

A CRISIS IS A TERRIBLE THING TO WASTE

By Ryan Hass

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

From those uncertain initial steps in 1972 to the present, relations have developed further and faster than anyone could have foretold. Now, the U.S.-China

I suggest that the current turbulence in the bilateral relationship presents both risks and opportunities.

new Sputnik moment, and for grand strategists who believe China presents a fundamental

The second distinction is the geostrategic nature of the relationship. From the 1970s through the end of the Cold War, China was seen as a geostrategic asset for the United States, a partner in challenging the Soviet Union.

less comfort focusing on the broader strategic picture, less inclination to craft long-term strategy, and a lower tolerance for working to solve problems with Beijing when they arise.

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

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

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

Those hopes were shattered in June 1989, when the Chinese Communist Party used lethal force to suppress nationwide student-led demonstrations urging acceleration of reform. The bilateral relationship experienced a significant downturn thereafter, with most high-level exchanges suspended. The 1995- intimidate Taiwan voters, compelled the Clinton administration to dispatch two carrier strike groups and pushed the relationship further down. It also highlighted for leaders in both capitals the risks arising from the insufficiency of communications channels: miscommunication could easily lead to miscalculation, and miscalculation to conflict.

Following the Taiwan Strait crisis, t

the global financial crisis to head off a worldwide depression, taken a leading role in combatting climate change, become the largest contributor among permanent members of the United Nations Security Council to U.N. peacekeeping operations, played a leading role in countering

that American strategy is not delivering. A policy that delivers a blend of cooperation and competition with a focus on maximizing the former and managing the latter so as to prevent escalation to conflict has come to feel unsatisfactory for many Americans who believe they are being disadvantaged by a flawed relationship that favors China at the expense of the United States.

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

Second, prominent members of the China policy community remain unconvinced that U.S. policy toward China should be viewed through a purely adversarial lens. Leading voices such as Henry Kissinger, Stephen Hadley, Susan Rice, Stapelton Roy, Jeffrey Bader, Nicholas Lardy, and David Dollar continue to argue for updating U.S. policy to address challenges

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

First, the implicit compact that supported the deepening of relations over the past 40 years has frayed. In the past, both sides grounded in the often unstated mutual understanding that the U.S. would not dictate how China governed itself, and China would not seek to displace the U.S. as the dominant power in the Pacific. Both sides harbored profound suspicions about the depth of the compact, by and large, neither flagrantly violated the understanding, so it continued to serve as a guardrail for the relationship.

Today, both sides hold the other in violation of the compact. To many in Washington, the cumulative effect of China's assertive actions in the South China Sea and East China Sea, combined with its rapid military expansion, its efforts to weaken the American alliance architecture, and its creation of alternative multilateral institutions, has been to reveal a more aggressive and self-interest-driven industrial model has generated fears that China will concentrate its national resources to displace the United States in high-tech sectors at the heart of the 21st century.

community, these concerns have been amplified by numerous signs of public ambivalence in the United States about maintaining a U.S. leadership role in the international system.

domestic stability. ⁱⁱ

state media in recent years have become

document, which identified China 23 times more than any other country -- presented a sharp contrast with the 2015 *National Security Strategy*, which had e,

Such a sharp rhetorical shift matches the mood of President The United States is going through a period of disruptive transition akin to the industrial revolution. Wages are stagnating, entire industries are becoming obsolete, and many people are worried

According to recent research, as many as 2.4 million U.S. jobs were lost to competition with China between 1999 and 2011,ⁱⁱⁱ and many of these losses were concentrated in areas that supported President Trump. It has become both easy and convenient for politicians to shift blame to China for the frustrations many Americans feel .

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

Third, both sides assign relatively lower value to interdependence and broadly stable bilateral relations than was the case previously. Whereas past American administrations viewed economic interdependence as a stabilizing factor because it raised the cost to both sides of disrupting relations, the Trump administration holds a different view. It fears close economic ties

What can be Done?

Leaders in Washington and Beijing should use this period of uncertainty to examine their

-oriented, not out of deference to American concerns,

And, consistent with longstanding American values, it is fair for the United States to call out
s lack of respect for rights related to labor,
religion, speech, and assembly.

The United States does not gain by painting China as an adversary. Instead, the United
States should outcompete China h,

burden on itself in addressing global challenges.

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

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

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

From a strategic perspective, the United States needs to determine whether it benefits
more from a strong and capable China or an internally weak and externally insecure one. The
recent past should inform such an analysis. In previous decades, when China was weaker and

more insecure, it employed a disruptive foreign policy. Beijing stoked nationalism by saber-rattling over Taiwan, fighting wars with its neighbors, and actively seeking to export its ideology. China also sought leverage by nurturing close ties with North Korea and enabling proliferation.

institutions. If, instead, the United States continues reflexively to obstruct China from gaining a greater voice on the world stage, it will isolate itself and, in the process, diminish its ability to shape how China employs its growing power to address global challenges.

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

Recognizing that regional order is not a subject to be decided by Washington or Beijing, but rather by all concerned parties, it would nonetheless be valuable for the United States and China

In other words, the United States should disabuse China of any expectation that growing power exempts it from the rules that bind all other actors in the region. Above all, the United States should resolve to oppose any attempts to establish spheres of influence where a dominant power enjoys special and exclusive privileges in any part of Asia. History has shown that when regions get divided into spheres, competition intensifies and the risk of conflict rises.

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

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

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

In conclusion, the U.S.-China relationship has evolved considerably over the past 40 years and, in the process, has outgrown the conventions that guided it during that period. The sharp deterioration in bilateral relations in recent months likely reflects a structural shift in the relationship; it is not merely an artifact of an unconventional American leader. The sooner that

