

China's America Policy: Back to the Future

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China's America Policy: Back to the Future

US-China ties are worse than they have been at any time since the early 1960s, and likely will deteriorate further and more dangerously unless Washington and Beijing take steps that neither is yet willing or able to. Current tensions were years in the making, have multiple causes, and will persist for the indefinite future. There is no quick fix. The best we can achieve is wary coexistence, careful management to reduce dangers, and keeping the way open for a better day, no matter how distant or near it may be.

Achieving even that goal requires a deeper understanding of China's goals, fears and behavior, and how it has fallen into an old mindset that sacrifices growth to reduce vulnerability to external ideas and interference. This is not good for China, the United States or the world. It is an old default mindset; Washington needs to avoid hardening that old thinking unnecessarily.

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Eight American administrations, from Richard Nixon through Barack Obama, and four Chinese leaderships, from Mao Zedong through Hu Jintao, presided over a generally peaceful and prosperous period of Sino-American ties after 1972.¹ Thereafter, however, especially with the ascension of Xi Jinping in Beijing in 2012 and Donald Trump in Washington in 2017, relations have deteriorated in increasingly friction-laden ways. The former era of “constructive engagement” built on a tripod of seemingly shared strategic, economic and cultural gains has given way to a relationship of mounting mutual suspicion and security worries.² Attempts to reassure have been displaced by efforts to deter. Deterrence is based on threat, and these efforts extend into economic, cultural and diplomatic arenas.³ The dark thought that China is planning for a world of disorder often finds expression in mainstream publications.⁴

Hyperbole and erroneous characterizations of the reasons for the current impasse neither foster understanding nor contribute to successful navigation

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through what at best will be an extended period of friction and distrust, with the even worse possibility of armed conflict. Until domestic politics in both countries change, which seems increasingly unlikely, we should manage frictions to avoid gratuitous reinforcement of extremism in each other’s countries and look for opportunities to cooperate. We should seek to ground the relationship in the search for coexistence. The current US and

Chinese framework of big power politics and a “competition” that justifies efforts to hobble the other is harmful to both countries and impedes international efforts to address global challenges. To that end, it is vital to acknowledge that US policy is one of the drivers of Chinese behavior.⁵

The issues dividing us are real, complex and consequential. There is no single cause; there can be no silver bullet solution. Neither fingers-crossed complacency nor worst-case projections which become self-fulfilling prophecies are adequate. Indeed, both are dangerous. We must and can do better. This will require understanding what drives and shapes the actions of Washington, Beijing, and a host of third-party actors.⁶ This task is more important than political judgments about who started the chain of events that have brought us to today’s perilous and unstable situation. Our goal in this paper is to suggest realistic and modest measures to avoid unmitigated hostility and pave the way toward a future guided by the search for coexistence, bounded competition, and productive cooperation.

Policies to manage relations with China cannot succeed if they are based on a distorted understanding of PRC politics. We begin, therefore, with brief critiques

of the flawed characterizations of PRC politics and policymaking that often prevail in Washington, then offer our own explanation of what has driven the unfortunate shift in PRC behavior. We conclude with some recommendations for policy and approach. A good place to begin is by acknowledging that much of China's America policy is not new—it harkens back to earlier eras. Back to the future.

Unhelpful Caricatures of China

Prevailing characterizations—caricatures—of PRC policies and decision-making are inaccurate, unhelpful and counterproductive. For example, to simply describe China's party-state system as an autocracy is technically accurate but more misleading than helpful for explaining PRC behavior. Describing the PRC as an autocracy means interpreting its behavior as part of an ideological crusade to preserve the regime and thwart US ambitions. Beijing's Communist Party leaders, like leaders in all countries, seek to preserve their political system, but that is not their only objective. Placing this goal atop the list reveals almost nothing about why and how the CCP has chosen to pursue that objective. Similarly, describing the primary goal of PRC foreign policy as thwarting US ambitions is inadequate for understanding whether, why or how confounding the United States might improve the security or wellbeing of the Chinese people.⁷

Similarly, it is also inadequate to explain PRC foreign and domestic policies as if they have sprung full blown from the head of Xi Jinping and represent little more than his vision for China and/or quest for personal greatness.⁸ Xi is an authoritarian leader and is striving to create a cult of personality, but he is not Mao Zedong and there is no reason to think that his policy preferences and view of the United States are fundamentally different from those of many other current top leaders. Xi is “more equal” than other top leaders, but he is the face of a collective leadership articulating consensus positions, not an aberrant lone wolf.⁹ Neither Xi nor any immediate successor in today's China would have the personal authority to unilaterally transform relations with the United States as Mao did with Nixon. Though Xi's preferences are important, much else will also shape current policy and Beijing's future trajectory. The fact is that each country's behavior toward the other offends ordinary citizens and fuels demands to which leaders must respond.¹⁰

A third type of caricature ascribes PRC actions to a generalized model of “rising power” or “great power” behavior. There is a circularity to this explanation (China acts like a rising power because it is a rising power), as well as a counterpart explanation of US behavior as the expected actions of an established

hegemon determined to maintain dominance. In this depiction of Beijing's behavior and US-China interaction, friction is inevitable and more or less immutable.¹¹ Compromise and cooperation are constrained by zero-sum competition for hegemony, trust is irrelevant, and the rational course of action for both players is to increase and exercise their own national power while enlisting like-minded countries in a collective effort to deter, constrain, or defeat the other. Washington looks to its allies and others in Asia and Europe.¹² Beijing turns to Moscow, Tehran, Pyongyang and others dissatisfied with the US-led international order.

A fourth caricature depicts China as an unstoppable juggernaut determined—and/or destined—to displace the United States and remake the international system.¹³ That being the case, Beijing thinks and acts as if time is on its side,

Current PRC behavior is better understood as the product of perceived weakness and fragility

and the most rational course for Washington is to do whatever it can to slow the inevitable “power transition” to Chinese hegemony. Those who subscribe to this view see Beijing as acting confidently from a position of strength and often seem to lack confidence in America's strengths and resilience. We judge that current PRC behavior is better understood as the product of perceived weakness and fragility. One reason Beijing cleaves so closely to a losing Moscow in Ukraine is precisely because it fears that if Putin's Russia

loses, Beijing will be left alone to face a strong and hostile America and its allies. (This is a self-defeating strategy for Beijing, because aligning with Moscow hardens Western convictions of implacable PRC hostility).

These are not the only common and overly simplistic characterizations of PRC motivations and behavior, but summarizing them in this way is intended to illustrate the importance of analyzing and stating the implications of our judgments about why China behaves as it does. Understanding what motivates and shapes PRC behavior is a prerequisite for effective policies to counter, ameliorate, and perhaps even occasionally benefit from what Beijing seeks to accomplish. Managing the current impasse requires us to avoid making it worse and to shape Chinese perceptions and priorities in ways facilitating a transition to a less confrontational and more cooperative coexistence.

In short, US policy and action is a central driver of China's behavior. Beijing responds to American initiatives in ways deeply resonant with its own history and the repertoire of foreign policy tools that its history provides.

What Really Drives China's Policy Behavior?

China's primary national goals (as articulated by diverse leaderships) have remained remarkably constant under Qing Dynasty (1644-1911) emperors, May Fourth-Era reformers in the early 1900s, Chiang Kai-shek's Nationalist government in the 1930s and 1940s, and the PRC's communist masters thereafter. Those goals are prosperity and security (wealth and power).¹⁴ To achieve them, China must have domestic tranquility, a modern economy, and a strong military. When Xi Jinping calls for "rejuvenation of the Chinese nation" ("making China great again"), his reference point is the height of the Qing Dynasty's power and influence in the late 18th century.

China's capacities and methods to achieve these objectives have varied over time, but not its determination to do so. These goals are inextricably linked and always pursued in tandem, but circumstances and leadership calculations episodically change the weight given to each. When security concerns dominate, Beijing's military, foreign, economic and other derivative policies are shaped by judgments about what is necessary and possible to achieve in the perceived security environment. Similarly, when domestic developmental goals become ascendant, policies are adjusted accordingly. Over the centuries—and especially during the seven decades of Communist Party rule—policy options have coalesced into two comprehensive integrated constellations. Successive phases of national policy have pursued one or the other of these approaches to achieving wealth and power.¹⁵

Over centuries, China's policy options have coalesced into one of two comprehensive approaches

The historically dominant constellation prioritizes national and regime security. This package posits a hostile and threatening external environment and emphasizes achievement of relative economic autarky, tighter domestic social control, ideological conformity, a leader-in-charge approach to governance, and deep suspicion of foreigners. These concerns yield policies which limit the capacity of social groups (domestic and foreign) to act in China without central sanction. When this constellation prevails, China imposes more restrictions on foreign trade and investment, civil society, and religion. This policy cluster highlights and seeks to reduce the country's vulnerability to western influence and subversion. Other characteristics of this constellation include tendencies toward cult of personality and strong-man rule, Party/State dominance, and greater reliance on instruments of hard power. In phases that prioritize security concerns, China acts in accordance with Machiavelli's

dictum that it is better to be feared than liked—at home and abroad. The regime stokes and exploits nationalism by extolling its own accomplishments and exaggerating the malign intent of foreign forces. This is the China that we see today.

The other broad policy package in Beijing's repertoire prioritizes economic and social development. This bundle emphasizes the gains to be made through interdependence and openness, places less emphasis on ideology, and instead underscores the importance of experts, pragmatism, initiative and innovation. This package attempts to mollify and take advantage of the external world to facilitate and accelerate domestic economic and social advancement, which usually coincides with relatively relaxed internal social controls. Civic organization, religion, scholarly activity, and engagement with foreign institutions and individuals have greater latitude during such periods. Broadly speaking, this approach shaped Chinese domestic, foreign and security policies during the eras of Deng Xiaoping, Jiang Zemin, and much of Hu Jintao's administration (i.e., from 1978 until about 2010).

Beijing reverted to the package emphasizing security when domestic and external developments, including the impact of the global financial crisis, were perceived to have made the PRC more vulnerable to Washington's increased determination to thwart China's rise. At the same time that China saw increased determination to limit the pace of its rise in Washington, it believed that America's economic problems and domestic polarization and gridlock made it increasingly unable to act effectively, thereby emboldening China's leaders.

Decisions to switch from one package or approach to the other are not made lightly. Since the establishment of the PRC, Beijing has undertaken only three epochal shifts between these alternative approaches and policy constellations. The first was when Mao abandoned the Stalinist model adopted in 1950 in favor of "revolutionary" alternatives interspersed by short periods of recovery beginning in 1958. The second big shift was in 1978 when Deng Xiaoping launched reform and opening. The third occurred after 2010 when Party leaders began to retreat from the policies that had produced unparalleled gains in wealth, power and security. The impulse to use its new power grew.

The Assumption of Subversion

An important category of shaping factors in China consists of persistent attitudes and convictions, many centered on suspicion and fear of outsiders (foreign countries and groups) and social forces swirling in China itself. Just how malign foreign actors are judged to be varies across time and circumstances,

but Chinese regimes, including the current one, always attach high priority to countering or controlling the imputed malign intentions of external and internal rivals.

These enduring convictions are the lenses through which Chinese leaders view the actions and infer the intentions of internal and external actors. It is not much of an exaggeration to say that any action that conceivably could have negative implications for China is construed as having been undertaken specifically and primarily to constrain or weaken the regime. In response, the regime tries to minimize its vulnerability to interference and attempted manipulation by pursuing policies designed to reduce dependence (and interdependence) by achieving a high degree of economic, military scientific, and other forms of self-reliance. A key objective is to minimize opportunities for outsiders to exploit linkages to China's disadvantage.

Conviction that external adversaries aspire to constrain, exploit or conquer China is strong and nearly constant, but the magnitude of the threat and ways to counter it vary. When external threats are perceived to be especially dangerous, all components of national policy are keyed to countering those dangers. Conversely, when external threats are perceived/defined to be less dangerous and less imminent, priority can be shifted in ways intended to accelerate modernization, boost economic growth, and reassure foreigners.

Ironically, this also accurately captures the current approach in Washington. Any action by Beijing that could have negative implications for the United States is construed as part of an existential Chinese threat to American democracy and our economy, and all components of national policy (an "all-of-government" or "all-of society" approach) are mobilized to confront the China threat. All the strategic documents issued by both the Trump and Biden administrations have pointed to the PRC as the primary persistent threat to American interests and values.¹⁶

Almost any action that could be negative for China is perceived as taken to weaken the regime

Domestic Threats to National Security

The greatest internal threat to the nation and the party-state, as assessed by Beijing, is domestic instability. This is because societal discord can be both a direct threat to the elite (people hitting the streets) and it can be exploited by foreign and domestic opponents of the regime. Turmoil imperils the quest for wealth and power, not to mention the physical survival of the leaders. The more worried the regime becomes about societal unrest and

economic performance, the more tenaciously it squelches criticism and unrest. PRC behavior over the past decade illustrates and reflects this patterned response.

China's Return to History

When Mao died in 1976, three decades of rapidly changing and disruptive policies had produced erratic and mostly slow growth, widespread poverty, scientific backwardness, and eroding legitimacy. Deng and other veteran cadres saw a critical need to jumpstart and modernize China's economy. They decided that the best way to do so was to adopt the development-optimizing cluster of policies that heretofore had been used only briefly to facilitate recovery from the disastrous consequences of Mao's Great Leap Forward. They argued that it was possible to take the risks inherent in an approach that increased dependence on the United States and other highly developed capitalist democracies because Beijing could mitigate those risks by playing the superpowers and greedy capitalist states against one another. There seems to have been at least an implicit consensus to reduce the vulnerabilities of engagement by reverting to greater self-reliance after the economy became stronger.

Deng's reform and opening policies produced immediate and impressive results which built confidence and bolstered legitimacy. From Beijing's perspective, things were going extremely well until late 1988 and the first half of 1989, when public discontent triggered by inflation, corruption and growing inequality reached worrisome levels. The accumulated pressures got out of hand entirely when discontent morphed into demands for political change, culminating in the mid-1989 military occupation of Tiananmen Square and the subsequent two-plus year national crackdown. That retreat remained in effect until early 1992, when relatively anemic growth and the end of the Cold War enabled advocates of growth-maximizing policies to reinstitute reform and opening.¹⁷ Deng noted to his senior Party colleagues that failure to meet the needs of the people would land them before a firing squad, as had befallen the Ceausescu's in Romania in December 1989.

High-speed growth resumed, China acquired wealth, power and international influence, and many in and outside China judged that Beijing would maintain the policies that had made these gains possible. However, beginning in the late 1990s, some top leaders in Beijing viewed developments differently and less optimistically, particularly after the demise of communist regimes in the USSR and other Warsaw Pact states. Their concerns were compounded by political transitions in the Philippines, South Korea and Taiwan, as well as the "color revolutions" in the Middle East, Eastern Europe and elsewhere in the

new century. While some within the Party focused on high rates of growth and growing international engagement, proclaiming confidence in the Party's ability to ride and survive the "modernization tiger," others in the elite (one of whom was Xi Jinping) began to emphasize more worrisome developments.

If China were to continue along the path of development pioneered by Japan and followed by Taiwan and South Korea, they argued, it would soon have to undertake reforms such as judicial independence, reducing the role of the Chinese Communist Party, and further diminishing the role of state-owned enterprises. Implementing such reforms would threaten the foundations of the party-state system. Unsurprisingly, more cautious leaders feared taking the next steps in market-oriented reforms and globalization. One of Xi's first public statements upon his ascension to power in late 2012 verbalized this fear: "Why did the Soviet Union disintegrate? Why did the Soviet Communist Party collapse? An important reason was that their ideals and beliefs had been shaken ... It's a profound lesson for us!"¹⁸

Official Chinese statements and media commentary continue to affirm commitment to the principles and practices of reform and opening, in essence denying that there has been a major shift in policy.¹⁹ But PRC behavior has changed substantially, and specific changes are usually explained—justified—as responses to US actions and hostile intent. Taken together, they depict the United States as more malign, more dangerous, and more determined than ever to thwart China's rise and engineer regime change in Beijing.²⁰

Is the United States to Blame?

In making this argument to domestic and foreign audiences, Chinese commentators cite a long list of US actions, including Secretary of State Clinton's statements about maritime claims at the 2010 ASEAN Regional Forum in Hanoi, the Obama Administration's 2011 "Pivot to Asia," the revitalization of US alliances and partnerships in the Asia-Pacific (now the Indo-Pacific) region, bringing in NATO and other security groupings to play a more active and constraining role in Asia, and alleged US efforts to foment regime change through "peaceful evolution." This litany is cited by Chinese and foreign commentators as the reason for Beijing's actions, but we judge them to be excuses and factors contributing to decisions made primarily for other reasons.²¹

The most important of the other reasons is concern about a perceived growing danger of domestic instability that would further slow economic growth and erode regime legitimacy. This concern might have been exaggerated, but its sources were very real. One was the assessed risk of continued reform of the party-state system. The 1978 decision to abandon Mao's quest for a uniquely Chinese or revolutionary path to wealth and power in favor of

following the Japan/Taiwan/ROK path of export-led growth, political transition, and ever-deeper engagement in the US-led international order was predicated on a judgment that Beijing could adjust or abandon the model when it had regained sufficient wealth and power. The gradual approach to reform pursued from 1979 had produced extraordinary results, but the logical and arguably necessary next steps threatened pillars of the party-state regime. Party leaders apparently judged that continuing on the path of reform and integration into the US-led global order would undermine Party rule and PRC freedom of action.²²

Reluctance to take these next steps in the mid-2000s stalled reform and contributed to the slowdown of economic growth. Economic growth peaked at 14.2 percent in 2007, fell to 9.7 percent in 2008, and was projected to continue to decline, which has in fact happened. That was worrisome to the Party elite for many reasons, one being that regime legitimacy was heavily predicated on economic growth and the sustained ability to satisfy the growing needs and expectations of the Chinese people. Three decades of steady growth had raised expectations and dependence on high performance.

China was no longer a nation of largely self-reliant farmers. More than half the population now lives in cities, and that percentage continues to rise. After two generations of one-child-per-couple, large families are a thing of the past and can no longer be relied upon to compensate for state failings. The population is aging rapidly, increasing demands for expensive healthcare and elder care. Shortly before Xi Jinping came into office, the Population Reference Bureau reported that in 2000 China had almost 90 million people aged 65 and older, and that this number could reach well over 300 million by 2050. The cohort of “oldest-old” (more than 85) was 12 million in 2000 and could exceed 40 million by 2030.²³

Slowing rates of growth and a rapidly growing elder dependency ratio increased the economic and other burdens on young citizens, making it more difficult to meet demands and expectations, eroding the regime’s performance-based legitimacy. College graduates were finding it ever more difficult to find jobs meeting their expectations. Corruption was also eating away at popular faith in the system. Xi tackled the problem with a vengeance in his protracted anti-corruption campaigns. In the process, he also disproportionately targeted his opponents in the Party, which bred further cynicism.

Is Xi Jinping to Blame?

Xi does not have the personal legitimacy that Mao enjoyed, which was unique by virtue of his being father of the Communist Party, a leading figure in the War

against Japan, architect of the defeat of Chiang Kai-shek, and founder of the PRC. Xi has only the legitimacy of being selected by the Communist Party and whatever stature he can garner from his administration's performance. The outside world and most of the Chinese population had known only sustained growth and rising living standards for almost 35 years under Deng and his two successors prior to Xi. With current and prospective deterioration on these fronts, Xi and his colleagues perceived increasing fragility, declining performance, weakness in the Communist Party itself, and the termites of corruption eating at the regime's foundations. Less able to buy hearts and minds with economic inducements and fearful of expanding personal space, the Communist Party turned to the protection toolbox and its instruments of fear, control and repression.

Xi does not have the personal legitimacy that Mao enjoyed

Soaring growth rates were also important to China's image and international standing. The PRC was increasingly described as a "rising power" destined soon to overtake the United States as the world's largest economy (it surpassed Japan to become the second largest economy in 2010). It was a nuclear weapons state and was steadily increasing its conventional military, cyber, and other capabilities, but China has very little soft power and other elements of comprehensive national strength.²⁴ It was a great power mainly in its own mind and in the minds of people who focused only on the size and growth of its economy. Pressures to maintain high growth rates argued for restarting reform, as Deng had done in 1992 to counter slumping growth after the post-Tiananmen policy retreat. But restarting reform threatened pillars of the party-state and regime legitimacy, and created unacceptable vulnerabilities to external interference and manipulation—or "subversion."

When Xi acceded to the apex of power in 2012-2013, the regime was faced with a Hobbesian choice. Revitalizing reform and the growth-optimizing approach would jeopardize the regime by making it vulnerable to internal changes and external interference. Failing to do so, on the other hand, would jeopardize the regime by eroding domestic support and sparking societal instability which could be manipulated by the United States and others who would see the absence of reform as a decision to move in more repressive domestic and assertive international directions.

We do not know how alternatives were presented or debated but suspect that the debates were passionate, with strong arguments on both sides. We also do not know whether issues were decided by vote or consensus, or whether there were provisions to review the situation and efficacy of the protection-emphasizing strategy at a predetermined future date. As often is the case in China, a major

shift in strategy and behavior was presented as a set of adjustments to existing policy as required by changes in international and domestic conditions. Xi may have made a lot of mistakes, but he is not wrong in his judgment that “the world today is undergoing profound changes unseen in a century.”²⁵ Beijing will do all it can to insulate itself from the imagined and actual domestically destabilizing effects of this tumult.

Impact of American Policy and Behavior

Domestic conditions drove and shaped PRC behavior, but perceptions and misperceptions of US actions, conditions and intentions also played a role. For example, Beijing’s analysis of the 2008-2009 global financial crisis convinced Party leaders that the United States had entered a period of perilous decline that made Washington more dangerous. Beijing assumed that Washington would do what Beijing itself would do under similar circumstances—everything possible to thwart China’s rise and ability to displace the United States atop the international system. The Obama Administration’s 2011 “Pivot to Asia” (later “Rebalance”) was a notable indicator for Beijing. To counter the military dimension of this greater threat, Beijing reinvigorated its relationship with Russia by upgrading the relationship to a “Comprehensive Strategic Partnership” in 2013 and making subsequent adjustments, culminating in the declaration of a “Friendship without Limits” in early February 2022.

These moves were intended to deter imagined US military actions by making it harder for Washington to conclude that Russia would stay on the sidelines in a conflict involving China, and also to deter Europeans from aligning their policies toward China with those of the United States. Of course, as we see now, this strategy and Beijing’s support for Putin’s invasion of Ukraine have strengthened America’s relationship with NATO and Asian allies. This has been a blunder for Xi, leaving him—and China—with a badly weakened partner and more cohesive adversaries and counterweights. Similarly, as Beijing has threatened Japan, the Philippines and Taiwan, it has driven Seoul, Tokyo, Manila and Washington into an increasingly tight embrace.

Another part of Beijing’s renewed emphasis on protection was to fuel nationalism by exaggerating external animosity to China and jealousy of its success. With China under threat, it was the patriotic duty of all Chinese to rally round the flag and support the party-state and its policies. Appeals to patriotism were coupled with measures to tighten control ranging from increased demands for political study (ideological indoctrination), compliance with Party guidance, and acceptance of restrictions on individual and corporate liberty. This has included a crackdown on religion, more restricted access to external sources of information, greatly diminished ties with foreign non-governmental

organizations, the internment of large numbers of Uyghurs and other dissidents, and more onerous restrictions on foreign access to archives, interviewees and data sets. China is becoming ever more opaque. Some of its efforts to cultivate (and sometimes coerce) nationalistic support have extended abroad to the Chinese diaspora.

Deep suspicion of imputed US intentions predisposes Beijing to do what it can to impede Washington from achieving its objectives all around the world. In doing so, thwarting the United States may sometimes be more important than advancing other Chinese interests. A basic axiom of Chinese foreign policy is that as US-China friction increases, Washington seeks to destabilize China's periphery, running the gamut from close-in surveillance of the Mainland to Tibet, Taiwan and Xinjiang, and cultivating security ties with China's most problematic neighbors (Japan, Vietnam and India, among others). In 2021 Testimony before Congress, Assistant Secretary of Defense Ely Ratner elevated Taiwan to a strategic asset in the struggle: "Taiwan is located at a critical node within the first island chain, anchoring a network of US allies and partners—stretching from the Japanese archipelago down to the Philippines and into the South China Sea—that is critical to the region's security and critical to the defense of vital US interests in the Indo-Pacific."²⁶ Washington's behavior confirms Beijing's suspicions about US hostile intent and its movement toward a One China, One Taiwan posture. We are in a downward, vicious spiral in which each move by one party confirms the other's steadfast beliefs. Military and national security budgets are rising in both nations. We are in an all-domain arms race.

Why It Will be Hard to Improve Relations

Escape from the downward spiral in US-China relations will not occur without joint efforts and a change in the domestic politics of *both* societies. This won't happen unless domestic factors persuade Beijing to reprioritize growth and development and the PRC sees that Washington has less hostile intent. Since President Biden and Xi Jinping met in Bali in November 2022, we have seen just how hard achieving this will be. Common expressions of a desire to improve relations, enhance dialogue, and place a "floor" under the relationship occur periodically, and have been underway with ministerial-level exchanges in 2023, but even limited tangible efforts to pick low-hanging fruit (such as mutual reduction of tariffs, restoration of academic exchanges, and

Relations will spiral unless domestic factors persuade Beijing to reprioritize growth and development

reopening closed consulates) remain dormant or ineffective. Biden and Xi gave it another try by meeting in San Francisco in November 2023, but early indications are that the dialogue produced no fundamental change.

Thus far, positive expressions have been followed by more friction, whether it be from a surveillance balloon flying over the United States, Beijing's recriminations about the policies of NATO and the G-7 in connection with the Ukraine War, Washington's increasing activity in Asia itself, Washington's continual nibbling around the edges of the One China Policy in its dealings with Taipei and in its public statements about Taiwan, Beijing's militarization of the South and East China seas, and most recently Washington's full-throated support for Israel in its war against Hamas. Acting unilaterally, Washington cannot remove the sources of tension and conflicts of interest. Capitulating to the PRC is not a good idea for many reasons, but even doing so would not immediately or automatically produce significant changes in PRC behavior.

Beijing, meanwhile, would like to have better, or at least less contentious, relations with the United States, but improving the bilateral relationship is a means to a goal, not an ultimate or priority objective. Other goals—notably maintaining domestic stability and the party-state system while countering real and imputed American efforts to constrain China and achieve regime change through peaceful or non-peaceful means—have higher priority and are fundamental to the policy approach adopted as Xi rose to power. Changing that approach will not be easy, and the longer this circumstance persists, the more deeply entrenched hostility becomes in both nations' budgets, bureaucracies, domestic politics and public opinion.

Beijing's reversion to the protection toolbox was a return to the predominant approach

Another reason it will not be easy to change the current situation is that Beijing's reversion to the protection toolbox was in many ways a return to the predominant—and in that sense normal—approach of Chinese regimes since at least the time of the Qing Dynasty. Whether weak or strong, regimes have perceived their situation as imperiled by the hostile designs of jealous and rapacious outsiders. Chinese regimes grudgingly accept the utility of trade and other forms of engagement but would prefer as much self-reliance—autarky—and

freedom of action as possible. The malign intent of powerful neighbors is a given, not an analytic judgment to be easily altered in a more benign environment.

Historically, the protection-first strategy has been suspended temporarily only under two very different conditions. One is when the lack of economic growth and mounting social discontent themselves are viewed in Beijing as the greatest threat to the regime, and a judgment is made that higher growth achieved by more openness can alleviate the situation. The other condition is when the domestic economy is in good shape and internal stability is high—then there is every reason to persist in a relatively open vein. The period from US-China normalization in 1979 to about 2010 (with the exception of 1989-1991) was an anomaly in meeting the second set of conditions. When reforms and the vulnerabilities of engagement were perceived to jeopardize regime legitimacy, Beijing reverted to what it judged to be a “safer” strategy prioritizing protection over growth.

Bureaucratic politics also plays a role. Once you have a fixed policy, some bureaucracies, localities, and societal groupings are privileged over others in terms of budget, status, and capacity to protect their interests. It takes a lot to overcome this status quo. Individual leaders, bureaucracies, localities and other interests defend their turf and advantages vigorously. Personal self-interest is also important because changing the policy package can inflict high costs on individuals, including Xi Jinping. In China, as elsewhere, personal interests shape perceptions of national interests.

The shift from growth to protection occurred when growth was slowing worrisomely and when Beijing perceived the United States to be stumbling, more fearful of losing hegemony, and more determined to end China's rise and party-state system. The Global Financial Crisis, uncertainties and insecurities resulting from Washington's misguided adventure in Iraq, its precipitous withdrawal from Afghanistan, whiffs of isolationism in Congress, and growing discontent and xenophobia in American politics persuaded China that it could and must enhance its own security by reverting to the protection-first toolbox. Moreover, Beijing judged that there was less ability in Washington to respond to the PRC's pursuit of its own interests. Arguments that the slowing economy required doubling down on engagement to sustain growth at a pace adequate to meet rising needs and expectations, and thus to sustain support for the regime, seem to have been defeated by arguments that prolonging engagement would increase vulnerabilities at a time when a weakening Washington would try to exploit them.

We judge that China will stick with the protection package and stay on its current trajectory unless and until the economic situation and societal pressures are perceived to be more threatening to the regime than the United States is. We also judge Beijing will stick with the protection package until the United States signals a willingness to live with multipolarity in Asia—in short, that it is willing to live in a balance of power world.

What is to be Done?

Washington needs an approach that does not depend on prior or simultaneous moves by Beijing

The Chinese have a saying: “One hand cannot clap.” Eventually, both sides will have to adjust their policies toward mutual accommodation, but “eventually” could be a long time coming and impose enormous costs in the interim. Whenever that day arrives, it will involve three parallel developments: 1) Chinese

acceptance that America is in Asia for keeps; 2) American acceptance that the internal governance of China is a domestic choice of PRC citizens, not an American change objective; and 3) both countries must determine that cooperation to address global challenges is more important than reaping perceived benefits from using the other to justify costly, contested or expedient policies.

For the foreseeable future, the prospects for such a meeting of the minds are poor, not least because leaders in both countries are firming

up their internal political support by raising the specter of each other as the primary threat. Washington needs an approach that does not depend on prior or simultaneous moves by Beijing, can be easily understood by the American public as well as people in other countries, and facilitates cooperation where possible.

Our first suggestion is to eschew gratuitous behaviors that push PRC hot buttons and trigger predictable reactions which make meaningful dialogue more difficult. We should continue to conduct necessary and appropriate military exercises in international waters and airspace, and we should call out dangerous or unprofessional actions by the PLA Navy or Air Force. We should schedule and describe our own military activities in the same way we do elsewhere in the world. We don’t need to encumber prudent actions with imprudent bombast.²⁷ US Air Force General Mike Minihan’s mid-2023 remarks predicting war with the PRC in 2025 and telling troops to “aim for the head” come to mind.²⁸

Similarly, the United States should avoid making statements and taking actions that make it harder for Beijing to respond positively and reinforce third-country proclivities to blame the United States for any and all problems while viewing China as the aggrieved party. The US can and should make honest efforts to reach out and resolve concrete problems, as we believe John Kerry did in his July 2023 trip to Beijing to address climate change issues. Beijing may not—initially probably will not—respond positively, but the US should be seen to have tried. For better or worse, much of the world expects more of the United States than it does of other countries. Whether they

genuinely believe Washington bears greater responsibility for the current fraught state of relations with China, or think the US can and should act magnanimously, many third country observers are spring-loaded to criticize US inaction to reduce tensions. Conversely, PRC initiatives should be treated seriously, examined carefully, and addressed appropriately. Public initiatives should be addressed in that arena; confidential ones should remain confidential.

Working to alleviate real problems will be difficult, but we should not make them more arduous by declaring preconditions for discussions or taking actions that may not be in our own interests. Washington often finds it politically expedient to declare preconditions for interaction with China (e.g., demonstrating progress on human rights as a precondition for renewal of Most Favored Nation trade status during the Clinton administration). We can think of no cases in which declaring preconditions eased or accelerated desirable outcomes. Imposing such conditions makes resolution of issues more difficult and reinforces convictions in China and in third countries that the United States bears primary responsibility for US-China tensions. To start the process, both sides ought to pick some low-hanging policy fruit like reopening consulates in Houston and Chengdu and increasing mutual media access. Both sides should see the benefit of having more than 350 American students studying in China.

Taiwan-related issues are the elephant in the room that cannot be ignored, but there is nothing to be gained by abandoning the policy of strategic ambiguity or further muddying the US position. We judge the likelihood of an unprovoked PRC military attack or blockade to be low, and made lower by what is happening in and around Ukraine. A Putin loss in Ukraine will strengthen Western deterrence in Europe and in Asia. Most of the speculation about the likelihood, imminence and potential outcome of a PRC attack on Taiwan has come from outside of the Executive Branch and often from Congress. In our view, the correct response to such speculation should be restatement of the USG position that the use of force in the Taiwan Strait is unacceptable, that there will be absolutely no support for Taiwan independence unless Taipei and Beijing peacefully reach agreement, and that relations between the people of Taiwan and the United States will remain unofficial. Washington needs to stop nibbling around the edges of the One China Policy. It also must acknowledge, at least to itself, that its "One China Policy" has substantively eroded and lost credibility. It is no longer enough to say US policy has not changed. The United States must stop drifting toward a One China, One Taiwan policy.

**The United States
needs to stop
drifting toward a
One China, One
Taiwan policy**

Officials in Washington know better than we what issues are most urgent, most easily resolved, or most demanding in terms of building the necessary political consensus to move forward, so we will limit our suggestions primarily to matters of style. How we pursue our interests with respect to China matters and affects the tenacity with which Beijing will cling to its security-first policies. For example, there has been a tendency to employ rhetorical statements of policy which have the sole effect of reinforcing Beijing's commitment to a security-dominated policy at home and abroad. Among those formulations have been the repeated assertions that China is the biggest threat to American interests, values and international leadership. The Trump and Biden administrations have done so in the face of climate catastrophes, Russian aggression, huge unregulated migratory flows, threats to democracy at home, the Middle East tinderbox, and much else. In his 2023 State of the Union address, President Biden called out Xi Jinping by name more than once, gratuitously personalizing foreign policy. Face matters, and suggesting that Beijing is an existential threat convinces Beijing that nothing it does will divert America from a regime change agenda. Hyping and personalization provide US politicians an excuse to avoid tackling America's core domestic structural problems.

The Biden Administration's constant reiteration that the current world situation is best described as a "struggle between democracy and autocracy" confirms in Beijing's mind that ideology drives behavior in Washington and that regime change is the ultimate purpose of US policy. This formulation doesn't help to resolve problems with China and makes Washington look hypocritical when it deals with autocrats for its own good reasons—Saudi Arabia comes to mind.

We should be trying to engage China in international institutions, not telling Beijing (as President Obama did in late 2015), that, "[W]e have to make sure the United States—and not countries like China—is the one writing this century's rules for the world's economy."²⁹ Of course, China needs to play a sizeable role in devising and upholding those rules. Similarly, knee-jerk opposition to China establishing the Asian Infrastructure Investment Bank (AIIB), which most of our allies joined and which held out the promise of funds for needed infrastructure in much of the world, sends a message that whether China's activities are constructive or not, the United States will oppose them.

Although we are pessimistic about near-term prospects for significant improvement in US-China relations, and convinced that such improvement will not occur until Beijing judges that it can and must return to policies prioritizing growth over security, we think it imperative to eschew behaviors that make it harder for PRC officials to do so. Observing the "first law of holes" is a good way to start—when you are in a hole as we are now in the relationship with China, stop digging. Making things worse is a poor way to seek improvement. Demonstrating (not merely asserting) willingness to reduce rhetorical

bombast and cooperate where possible will play well for many international audiences and facilitate cooperation with third countries on issues unrelated to China. This may pave the way for greater cooperation with China and others on transnational challenges like pandemic disease and the effects of global warming. The stakes are high, and so is the potential for progress in significant policy arenas.

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