The Dangerous New US Consensus on China and the Future of US-China Relations

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The trade war and technological competition with China are symptomatic of a much larger issue: a dangerous gridlock in US-China relations that may become permanent, with dire consequences not just for the two countries’ economies but also for the global economy and quite possibly East Asia’s and international security. Martin Wolf, Financial Times columnist, is right to conclude: “Across-the-board rivalry with China is becoming an organising principle of US economic, foreign and security policies.” The fact that this conflict has occurred at a time of trade, investment, and security disputes between the US and its major allies, US-Russia tensions, and US military interventions across the Middle East and Central Asia, heightens global instability.

In the 1980s, President Ronald Reagan charged that Japan “is stealing our future” “by counterfeiting or copying of American products.” Now the president’s target is China, with the anti-China chorus including not only leaders of Trump’s national security team but also his former senior adviser and arch cold warrior, Stephen Bannon, and a range of national security, economic and Asia specialists across the political spectrum. In 2011 Trump the businessman was decrying China’s unfair trade and technology practices, calling China an enemy, and saying that if he were president, he would be able to force China to back down because it needs us more than we need it. Today China looms so much larger—central to US and global trade and investment, but also a partner in critical relationships with many other countries, including major US allies such as South Korea, Japan, Australia, and the European Union.

We argue that to make China the number-one threat to US national security, as Trump would have it, is not merely an exaggeration and misunderstanding of China’s ambitions and capabilities. It is a dangerous basis for US foreign policy, one that is inseparable from the Trump administration’s broader agenda that includes embrace of useful dictators, disregard for human rights and international law, diplomacy reliant on threats and sanctions, and overturning or weakening of international treaty commitments.

The Rising Tide of Anti-China Sentiment

Washington politicians in both parties are as one in talking up the China threat and how to counter it. A bipartisan consensus in Congress seems to have concluded that the era of engaging China is over. More surprising is an emerging consensus among public intellectuals, including China specialists as well as many in both the conservative and liberal media, who embrace the view of Trump’s intelligence community that China is the principal threat to US national security. The New York Times, for instance, editorialized on July 21 that “President Trump is correct to try to establish a sounder relationship with Russia and peel it away from China.” And while the Washington Post has called for a return to engaging China, it nevertheless found that “Mr.
Xi’s regime has shattered the hopeful vision that China would be “a responsible global player.” In fact, a hard line on China seems to be the single policy on which liberals and conservatives are in general agreement with President Trump. American public opinion has followed, with a significant shift toward seeing rivalry as the appropriate motif of US-China relations.

The voices so stridently attacking China typically ignore the fact that the US under Trump has torpedoed international agreements, from the Trans-Pacific Partnership (TPP) to the Paris climate accord and the Intermediate Nuclear Forces (INF) treaty, defied international law by withdrawing from the Iran nuclear agreement and carrying out economic warfare against Tehran, and ordered that his trade representative seek to remove China’s status as a developing country in the World Trade Organization. These actions have undermined US leadership and cemented the Chinese conviction that it is now Beijing’s time to define regional and global responsibilities. Supplementing its position as the world’s second largest economy and leader in international trade, China has now moved with the Belt and Road Initiative (BRI) to lead the world’s largest aid program, one that has secured the active participation of leading nations, including US allies. Beijing now has its eyes trained not just on trade and climate change but also on economic development strategy, sustainable energy, and international aid.

Xi Jinping’s China has certainly done things that merit strong criticism, notably the incarceration and “reeducation” of roughly a million Uighurs and other Chinese Muslims, the communist party’s assault on independent lawyers, journalists, and labor rights activists, and militarizing of disputed islands in the South China Sea. Still, there are compelling reasons for seeking common ground with China—on trade, energy, missiles, and the climate crisis, for example—identifying financial and technological complementarities, and averting a breakdown in US-China relations that would undermine the international economy and could lead to war.

This growing convergence of opinion between the liberal establishment and Trump and the Republican Party over the threat of China does not mean that there is an identity of views about how best to confront that threat. Whereas the Trump administration and Republicans in Congress view China in ideological, military, and trade terms, liberals seem more concerned with the technological and human rights elements. But the two camps coalesce around the urgency of halting what they see as China’s predatory commercial, industrial and technological strategy and its alleged spying at US universities and laboratories. Perhaps most importantly, they commonly see China in national security terms—threatening US hegemony. In short, they share a commitment to ensuring that the US remains the number-one power in the world.

China specialists could once be counted among China’s best friends, not as fellow travelers but as people knowledgeable enough about the country and its history to understand the difference between expansionism and defensive behavior and the importance of seeing the world through Chinese eyes. Many offered a
balanced view of China’s domestic reforms while recognizing a range of complementary interests linking the US and China and China’s critical role in stabilizing the hegemony of the US dollar through its purchase of $1.1 trillion in US treasuries, fully 27 percent of the US debt held by foreign countries.\(^\text{14}\) China specialists consistently warned against confusing China’s intentions with its capabilities. They also pointed to the need to maintain active engagement at every level with Chinese counterparts, drew a line between the repressive state and an increasingly mobile and market-oriented society, and above all emphasized the value of a realistic approach to US-China relations that served the interests of both countries.

Today, however, many former sympathizers seem disappointed in China’s failure to embrace liberal values and open its political system to democratic reforms. The 30\(^{\text{th}}\) anniversary of the 1989 suppression of the democracy movement provided an enormous boost to critics, with an outpouring of commentaries and photographs from former student leaders and demonstrators in the United States, Europe and beyond. Nicholas Kristof, who was at Tiananmen on 6/4, writes that “those of us who witnessed Beijing Spring are confident that eventually, unpredictably, the tide of freedom will roll in again.”\(^\text{15}\) Such disappointment stems in good part from a misreading of the nature of the PRC’s reforms since 1978. What the Chinese Communist Party calls “political reform” involves personnel and procedural changes designed to facilitate economic growth—anti-corruption drives, emphasis on professionalism and technical expertise, greater separation of party and state, and above all political stability—without sacrificing (indeed, under Xi Jinping, moving to strengthen) the party’s supremacy in all walks of life.

Some liberals jumped on the anti-China bandwagon after Vice President Mike Pence delivered an in-depth indictment of that country on October 4, 2018.\(^\text{16}\) Pence described China’s interference in US politics as a “whole-of-government” threat, a point endorsed by (among others) Winston Lord, the former US ambassador to China. But Pence’s speech was full of historical inaccuracies about the US-China relationship, unwarranted braggadocio about America’s critical role in China’s rise, and dangerous rhetoric about Chinese “aggressiveness.” Above all, Pence seriously misinterpreted China’s international strategy and objectives, making it seem as if Xi Jinping is committed to promoting revolution abroad and undermining democracy worldwide.\(^\text{17}\) Actually, the latest Chinese national strategy report indicates that domestic threats, namely “separatism,” are the leadership’s primary security concern. The report also acknowledges weaknesses in the People’s Liberation Army that make it a regional rather than a global military force like that of the United States.\(^\text{18}\)

**Trade War: A Sign of Things to Come**

The trade war, as the public face of US-China conflict, is particularly worrisome because it reflects a perception problem that might make a bad situation worse. What Trump is doing in imposing blanket tariffs on virtually all Chinese imports is entirely in keeping with his aggressive business style: threaten one’s adversary, avoid making concessions, don’t back down, and above all win. The trouble with that approach is that China has a long history of dealing with threats from powerful adversaries. By typically denouncing them as “bullying” and “humiliation,” Chinese leaders, most notably during the anti-Japanese resistance of the 1930s and 1940s, successfully mobilized popular resistance. Neither Trump nor, it seems, any of his advisers, has the slightest understanding of the history and power of Chinese nationalism as exhibited in
China’s struggle against Japanese and Western imperialism, or its clash with the US in Korea and Vietnam from the 1950s, or its break with the Soviet Union in the 1960s.

Secretary of State Mike Pompeo thinks the struggle with Huawei Technologies Company is ideological—either “Western values” or communist values will rule the internet, he says—while Kiron Skinner, the director of policy planning at the State Department, views the China rivalry, strangely, as a “fight with a really different civilization and a different ideology.” The Trump administration seems oblivious to the Xi Jinping leadership’s repeated references to a “new Long March,” alluding to the guerrilla struggles that led to the defeat of Japan invaders and the founding of the People’s Republic—that is, overcoming difficulties, and defending China’s economic development path, which it now defines as a “core interest.” The administration also underestimates China’s alternatives to giving in on commercial issues, notably the Regional Comprehensive Trade Partnership it initiated, which links twenty-five Asia-Pacific members, and Beijing’s ability to punish (according to China’s commerce ministry) “unreliable” foreign companies that “do not follow market rules, violate the spirit of contracts, blockade and stop supplying Chinese companies for noncommercial reasons, and seriously damage the legitimate rights and interests of Chinese companies.” The real cost here is not just to business, but to the US reputation, for paradoxically China can now pose as the principal defender not only of global markets but also of the multinational global order that the US had long pioneered and now scorns.

**The Costs of Demonizing China**

Beyond commercial ties, Americans and Chinese should recognize that we need each other when it comes to effectively confronting global problems including nuclear proliferation, climate crisis, humanitarian crises, the provision of sustainable energy sources, and bringing an end to the Korean War. Neither country is in a position to contain, much less resolve, any of these problems on its own. As Ana Swanson and Keith Bradsher argue, America First is an aggressive vision of American power that seeks to upend a rival system that has delivered prosperity for its people and has put China on course to be the world’s largest economy. We must rise above the “win-at-all-costs” approach and rivalry between the United States and China to recognize the two nations’ interdependence.

The list of disputed issues between the US and China includes confrontations over Taiwan, Tibet, and the South China Sea, as well as policy differences over North Korea, Russia, Korea, Iran, and Africa. US policies on many of these issues not only risk worsening them, they also threaten to drive the Chinese into closer relationships with countries that share Beijing’s opposition to those policies, especially Russia, with which China now has a “comprehensive strategic partnership of coordination.” On Iran, for example, Xi Jinping has rejected the US demand that countries stop importing Iran’s oil. He declared that “China and Russia’s views and positions on the Iran nuclear issue are highly aligned” and called on “all relevant parties to remain rational and exercise restraint, step up dialogue and consultations and lower the temperature on the present tense situation.”

The growing US-China tension is affecting scientific and educational exchanges, including reciprocal visa denials for scholars. Particularly pernicious is the officially-inspired suspicion of Chinese scientists, including Americans of Chinese origin, many of whom are working at US universities and laboratories. With little evidence, these scientists and doctoral students are being cast as security risks. While a few cases of espionage have emerged, visiting
Chinese scientists and technicians have been a great boon to US research. Chinese students comprise the largest contingent of foreign students in the US—more than 130,000 graduate students and 148,000 undergraduates enrolled in 2017-2018—and their ability to pay full freight keeps afloat many of the colleges and universities they attend. As the president of MIT laments, these days anyone of Chinese ethnicity “now feel[s] unfairly scrutinized, stigmatized and on edge” when dealing with the US government.

Finally, we must reckon with the cost of ceding international leadership to China on globalization, multilateralism, and recognition as a “responsible great power.” Trump’s behavior has seriously undermined US leadership—to China’s advantage. While the PRC can claim to be a model of restraint on North Korea and Iran, for example, even lecturing Washington on its “unilateral sanctions” and “bullying” of Iran, the US president, while reveling in high-profile meetings with Xi Jinping and Kim Jong-un, keeps China under heavy threat of tariffs, leads a leaky sanctions campaign against North Korea, and seeks regime change in Iran. As a result, if “America First” comes to mean “America Alone,” China may all the more become the go-to power. The dispute over Huawei is illustrative: US pressure on its European and Asian partners to reject Huawei’s 5G technology is matched by China’s campaign on Huawei’s behalf to reject American pressure. Some countries will play ball with China (like Russia) while others (like Canada) apparently will bow to US pressures, as in the grudging detention of a Huawei executive at US behest, an act that has poisoned Canada’s relations with a major trade partner.

How the US-China rivalry will play out cannot be confidently predicted. To be sure, China’s BRI has gained important new footholds for Beijing in Africa, Latin America, Central Asia, and even southern Europe on the strength of large-scale Chinese loans. Will that enable China to establish a new international order? What seems clear is that the US retreat since 2017 has left the door open to Chinese predominance in trade and foreign aid.

What To Do About China?

At the height of the Cold War in the 1950s and 1960s, liberal policy toward China called for “containment without isolation” at a time when revolution was the “main current” in China’s foreign policy, the Soviet Union ranked second to the US as a hegemonic power, and China’s role in the world economy was inconsequential. In the current era, what if US policy toward China were engagement-and-competition? It could distinguish China from Russia rather than giving Russia a pass as Trump has done. Russia, unlike China, has interfered in US and European elections, has annexed Ukraine’s Crimea, and supports an occupying force in eastern Ukraine. The US would reject the “dual enemies” approach that ensures closer PRC-Russian cooperation, especially in military affairs, which mainly involves joint exercises and (Russian) arms and military technology sales. Engagement-and-competition in fact was the US policy toward China from the early 1970s. Today the policy would stress the ties that bind with China as distinct from those with Russia, and the advantages to both China and the US of closer economic and geopolitical relations.

That approach, however, requires a more realistic perspective on China than the Trump administration and both political parties favor today. Ivo Daalder offers a sage observation: “There is nothing unusual with what China is doing. It’s acting like any great power would—using its economic and military prowess to extend its political influence to all corners of the globe. And quite naturally, it seeks that influence to serve its own interests...
Some liberals see a threat precisely there, endorsing Mike Pompeo’s view that Beijing poses “a new kind of challenge; an authoritarian regime that’s integrated economically into the West in ways that the Soviet Union never was.” This latter interpretation of what the administration calls China’s “economic aggression” ignores how strongly the Chinese support the contemporary international economic status quo. It fails to recognize that China is deeply embedded in the world capitalist system, has delivered remarkable economic gains to its people, and has no interest in disrupting the basic rules of the system that are essential to its continued prosperity. If China doesn’t always play fair, Daalder argues, the best way to counter it is to rely on the one arena where China is weakest, allies: “America’s rivalry with China is inevitable. But competition need not lead to confrontation. If America works together with its allies, friends and partners, it can continue to shape the international order to the benefit of all.” Trump, Fareed Zakaria reports, rejects that approach, seeking victory in a zero-sum game that prefers “hardball” to cooperation in creating a bigger pie.

Meanwhile, China’s American critics are so absorbed in the trade and technology war that crucial issues in US-China relations are not receiving the attention they deserve. Just to take a few examples: Massive demonstrations in Hong Kong continuing over several weeks have led to the suspension of an extradition law that Beijing supports, a defeat for Xi Jinping. China’s direct military intervention is a possibility. Yet Trump has reportedly promised Xi that the US would “tone down” its criticism of China’s actions in Hong Kong in return for progress on trade talks. At the same time, China’s BRI, while demonstrating the appeal of Beijing’s aid strategy, also raises the possibility of unsustainable debts. Since the aid is typically in the form of loans, recipients sometimes pay a high price—such as Sri Lanka’s transfer of ownership of a port to China when it could not pay up, Greece’s agreement to majority Chinese ownership of the historic port of Piraeus in return for loans and investments, and Cambodia’s agreement to provide China naval access to a port on the Gulf of Thailand to offset aid. China’s debt diplomacy may at times conflict with US and NATO interests.

On the other hand, China’s increasing reliance on nuclear energy, along with hydro and solar power, makes it the world’s leader in alternative energy, offering opportunities for cooperative projects with the United States and other countries even as it continues to produce the world’s largest output of greenhouse gas. Another potential issue on which to seek common ground is intermediate-range missiles, just one element of a rapidly modernizing Chinese military that worries the US Pacific Command. US withdrawal from the INF treaty was reportedly due in part to China’s growing arsenal, estimated at 2000 ballistic and cruise missiles, mainly deployed opposite Taiwan. Might a US-China agreement be negotiated that would (for example) cap missile numbers and types and also meet China’s objections to the THAAD missile defense system based in South Korea? Unless an agreement with China is reached, the US might test and seek land basing rights for a new cruise missile system aimed at China, which would probably ignite an arms race in East Asia.

The Trump administration’s relentless pursuit of an America First agenda with its attack on China’s trade, technology, and aid policies may be injuring China, as Trump keeps insisting, but it is also injuring the world and US economies. Trump’s own constituents—farmers, miners, and industrial workers as well as leading sectors of capital and finance—are or soon will be among its main victims. The simultaneous pursuit of complementarity and competition between China and the US holds the best route forward for the American, Chinese and world
economies, and for the reduction of tensions that threaten a war that nobody wants.\textsuperscript{39} For Americans, this will mean abandoning unrealistic hopes that China will change because of external pressure or the inevitable attractiveness of Western values and political models, or that the United States will solve its problems of trade and balance of payments imbalance and de-industrialization through imposing crippling tariffs on China. As the enormous outpouring of popular protest in Hong Kong suggests, change in China must come from within, just as it must in the US.


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Notes

3 Bannon has revived the Committee on the Present Danger, which gained prominence in the Reagan era when it lobbied for nuclear superiority over the Soviet Union and high levels of military spending. In reconstituting itself in March 2019, the committee announced: "As with the Soviet Union in the past, communist China represents an existential and ideological threat to the United States and to the idea of freedom—one that requires a new American consensus regarding the policies and priorities required to defeat this threat." Wendy Wu, “Cold War is Back: Bannon Helps Revive U.S. Committee to Target ‘Aggressive Totalitarian Foe’ China, (http://www.politico.com/story/2019/03/26/steve-bannon-china-1238039)” Politico, March 26, 2019.

China is the third most important US trading partner (behind Mexico and Canada), the world’s top merchandise exporter, and among the leaders in inward and outward foreign direct investment. It also plays an indispensable role in propping up the US dollar as the international currency despite its massive trade and balance of payment deficits through its purchase of $1.2 trillion in US Treasury bills.


The Chicago Council on Global Affairs poll in February 2019 found that about 63 percent of those polled agreed that the US and China are “mostly rivals,” with little separating among Democrats, Republicans, and Independents. That figure is 14 percent higher than the previous poll found in March 2018. In fact, previous polls going back to 2016 consistently reported about 50 percent agreement on US-China rivalry. Craig Kafura, “Public and Opinion Leaders’ Views on US-China Trade War,” The Chicago Council on Global Affairs, June 27, 2019 (http://www.thechicagocouncil.org/publication/public-and-opinion-leaders-views-us-china-trade-war).


Thomas Wright of the Brookings Institution notes “Joe Biden’s off-the-cuff remark that China ‘isn’t in competition with us.’ But a few months ago, at the Munich Security Conference, Biden also said that China ‘seeks to establish itself as a hegemon and a global power player’ and that the United States finds itself in ‘an ideological struggle . . . a competition of systems [and] a competition of values’ with Beijing and other authoritarian powers. Bernie Sanders and Elizabeth Warren have both highlighted the risk posed by kleptocratic and autocratic regimes in their foreign-policy speeches, with Warren singling out China in particular.” Wright, “Democrats Need to Place China at the Center of Their Foreign Policy” (http://www.brookings.edu/blog/order-from-chaos/2019/05/15/democrats-need-to-place-china-

13 “Several U.S. senators pressured the Trump administration on Thursday not to give in to China’s conditions. Sen. Chuck Schumer of New York, the Democratic leader, said the president “cannot go soft now and accept a bad deal that falls short of reforming China’s rapacious economic policies—cyber espionage, forced technology transfers, state-sponsorship, and worst of all, denial of market access.” Rubio: “It’s not really a trade issue as much as it is first a national-security issue and second a wake-up call to the U.S. about how we need to have a counter to Chinese industrial policy.” Lingling Wei and Bob Davis, “China to Insist U.S. Lift Huawei Ban as Part of Trade Deal (http://www.wsj.com/articles/china-s-xi-to-present-trump-with-terms-for-settling-trade-fight-chinese-officials-say-11561628961),” June 27, 2019.


16 Pence, “Remarks by Vice President Pence on the Administration’s Policy Toward China (http://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/”).

17 Weiss, “A World Safe for Autocracy?”


20 Evelyn Cheng, “China is indicating it’ll never give in to US demands to change its state-run economy (http://www.cnbc.com/2019/05/27/china-is-digging-in-its-heels-on-protecting-a-state-run-economy.html).” Xinhua, the official Chinese news agency, said in a May 25, 2019 commentary (“Five Great American Threats to China’s Trade (http://www.xinhuanet.com/world/2019-05/25/c_1124541929.htm)”) that “behind the United States’ trade war against China, it is trying to invade China’s economic sovereignty and force China to damage its core interests.”


31 Ana Swanson and Keith Bradsher, “U.S.-China Trade Standoff May Be Initial Skirmish in Broader Economic War,” NYT, May 11, 2019. On the liberal side, Thomas L. Friedman takes the position that China has been cheating to get to the top, and that must stop. He argues that once China decided to leap into the advanced economy category, “all China’s subsidies, protectionism, cheating on trade rules, forced technology transfers and stealing of intellectual property since the 1970s became a much greater threat. If the U.S. and Europe allowed China to continue operating by the same formula that it had used to grow from poverty to compete for all the industries of the future, we’d be crazy. Trump is right about that.” Friedman, “China Deserves Donald Trump,” New York Times, May 21, 2019.
32 Fareed Zakaria argues, “the end goal is to create more economic interdependence between the two countries. If there is a deal, China will buy more American goods, invest more in America and provide more market access to American companies. A technology war would take us in a very different direction. It would lead not to a cold war but a cold peace, in a divided and less prosperous world.” Zakaria, “The Blacklisting of Huawei Might Be China’s Sputnik Moment,” Washington Post, May 23, 2019.
22, 2019, online ed.


36 See the testimony of Harry B. Harris, Jr., (http://www.armed-services.senate.gov/imo/media/doc/Harris_04-27-17.pdf) head of the US Pacific Command, April 27, 2017.


38 In a series of tweets on July 30, Trump claimed that China had lost 5 million jobs, including 2 million in manufacturing, because of the “Trump tariffs.” “Trumps [sic] got China back on its heels, and the United States is doing great,” he wrote. But various economic forecasts show a slowdown in worldwide growth and a possible recession as the trade war continues. And Trump now does not expect a deal with China before the 2020 US elections. Taylor Telford, Damian Paletta, and David J. Lynch, “Trump Backpedals on China Threats as Trade Deal Shows Signs of Slipping Away,” Washington Post, July 30, 2019, online ed.