuit of political point-scoring at home.

The problem

The U.S.-China relationship is presently broken. Currently, the unambitious aim in both capitals is to slow the pace of deterioration in relations — which is almost entirely an exercise in limiting downside risk. Neither side sees profit in a full-scale conflict, but neither seems capable of engineering any course correction toward a more constructive relationship with reduced risk. Near-term imperatives in both countries appear to be crowding out any consideration of long-term national interests.

This approach has several cascading effects. First, it shakes the confidence of America's global partners, who increasingly question the sustainability and wisdom of the approach. Second, it pushes solutions to global challenges such as climate change, pandemic crises, and nuclear proliferation farther out of reach. Third, it undermines the continuing efficacy

of the rules, norms, and institutions that underpin international security and enable the free flow of goods and services. Fourth, it reduces the diplomatic space available to the United States and China to manage tensions short of conflict.

Both Washington and Beijing have their own narratives for why the relationship has reached its current nadir. From Washington's vantage point, Beijing has grown impatient and aggressive over the past decade: By trampling the rights of its citizens at home and embarking on initiatives to make the world more compatible with China's authoritarian vision of governance, Beijing has violated universal values and exposed its revisionist ambitions.

Conversely, from Beijing's perspective, the United States is acting like an anxious declining power: The country is divided and faltering at home and responding to its eroding position by seeking to undercut China's rise. Washington's framing of global affairs as a contest between democracies and autocracies is viewed as validation that America's goal is to weaken and delegitimize the Chinese Communist Party's leadership of China, to stifle the country's rise, and to isolate Beijing in its region and in the global arena.

This diplomatic climate is a prisoner of action-reaction dynamics. Neither country's leader wants to endure a punch without throwing a counterpunch. Thus, actions beget reactions, insults invite rejoinders.

Fundamental considerations are becoming lost amid the rising rhetoric and political heat in both countries around the bilateral relationship. Is the current approach advancing America's long-term national interests? Is it improving the health, safety, or welfare of U.S. citizens? Is it making the world more stable? Are solutions to global challenges becoming more attainable? That the answer to all these questions arguably is "no" should offer impetus for policy changes to better protect America's interests.

This paper is part of the Brookings Institution's Global China Initiative, a project designed to inject new policy ideas into discourse around America's

approach toward China. As members of a U.S. think tank, our recommendations are keyed to the American side of the ledger. China's actions have contributed disproportionately to the downturn in bilateral relations, and Beijing's diplomatic conduct is undermining China's image abroad. But it is the responsibility of Chinese think tank counterparts to provide authorities in Beijing with recommendations for developing a more constructive U.S.-China relationship. The focus here is on U.S. policy on China, and more specifically, on how Washington can advance America's full range of national interests.

Putting this moment in context

It is tempting to view the challenges China poses to the United States as unique and unprecedented. At some level, they are new. China's overall national power has never been as proximate to America's strength since the United States became the leading global power in the post-World War II era. Similarly, China's global ambitions to become a leading technological, military, and economic power are clearer now than previously. China's military can hold U.S. forces at risk in ways that are new. Political repression and human rights concerns inside China have also increased considerably in recent years.

However, the U.S.-China relationship has traveled through nadirs at least twice before. In the early years of the People's Republic of China, the two countries had no diplomatic relations, no trade relations, and virtually no people-to-people connections. The relationship was charged with ideological rivalry as the world was cleaving into Cold War blocs. The United States and China fought against each other in the Korean War, resulting in significant loss of life. Less than two decades later, the United States and China came together in the early 1970s in response to a shared threat from the Soviet Union and the recognition that it made little sense for the two major powers to lack channels of communication.

Then, at the end of the 1980s, “politicians, policy experts, and pundits questioned the very purpose of U.S.-China relations, wondering whether the two countries were simply too different culturally, politically, and ideologically to get along.”¹ By mid-June 1989, in the wake of the brutal suppression of peaceful protests around Tiananmen Square, only 16% of Americans had a favorable view of China; 78% had an unfavorable opinion.² Beyond the shock of Tiananmen, the deeper structural factor that prolonged this period of estrangement was the end of the Cold War, which brought into relief differences between both countries over values, principles, and ideology, despite deepening economic ties. Bereft of a common enemy, both countries struggled to find a new foundation upon which to rebuild the relationship.

There are parallels between the last nadir and this current one. American public opinion toward China is sharply negative again.³ Politicians and pundits are again questioning whether China stands too far from American values and interests to warrant efforts to improve relations. And the Chinese leadership’s use of repression to control its society, particularly in Xinjiang and Hong Kong, is bolstering voices in the United States that argue that China should be held to account rather than be welcomed by the community of nations. Even so, former President Richard Nixon’s warning about China in 1967 remains just as true today: China is too big to be left in angry isolation to “nurture its fantasies, cherish its hates, and threaten its neighbors.”⁴

Framework of the relationship

President Joe Biden’s administration has defined the U.S.-China relationship as one of competition or, in the president’s words, “severe competition.”⁵ That is seen as the relationship’s framework, with minor caveats and footnotes. The relationship indeed is competitive, with the earmarks of a classic major power rivalry that features military and political tensions exacerbated by conflicts over ideology and

economic and technological interests. The American public, elites, and Congress have embraced this idea of a systems competition, which has provided the basis for legislation committing hundreds of billions of dollars to the competition in the coming decade.

But advancing U.S. interests requires a much broader framework. With such a one-dimensional focus on the rivalry, other important U.S. foreign policy interests may be shortchanged, including (1) bilateral U.S.-China interests that align and overlap, (2) global interests and responsibilities that the United States and China share, and (3) the critical imperative to avoid military conflict.

In the bilateral area, both the United States and China have common interests in trade in goods and services, which amounted to \$718.8 billion in 2021 and continues to rise.⁶ This trade is critical for supporting the manufacturing supply chains in both countries. China remains a vital growth market for many U.S. companies. Bilateral trade helps keep prices of consumables down and helps finance America’s rapidly rising debt. Of course, China’s unfair trade practices generate serious problems that require aggressive American responses.

The movement of people is as important as that of goods. U.S. scientific research, medical research and innovation, artificial intelligence (AI) development, and university advanced STEM training all depend heavily on Asian, especially Chinese, participants. Without them, U.S. technological progress and global leadership would be set back years.

In the multilateral arena, the United States and China have numerous common interests that need to be pursued for the health of our planet. The existential threat of climate change is increasingly being recognized. And as the world’s top two emitters of greenhouse gases, the United States and China have the greatest responsibility — and the greatest technological capability — to combat it. The COVID-19 pandemic should have spurred cooperation between the outstanding doctors and scientists in both countries rather than mutual accusations. The two states’ inability to jointly combat the pandemic, and

the global repercussions that followed, demonstrate the grave consequences of such failures and should occasion cooperation against future public health threats. Russia's invasion of Ukraine has massively disrupted the global economy by triggering crises in energy supplies, raising debt levels in developing countries, and increasing food prices and shortages in the global South. All of these are areas where the United States and China have interests, responsibilities, and moral obligations, many of which are more complementary than in conflict.

Finally, there is the need to ensure that a competitive relationship does not devolve into conflict. The two countries must reach understandings on military operations, limit military uses of emerging technologies, and pursue arms control. They are approaching a deep strategic stalemate, otherwise known as mutually assured destruction. Both countries are capable of inflicting devastating damage, regardless of who strikes first.⁷ Short of a humanity extinction-threatening event, it is hard to imagine either country surrendering to the other. It also is unrealistic to expect either country to impose its will on the other. The national identities of the United States and China do not allow for either side to accept a subordinate status to the other. Thus, it would be devastating for both countries and the world if differences become adjudicated through conflict.

The objective

America's interests are served by a U.S.-China relationship that is durable – allowing the countries to manage inescapable points of competition without resorting to confrontation or conflict – and that produces tangible benefits for America's health and prosperity. Given the countries' differing political and economic frameworks and competing global visions, it is impractical to expect close relations between the two capitals in present circumstances. Not out of amity, but rather clear-eyed realism, America's objective is to coexist with China on terms favorable to American interests and values.⁸

To realize this objective, however, the United States will need both to coexist with and maintain an edge over China in overall national performance. Achieving a more durable coexistence will require reaching a mutually tolerable equilibrium. And doing so will require adjustments in posture from both sides. Neither country can make the relationship more durable on its own. The core challenge is not a lack of accommodation from one side or the other, but rather that the countries hold conflicting national ambitions and views on governance. This challenge will not be resolved. It will need to be managed.

Maintaining an edge will require the United States to preserve a lead in innovation and expand opportunities for its people to realize their potential. The more success the United States enjoys in these areas, the more pull it will enjoy in the international system. It is in America's interest to preserve a preponderance of influence in the development of rules, norms, and institutions that enable international commerce and the peaceful resolution of international disputes.

Recommended steps for bolstering America's capacity to coexist and maintain an edge over China

The question facing U.S. policymakers is not whether to adopt a "tougher" or "softer" posture toward China. There is no basis to conclude that an undifferentiated tougher or softer approach would yield better results. The question is how to adopt a smarter approach that better protects vital American interests. To that end, five sets of politically feasible policy adjustments that could generate improved outcomes include the following:

1. CEMENT U.S. TECHNOLOGICAL LEADERSHIP FOR THE COMING DECADES

Future technological breakthroughs will deliver both economic and military advantages to the country that develops and deploys them first. Such breakthroughs also will influence perceptions of power in the international system. Whoever leads in the development and deployment of emerging technologies (for example, AI, next generation telecommunications, clean energy, semiconductors, biotechnology, and quantum computing) will enjoy the pull of power. The technology leader also will have an edge in rule-setting, as well as in the national security applications of these emerging technologies. This is why technological competition will form the core of U.S.-China competition in the coming decades.⁹

The United States must invest significantly in national-level reforms to accelerate innovations around these emerging technologies. Recent legislation to strengthen American innovation, including the CHIPS Act and the Inflation Reduction Act, will be transformative if implemented effectively. Recent efforts to tighten export controls on semiconductors and tools for their production could also be beneficial. But if these controls are carried out too broadly, or pursued only unilaterally, such measures risk undermining future American competitiveness. Indiscriminately closing the door to law-abiding visiting researchers and innovators, including from China, to study and work in the United States is also counterproductive. Top Chinese students and professionals are essential to the backbone of the U.S. tech culture and prowess.

2. ESTABLISH A MORE FAVORABLE ENVIRONMENT AROUND CHINA FOR AMERICAN INTERESTS

The Biden administration has defined its objective as “not to change the PRC but to shape the strategic environment in which it operates.”¹⁰ Without a serious trade agenda, though, America’s pursuit of this objective amounts to hollow rhetoric.

The administration has made initial efforts in Asia and Europe to develop technological standards. It has not yet, though, articulated a plan for expanding rules-based global trade. Regional trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Transatlantic Trade and Investment Partnership, are essential vehicles for the United States to advance its vision of rules-based, market-oriented trade.¹¹

America needs to expand opportunities for its companies to thrive. For the first time since 1978, the United States is not pressing for expanded market access for its firms in China. This shift in approach is not limited to China either. It is now a key feature of the United States’ trade policy. But not advocating for American firms abroad risks undercutting national influence on the world stage. Economic strength is the foundation of national power. It is what enables investments in labs, infrastructure, the social safety net, and military power.¹²

Asia and developing countries will drive much of the world’s economic growth in the coming decades. If the United States fails to unlock opportunities for its companies in these key regions, it will place itself at a disadvantage to its competitors, all of whom are actively pursuing such opportunities. For example, China recently completed its accession to the Regional Comprehensive Economic Partnership (which covers over 30% of the global market) and is pursuing membership in the CPTPP.¹³ Beijing also is aggressively pursuing market openings across the developing world.

If the United States is serious about shaping the environment around China, it must take actions that sharpen the choices of China’s leaders. This will require political will to restore American leadership on trade. By reclaiming the initiative for setting the trade agenda, the United States would force China’s leaders to choose between reforming to meet the requirements of entry into trade groupings like the CPTPP or sustaining a state-guided economic model that results in foregone opportunities and weakened economic performance. Yet the United States cannot do that from the sidelines, which is where it presently is.

3. BUILD A MORE DURABLE AND PRODUCTIVE RELATIONSHIP WITH CHINA

Relative to previous periods, there is currently a notable absence of ambition in developing new mechanisms for the United States and China to work together to address pressing challenges. There are no efforts akin to the launch of the Asia-Pacific Economic Cooperation forum or the launch of the G-20 with China's participation. Instead, the United States has championed the Quad (Australia, India, Japan, and the United States), the Indo-Pacific Economic Framework, and other bilateral and multilateral initiatives with allies. Meanwhile, China has invested in the BRICS coalition (Brazil, Russia, India, China, and South Africa) and Beijing-centric regional groupings like the Shanghai Cooperation Organization.

While it is imperative for the United States to work closely with allies and partners to constructively shape Beijing's choices, the United States must also build a durable and productive working relationship with Beijing. Neglecting either track leads to underperformance in protecting American interests.

Arguments that the United States is trying to advance a positive agenda with China, but Beijing is being intransigent, are tenuous. The United States has long operated on the principle that cooperation with China that helps address American and global priorities is welcome. But there is little evidence of any systematic groundwork being laid to understand where U.S. and Chinese priorities overlap, what contributions China might feasibly bring to bear, and how doing so would also support China's national objectives. There also is little evidence of U.S. and Chinese subject-matter experts jointly developing action plans to address shared challenges or of either side using senior-level engagements as action-forcing events to drive both governments toward concrete outcomes.

Every U.S.-China problem that has been managed effectively over the past five decades has been handled by officials who established genuine rela-

tionships with each other. Such relationships are essential to gaining an understanding of each other's requirements and constraints and of the broader national interests that officials are instructed to advance. Today, below the presidential level, there are virtually no genuine, functioning relationships between senior U.S. and Chinese officials.

Former U.S. Secretary of State George Shultz referred to good diplomacy as similar to gardening – a careful attention to nurturing contacts even during strained periods when there is no shared agenda and little hope for results. This requires investing in relationships and having the patience to wait until there are opportunities to solve problems or advance interests.

Even as American leaders need to remain firm, clear, and consistent in opposing problematic Chinese behavior, there also is value in recognizing China's economic progress in recent decades. Recognizing the reality of the Chinese peoples' economic and technological advances does not equate to an endorsement of the practices of the Chinese Communist Party. Commending China's advances in building infrastructure such as high-speed rail and in dramatically reducing poverty carries no cost.¹⁴ These statements of reality would be welcomed by ordinary Chinese citizens. China's internal stability is in America's interests. The United States should signal clearly its willingness to welcome a more prosperous and less belligerent China that respects the rights of its citizens and helps address global challenges.

Such efforts will not immediately or perhaps ever break down the wall of cynicism Chinese leaders maintain about America's hostile intentions toward China. That is not the only point, though. Acknowledging and welcoming China's advances also thwarts Beijing's ability to justify its actions to its domestic audience as being necessary in the face of American hostility. It limits space for Chinese leaders to poison their public's views of the United States. Externally, it helps undermine China's argument that the United States is to blame for all problems in the relationship.

4. RESIST POLITICAL POINT-SCORING ON CHINA

In the United States, the party out of power will always have a political incentive to outdo the incumbent party in condemning aggressive Chinese actions and calling out the administration for not doing enough to confront intolerable Chinese behavior. The opposition party does not have custody over foreign policy and does not bear responsibility for the consequences of that policy.

But it is a mistake for the president to pander to the attacks, either by trying to outflank the opposition party in hawkishness on China or by pursuing hope that shared unblinkered opposition to China can produce goodwill for bipartisan cooperation on other issues. When past presidents have sought to score political points on China, including Bill Clinton from 1992-94 and Donald Trump from 2018-20, their policies have failed to deliver results at home or abroad.^{15 16} Even when public opinion on China is broadly negative, the issue of China rarely ever ranks high as a factor influencing voter choices.¹⁷ Instead of chasing prevailing political winds, U.S. policymakers should stake out right-minded, sensible policies, trusting that they will be judged by history for the results their policies deliver, not the popularity of their choices in the present moment.

5. EXPAND THE LENS ON RISK REDUCTION

Current U.S.-China efforts to build “guardrails” are deadlocked and going nowhere. This is because both sides hold goals at odds with each other. The United States would like to improve operational safety by establishing rules of behavior for U.S. and Chinese forces when they operate in proximity. China opposes such efforts, viewing them as detrimental to China’s desire to develop greater strategic security. China would like to establish more defense in depth by pushing U.S. forces farther from its periphery. And from Beijing’s perspective, any actions that make it safer for U.S. forces to operate near China’s borders run counter to this objective.

Rather than continue to run into this wall of conflicting objectives, U.S. policymakers would be wise to refocus efforts on risk reduction initiatives that U.S. and Soviet leaders advanced during the height of the Cold War: arms control accords; tightened international agreements on the use, deployment, and storage of weapons of mass destruction and WMD-related materials; and cooperation in outer space. Not all these areas will be feasible or welcomed by China at this stage, but it is worth noting that the United States and the USSR acted on the need to reduce risks at the height of a more intense period of hostility.

At the same time, U.S. and Chinese policymakers should prioritize efforts to reduce mutual risk in new areas that both sides agree are problematic, such as holding each other’s critical infrastructure at risk of cyberattacks and introducing AI-enabled autonomous weapons systems into the battlefield without any limits on their uses. For example, the United States and China should agree that humans, not AI-enabled systems, must remain in control of all nuclear launch commands.

Washington and Beijing also need to find ways to lower the temperature over Taiwan, as they have done previously. A starting point would be to jointly acknowledge that the Taiwan issue is not a one-way escalator toward eventual conflict, but rather a dynamic issue whereby each party’s actions influence those of the other side. The status quo that has sustained peace in the Taiwan Strait for the past 40-plus years has been unsatisfying. Even so, it has been judged to be better than all other available alternatives. The same remains true today.

The purpose of strategy is to advance national objectives. America’s current approach toward its bilateral relationship with China is failing to meet this standard.

Preserving and advancing American interests require that the U.S.-China relationship be framed more broadly than the rigid version of competition that

exists today. The five sets of policy adjustments recommended above could help better orient U.S. policy on China toward advancing the security, prosperity, and health of the American people. Some people may advocate either a harsher or more conciliatory stance toward China. Others may find comfort in blaming the downturn in relations

squarely on China and arguing that Beijing must bear the burden of fixing problems in the relationship. This is a welcome debate. The stakes are too significant for the relationship to be left solely in the hands of Beijing or on autopilot to be guided by the prevailing political winds in either country.

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