



WHAT WENT WRONG? U.S.-CHINA RELATIONS FROM TIANANMEN TO TRUMP

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James Steinberg looks back at the relationship between the United States and China over the last 30 years and asks whether a better outcome could have been produced had different decisions been made.

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There are few things that Democrats and Republicans in Washington agree on these days — but policymakers from both parties are virtually unanimous in the view that Sino-American relations have taken a dramatic turn for the worse in recent years. In the span of just about one decade, we have seen what was once hailed as a budding strategic “partnership” transformed into “a geopolitical competition between free and repressive visions of world order.”¹ This dark view of the bilateral relationship spans the political spectrum from the Trump administration to the president’s Democratic challengers on the left. Consider, for example, this statement from Sen. Elizabeth Warren regarding America’s engagement with China: “The whole policy was misdirected. We told ourselves a happy-face story that never fit with the facts.”² As journalist Mark Landler recently observed, “From the White House to the boardroom, from academia to the news media, American attitudes toward China have soured to an extent unseen since Mr. Kissinger’s historic trip.”³

What went wrong? How did a relationship that appeared to hold such promise turn into a rivalry that more and more resembles the challenges of

the Cold War? And, since this is an election year, the question quickly morphs into the all too familiar, “Who is to blame?”⁴

For some, this trajectory of Sino-American relations is not surprising. Scholars such as John Mearsheimer have long argued that conflict between the United States and China is unavoidable — a product of the inherent tensions between an established and rising power.⁶ If we accept this view, then the policy question — both with regard to the past and to the future — is not how to improve Sino-American relations but rather how to prevail in the foreordained contest. Taken at face value, this view suggests that if anything “went wrong” it was the failure to understand from the outset that China and the United States were destined for what the National Bureau of Asian Research has called the “U.S.-China Competition for Global Influence” — the title of the latest in its *Strategic Asia* series.⁷ If any mistakes were made, they were mistakes that came from wrongly believing that a better, more cooperative relationship was possible.

This is a pretty bleak assessment about the future. Even if military conflict is not inevitable, it’s hard to see how this view produces anything except a prolonged, costly, and potentially dangerous struggle between two militarily and economically powerful states across the full range of policy issues. It’s “game on” in the battle for primacy in which each side has the determination to prevail rather than submit.

1 See, “U.S.-China Joint Statement,” The White House, Office of the Press Secretary, Nov. 17, 2009, <https://obamawhitehouse.archives.gov/realtycheck/the-press-office/us-china-joint-statement>. “The two sides reiterated that they are committed to building a positive, cooperative and comprehensive U.S.-China relationship for the 21st century, and will take concrete actions to steadily build a partnership to address common challenges.”

2 National Security Strategy of the United States of America, The White House, December 2017, 45 <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

3 Michael Martina, “Senator Warren, in Beijing, Says U.S. Is Waking Up to Chinese Abuses,” *Reuters*, April 1, 2018, <https://www.reuters.com/article/us-usa-china-warren/senator-warren-in-beijing-says-u-s-is-waking-up-to-chinese-abuses-idUSKCN1H80X2>.

4 Mark Landler “The Road to Confrontation,” *New York Times*, Nov. 25, 2018, <https://www.nytimes.com/interactive/2018/11/25/world/asia/china-us-confrontation.html>. Public opinion on U.S.-Chinese relations has also recently turned more negative, although positive attitudes remain higher today than in the aftermath of Tiananmen or even the late 1990s. See, Dina Smeltz et al., “Rejecting Retreat: Americans Support U.S. Engagement in Global Affairs,” Chicago Council on Global Affairs, Sept. 6, 2019, 29–30, <https://www.thechicagocouncil.org/publication/rejecting-retreat>. According to the Pew Research Center, unfavorable U.S. attitudes toward China increased by 13 percent from 2018 to 2019. See, Laura Silver, Kat Devlin, and Christine Huang, “U.S. Views of China Turn Sharply Negative Amid Trade Tensions,” Pew Research Center, Aug. 13, 2019, <https://www.pewresearch.org/global/2019/08/13/u-s-views-of-china-turn-sharply-negative-amid-trade-tensions/>.

5 As such, the contemporary debate is beginning to take on a resemblance to the pernicious “Who lost China?” debate following the communist victory in 1949. See, for example, Robert P. Newman, *Owen Lattimore and the “Loss” of China* (Berkeley: University of California Press, 1992).

6 John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: Norton, 2001), chap. 2; Graham Allison, *Destined for War: Can America and China Escape Thucydides’s Trap?* (Boston: Houghton Mifflin Harcourt, 2017).

7 Ashley J. Tellis, Alison Szalwinski, and Michael Wills, eds., *Strategic Asia 2020: US-China Competition for Global Influence* (Washington, DC: National Bureau of Asian Research, 2020), <https://www.nbr.org/publication/strategic-asia-2020-u-s-china-competition-for-global-influence/>.

But for those of us who question the premise, there is a heavy burden to show that an alternative path was possible in the past and may still be possible in the future. In this essay, I focus on the past to see whether different choices might have produced a better outcome, thus suggesting, though not guaranteeing, that choices in the future might similarly lead to a more optimistic result.

Framing the question this way naturally leads to a counterfactual exercise. If we can't construct a plausible counterfactual story that would have led to a better outcome, then the result of the exploration will lead us back to the alternative hypothesis — namely that the current state of affairs was either inevitable or, perhaps, is even better than it might otherwise have been. This is no small challenge. Counterfactual assertions are easy to make and are often resorted to, not just in the academy, but in the world of politics. But they are inherently impossible to prove. Yet, despite the formidable methodological challenges, counterfactual analysis is an indispensable tool in the analytic tool kit. Near the end of *Strange Victory*, Ernest May's magisterial study of the fall of France in 1940, he observes, "though many historians raise eyebrows at counterfactual speculation, I think it integral to any historical reconstruction. ... I simply choose to say explicitly that if condition x had not obtained, the actual events probably would not have gone as they did."⁸

There are few tools available to assess the validity of counterfactuals. May himself often confidently offered rather definitive conclusions that might startle a political scientist: In *Strange Victory*, he asserted, for example, that "intelligence analysis was an integral part of German operational planning; without it the odds against Germany adopting anything like the final version of Plan Yellow would have been at least two to one."⁹ However, a number of insightful political scientists, including Jack Levy, Richard Ned Lebow, Steve Weber, Philip Tetlock, and Aaron Belkin have offered valuable suggestions on better and worse ways to apply

counterfactual analysis to international relations.¹⁰

What different decisions might the United States and China have made over the past 30 years that would have produced a better outcome in Sino-American relations today? Before delving into that question, first I'll clarify two things: One, by "better," I mean a relationship that featured more cooperation across a range of issues — including security, economic, and political issues — and less risk of conflict, especially military conflict. Two, I chose 30 years because this past summer marks the 30th anniversary of the Chinese government's suppression of the democracy movement in Tiananmen Square. China's actions — and the George H.W. Bush administration's response — represent one of the most important decisions that shaped the course of Sino-American relations and one that I will return to in detail shortly. Moreover, the end of the Cold War arguably represents a significant inflection point in Sino-U.S. relations, as the relationship became less instrumental and more centrally focused on bilateral concerns.

My initial approach to answering the question of what might have been done differently was to look at key decisions made by each side over the past 30 years, to see whether a different choice in any of these cases might have had a significant impact on the trajectory of the relationship. Borrowing from the political science literature, the question is sometimes phrased in terms of "critical junctures" — moments in time where specific decisions have a consequential, and potentially irreversible, impact on the course of events.¹¹ But further reflection suggests that it was at least as likely that the "path" of U.S.-Chinese relations was the product of a sequence of accumulated decisions rather than one decisive moment. For Robert Frost, two roads might diverge in ways that have irreversible consequences, but, as critics of the critical junctures approach have pointed out, international relations are not so binary.¹² In the case of Sino-American relations, each of the individual, specific choices re-

8 Ernest R. May, *Strange Victory: Hitler's Conquest of France* (New York: Hill and Wang, 2000), 452–53.

9 May, *Strange Victory*, 456.

10 See, e.g., Philip E. Tetlock and Aaron Belkin, eds., *Counterfactual Thought Experiments in World Politics*, (Princeton, NJ: Princeton University Press, 1996); Philip E. Tetlock and Aaron Belkin, "Counterfactual Thought Experiments in World Politics: Logical, Methodological and Psychological Perspectives," in *Counterfactual Thought Experiments in World Politics*, ed. Tetlock and Belkin; Steven Weber, "Counterfactuals, Past and Future," in *Counterfactual Thought Experiments in World Politics*, ed. Tetlock and Belkin; Jack S. Levy, "Counterfactuals, Causal Inference, and Historical Analysis," *Security Studies* 24, no. 3 (2015): 378–402, <https://doi.org/10.1080/09636412.2015.1070602>; and, Richard Ned Lebow, *Forbidden Fruit: Counterfactuals and International Relations*, (Princeton, NJ: Princeton University Press, 2010). See also, Daniel Nolan, "Why Historians (and Everyone Else) Should Care About Counterfactuals," *Philosophical Studies: An International Journal for Philosophy in the Analytic Tradition* 163, no. 2 (March 2013): 317–35, <https://www.jstor.org/stable/41932671>.

11 On critical junctures and path dependency, see, Giovanni Capocchia and R. Daniel Kelemen, "The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism," *World Politics* 59, no. 3 (April 2007): 341–69, <https://doi.org/10.1017/S0043887100020852>.

12 There are several dimensions to the critique. First is the issue of causality: Just because a sequence of events followed a decision does not in itself imply causation; the outcome might have occurred in any event. The second is the question of "irreversibility" — the possibility that a subsequent decision might have restored events back on to the path that would have occurred had the initial decision been different. See works cited in note 11.

flected a broader underlying policy approach that informed that choice — a policy approach sometimes called a policy of “engagement,” which was relatively consistent across the four administrations from George H.W. Bush to Barack Obama. After looking at some of the key decisions that were made and the alternative decisions that *could* have been made, I will turn to the question of whether a different strategy based on a different set of assumptions would have produced a better result.

In this essay, I examine three decisions that many commentators have identified as the key “mistakes” of the past 30 years: the U.S. response to Tiananmen; the decision to support China’s entry into the World Trade Organization (WTO) and grant China Permanent Normal Trade Relations; and the U.S. effort to broker a resolution of the Scarborough Shoal crisis in 2012. I’ve picked these three decisions for several reasons. First, at the time of each decision, some were pushing for a different approach. Although there is debate in the political science community about whether this is a necessary condition for a plausible counterfactual, it certainly helps the credibility of the analysis.¹³ Second, the decisions occurred under three different administrations, one Republican and two Democratic. Finally, these decisions cover the three main areas of contention in the U.S.-Chinese relationship: values, economics, and security, respectively. Although I focus in this essay only on U.S. decisions, a more complete analysis would give comparable attention to Chinese decision-making as well, a point I’ll come back to in the conclusion.

Decision 1: Tiananmen

First, let’s consider the decisions made in Washington after China’s 1989 actions against the democracy protests in Tiananmen Square. The story of the U.S. debate on how to respond is a familiar one, although the recent publication of “The New

Tiananmen Papers” in *Foreign Affairs* revealing the deliberations of the Communist Party of China, and the Asia Society’s re-publication of key documents from the George H.W. Bush Presidential Library help revive a sense of the contemporary debate in both countries.¹⁴ Both in its direct diplomacy with China, as well as its executive actions and negotiations over sanctions legislation, the Bush administration sought to moderate the U.S. response to limit the overall disruption in Sino-U.S. relations. There were calls at the time for tougher sanctions, including revoking China’s most favored nation status, while candidate Bill Clinton vehemently attacked the policy in his 1992 presidential campaign.¹⁵ Nor was the critique of Bush’s policy response limited to Bush’s Democratic opponents. Writing in the *World Policy Journal* shortly after Tiananmen, Marie Gottschalk, the associate editor, argued,

The time for a reassessment of Sino-American relations is long overdue. China’s domestic and international conditions have changed enormously since President Nixon’s visit in 1972. ... Yet US policy has remained surprisingly constant, driven by outdated sentiments and questionable assumptions. By failing to rethink this approach, the so-called realists have pursued a surreal path in Sino-American relations that has not only hurt the cause of political reform and human rights in the People’s Republic, but also America’s long-term interests in the region.¹⁶

The Bush administration’s decision to try to sustain U.S.-Chinese ties, rather than to adopt more punitive measures, was not based exclusively on either the strategic or the economic value of the Sino-American relationship. Bush himself argued that continued engagement with China, including through trade, would foster the *values* agenda as well: “As people have commercial incentives, whether it’s in China or in other totalitarian countries, the

13 See, for example, Niall Ferguson, “Introduction,” in *Virtual History: Alternatives and Counterfactuals*, ed. Niall Ferguson (New York: Basic Books, 1999).

14 Andrew J. Nathan, “The New Tiananmen Papers: Inside the Secret Meeting that Changed China,” *Foreign Affairs* 98, no. 4 (July/August 2019); “The Other Tiananmen Papers,” Asia Society China File, July 8, 2019, <http://www.chinafile.com/conversation/other-tiananmen-papers>.

15 For a detailed account of the Bush administration actions and the congressional response, see, David Skidmore and William Gates, “After Tiananmen: The Struggle Over US Policy Toward China in the Bush Administration,” *Presidential Studies Quarterly* 27, no. 3 (Summer 1997): 514–39, <https://www.jstor.org/stable/27551766>.

16 Marie Gottschalk, “The Failure of American Policy,” *World Policy Journal* 6, no. 4 (Fall, 1989): 668, <https://www.jstor.org/stable/40209129>. Gottschalk’s argument prefigures many of the subsequent critiques of U.S. policy, for example: “To enable China to project power in the Pacific more effectively, Deng’s military modernization has favored the Chinese Navy. China has built new naval bases and up to date warships and missiles... . Beijing also intends to enhance its submarine fleet... [it has] beefed up its capability for long distance troop deployments and conducted naval exercises further and further afield from China.” See, page 676.

move to democracy becomes inexorable.”¹⁷

How might things have been different had Bush adopted his critics’ approach? One could conceive of three scenarios. First, under the economic pressure of losing most favored nation status, and the political pressure of diplomatic isolation, China’s leaders might have opted to move toward political reform. This, of course, was the argument made by contemporary critics. Second, China might have resisted U.S. pressure, but at the cost of slowed or even reversed economic growth, which, over time, might have eroded support for the Communist Party of China and ultimately led to a change of regime. Third, China might have adopted a more hostile attitude toward the United States and developed a strategy to confront America more directly.

The first scenario seems quite implausible. A look at the deliberations of the party leadership in “The New Tiananmen Papers” published in *Foreign Affairs* suggests that Deng Xiaoping and his colleagues saw political reform as an existential threat to their leadership, and their statements evinced a clear willingness to risk economic and political isolation to retain control. That conclusion is buttressed by the Chinese leaders’ strong resistance to the Clinton administration’s subsequent effort to condition most favored nation status on improving human rights. Of course, it can be argued that in the latter case, China’s leaders may have doubted Clinton’s willingness to go through with the threats. However, given the earlier congressional votes withdrawing that status in 1991 and 1992, Beijing certainly could not take that for granted.¹⁸

The second scenario is somewhat more plausible but is also questionable. A case can be made that the technology and arms sanctions that the United States and others imposed in the aftermath of Tiananmen did impact China’s economic growth and the pace of its military modernization. At the same time, one could argue that the technology sanctions ultimately persuaded China that it would need to focus on developing its own indigenous capability, thus becoming a more formidable competitor in the long run.

For the strategy of “strangulation” to have succeeded, the United States would have had to close its markets to China (overcoming opposition from

U.S. businesses) and persuade China’s other key economic partners in East Asia and Europe to follow suit. Although U.S. allies generally adopted the limited sanctions imposed by the Bush administration at the time, it would have been a heavy lift to get them to willingly hurt their own economies through broader trade sanctions. And even if they had been willing, it is a further stretch to conclude that the economic pain would have undermined a communist leadership that had survived the Great Leap Forward and the Cultural Revolution. Indeed, one can imagine that economic sanctions might have triggered a nationalist backlash that would have reinforced the image of the Communist Party as the defender of China’s sovereignty — a development even more likely under the third scenario, which seems the most plausible of the three alternatives. This scenario would have led to much earlier confrontation between the United States and China and a much tenser East Asia during the first two decades following the end of the Cold War, with all the associated economic and political ramifications. One can imagine, for example, that in this case China might have actively supported North Korea’s and Iran’s nuclear ambitions, not to mention have taken a tougher line on Taiwan.

Decision 2: Admission to the World Trade Organization

The second case study is the Clinton administration’s decision to support China’s admission to the WTO and to grant China Permanent Normal Trade Relations.¹⁹ Of all the China policy decisions of the last three decades, this has attracted the most criticism, both at the time and especially in hindsight. In fact, a cottage industry of sorts has emerged, epitomized by U.S. Trade Representative Robert Lighthizer’s assertion in his 2017 report to Congress: “It seems clear that the United States erred in supporting China’s entry into the WTO on terms that have proven ineffective in securing China’s embrace of an open, market-oriented trade regime.”²⁰ In a piece for the *Atlantic* in August 2018, author Gabe Lipton asserted, “By letting [China] into the World Trade Organiza-

17 Skidmore and Gates, “After Tiananmen,” 519. This view was echoed in Bush’s subsequent veto message with respect to the 1992 legislation withdrawing China’s most favored nation status: “my administration shares the goals and objectives of HR 2212...My objection lies strictly with the methods proposed to achieve these aims.” George H.W. Bush, “Veto Message on China MFN Status” *Congressional Quarterly*, March 7, 1992, 582.

18 See, Skidmore and Gates, “After Tiananmen,” 530–34.

19 Granting China permanent normal trade relations was required if the United States wanted to gain the trade benefits associated with China joining the WTO.

20 2017 Report to Congress on China’s WTO Compliance, United States Trade Representative, January 2018, 2, <https://ustr.gov/sites/default/files/files/Press/Reports/China%202017%20WTO%20Report.pdf>.

tion back in 2001, Washington laid the groundwork for the tensions roiling relations with Beijing today.”²¹

Before considering the counterfactual, it is useful to recall the arguments made in favor of the decision to support China’s entry into the WTO.²² On the economic front, the Clinton administration argued that the agreement would enhance access for U.S. exports by reducing tariffs and eliminating barriers to investment. It also asserted that the need for China to meet WTO standards would lead to economic reform in China, including privatization and the decline of state-owned enterprises. The administration contended that subjecting China to the WTO settlement mechanisms offered a greater chance of gaining compliance with trade agreements. More broadly, it argued that admission to the WTO would make China more prosperous and stable, and that a weak China was at least as likely to be a threat as a strong China.

Clinton further asserted that by supporting China’s entry to the WTO, the United States would increase its influence over Chinese decision-making: “[E]verything I have learned about human nature in over a half-century of living now convinces me that we have a far greater chance of having a positive influence on China’s actions if we welcome China into the world community instead of shutting it out.”²³ Some have suggested that the Clinton administration also thought that WTO membership would lead to political reform and human rights improvements in China. I’ll come back to this point below, but for now I will simply quote Clinton’s own words: “Membership in the W.T.O., of course, will not create a free

society in China overnight or guarantee that China will play by global rules. But over time, I believe it will move China faster and further in the right direction, and certainly will do that more than rejection would.”²⁴

Critics of the WTO decision have offered a number of complementary arguments for why the decision was a mistake. First, on the economic front, they contend that China’s entry into the WTO — at

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least on the terms agreed to by the United States and other WTO members — destroyed millions of jobs in America, decimated the U.S. manufacturing industry in key sectors, and created a massive trade deficit, which, at least in the view of some, had wider adverse consequences. Lighthizer, for example, has stated that “our trade deficit with China played a major role in creating the financial bubble that exploded in 2008.”²⁵ At the same time, China failed to open its markets to U.S. firms and U.S. exports, denying the United States the reciprocal benefits of more open trade. For some, this was a product of the specific terms of the deal — the United States did not demand enough. For others, the problem lay in insufficient enforcement.²⁶ And for a third group, the problem was inherent in the WTO itself. Again quoting Lighthizer: “[T]he WTO settlement system is simply not designed to deal with a legal and political system so at odds with basic premises on which

21 Gabe Lipton, “The Elusive ‘Better Deal’ with China,” *Atlantic*, Aug. 14, 2018, <https://www.theatlantic.com/international/archive/2018/08/china-trump-trade-united-states/567526/>.

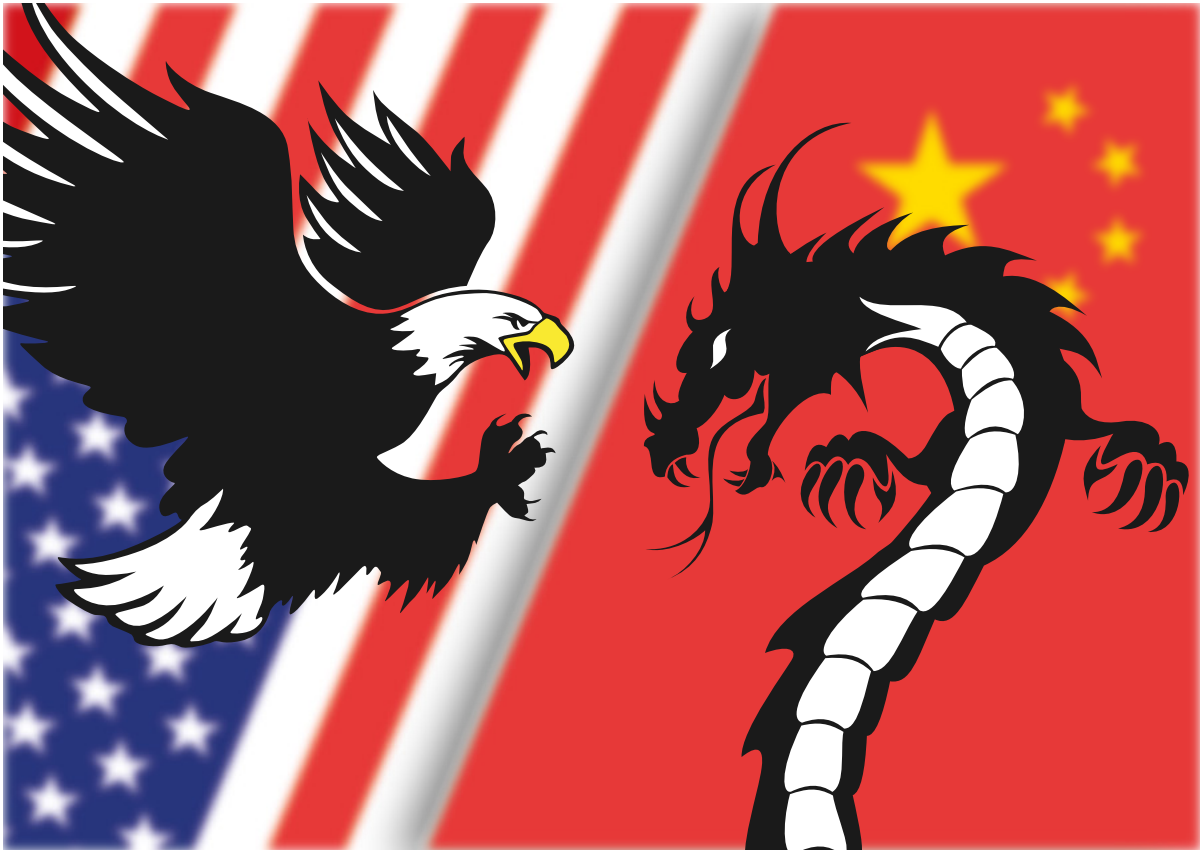
22 For a contemporary account of the Clinton’s arguments in favor of China’s WTO accession, see, Ted Osius, “The Legacy of the Clinton-Gore Administration’s China Policy,” *Asian Affairs: An American Review* 28, no. 3 (Fall 2001): 125–34, <https://doi.org/10.1080/00927670109601490>.

23 See, “Full Text of Clinton’s Speech on China Trade Bill,” *New York Times*, March 9, 2000, <https://archive.nytimes.com/www.nytimes.com/library/world/asia/030900clinton-china-text.html>.

24 “Full Text of Clinton’s Speech on China Trade Bill.”

25 Robert E. Lighthizer, “Testimony Before the US-China Economic and Security Review Commission: Evaluating China’s Role in the World Trade Organization Over the Past Decade,” June 9, 2010, 15, <https://www.uscc.gov/sites/default/files/6.9.10Lighthizer.pdf>. Lighthizer cites Ferguson’s earlier testimony to the House Ways and Means Committee in support of this assertion. Niall Ferguson, “The End of Chimerica: Amicable Divorce or Currency War,” Testimony before the Committee on Ways and Means of the U.S. House of Representatives, March 24, 2010, 4.

26 See, James Bacchus, Simon Lester, and Huan Zhu, “Disciplining China’s Trade Practices at the WTO: How WTO Complaints Can Help Make China More Market-Oriented,” *Cato Institute, Policy Analysis* no. 856, Nov. 15, 2018, <https://www.cato.org/publications/policy-analysis/disciplining-chinas-trade-practices-wto-how-wto-complaints-can-help>.



the WTO was founded.”²⁷ James McGregor argues that “Chinese policymakers are masters of creative initiatives that slide through the loopholes of WTO and other international trade rules,”²⁸ including currency manipulation and forcing companies to relocate to China rather than export from domestic sources. Moreover, to the extent that WTO membership contributed to China’s economic success, it reduced the pressure for political reform, since the leadership could point to the success of its authoritarian mode of governance in producing prosperity. And the wealth generated helped underwrite China’s rapid military modernization and technological progress, both of which challenge U.S. security interests in East Asia and beyond.

Many of these arguments were advanced at the time of Clinton’s decision, including by leaders in his own party. Rep. Nancy Pelosi, for example, argued, “China’s pattern of violating trade agreements behooves the US Congress to retain its authority for

annual review of China’s trade record.”²⁹

There is no doubt that many of the more hopeful predictions — or perhaps the better word is aspirations — were unrealized. U.S. job losses to China in the past two decades have been well documented.³⁰ Similarly, the downward trend in political reform, political rights, and the rule of law seems incontestable, while U.S. influence over China in a range of areas is waning. But the fact that bad things happened following China’s entry into the WTO does not, by itself, prove that they were *caused* by that decision. Or perhaps even more important, it doesn’t prove that things would have been better had the United States blocked China’s entry into the WTO or held out for a better deal.

In a recent article in *Foreign Affairs*, Philip Levy explores some of the counterfactual scenarios.³¹ One option would have been for the United States to acquiesce in China’s membership but to deny China either annual or permanent status as a most favored

27 Lighthizer, “Testimony Before the US-China Economic and Security Review Commission,” 16–17. See similarly, Mark Wu, “The ‘China Inc’ Challenge to Global Trade Governance,” *Harvard International Law Review* 57, no. 2 (Spring 2016): 261–324.

28 Cited in, Lighthizer, “Testimony Before the US-China Economic and Security Review Commission,” 20.

29 See, for example, “Statement by Congresswoman Nancy Pelosi on the Democratic Leader’s Decision to Oppose Permanent NTR for China,” April 19, 2000, <https://pelosi.house.gov/sites/pelosi.house.gov/files/pressarchives/releases/prleader.htm>.

30 See, David H. Autor, David Dorn, and Gordon Hanson, “The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade,” *Annual Review of Economics*, no. 8 (2016): 205–40, <https://doi.org/10.1146/annurev-economics-080315-015041>.

31 Philip Levy, “Was Letting China Into the WTO a Mistake?” *Foreign Affairs*, April 2, 2018, <https://www.foreignaffairs.com/articles/china/2018-04-02/was-letting-china-wto-mistake>.

nation.³² Critics at the time and subsequently have argued that denying permanent normal trade relations would have had several positive consequences. First, requiring annual renewal of China's most favored nation status would have provided the United States leverage over China's actions, and in the meantime the United States would have retained the right to impose higher tariffs against Chinese exporters. Second, it would have created substantial uncertainty for U.S. and other foreign manufacturers considering outsourcing production to China, reducing their willingness to relocate and thus limiting job losses in the United States.³³

Some of these critiques are unpersuasive. As the Clinton administration argued at the time, were America not to extend most favored nation status it would primarily harm the United States, since other countries' exporters would gain greater access to China than America, and, of course, it would also raise costs for U.S. consumers and businesses for products where China formed part of the supply chain.³⁴ Moreover, imposing higher barriers against Chinese imports might simply displace U.S. job losses to other low-cost producing countries that had already joined the WTO. There is certainly evidence to support this view, based on the impact of Obama's 2012 tariffs on Chinese tires, which largely appear to have led to more imports from other countries at higher prices, rather than a substantial increase in U.S. jobs.³⁵

A second option would have been to try to block China's admission to the WTO. Under the organization's rules, new members are admitted by a two-thirds majority vote. Thus, this strategy would have required the United States to rally significant outside support to block China's entry. However, many

countries, especially U.S. allies like Japan and Germany, had a large stake in expanding their access to China. To be fair, in the past, most new admissions to the WTO have been by consensus, so it could be argued that the United States had a *de facto*, if not *de jure*, veto, although this is quite speculative.³⁶

What would have happened if China had not joined the WTO in 2001? This option offers some theoretical advantages over the first counterfactual scenario presented above. In this scenario, the United States would not be at a competitive disadvantage to other countries. Like in the previous scenario, the United States could continue annual reviews of China's most favored nation status with the option of imposing new protections. But whether this alternative would have made a difference is debatable, since this scenario would have simply continued the status quo in U.S.-Chinese trade. Although the United States, in theory, would have had additional leverage, the experience of the previous 20 years suggests that China would not likely have made significant concessions based on the mere threat of denying it status as a most favored nation. Of course, America could have broken with previous practice and demonstrated its resolve by making good on that threat and imposing new barriers against Chinese exports. This scenario bears considerable similarity to the current U.S.-Chinese "trade war": China has made some new concessions but at least through the fall 2019 "interim agreement" has refused dramatic change. Would China have been more willing to compromise at an earlier stage of its economic development when it was even more dependent on export-led growth? Perhaps, although many — including President Donald Trump — believe that China's current economic difficulties make

32 The Jackson-Vanik Amendment, Sec 401 of the Trade Act of 1974, prohibits the United States from granting most favored nation status to certain countries, except by annual presidential waiver. For this reason, Congress was required to amend Sec 401 in order to grant China permanent most favored nation status in order for the United States to gain the benefits associated with China's accession to the WTO. If the United States had failed to grant China permanent normal trade relations following China's accession to the WTO, the WTO's "non-application clause would allow either party to refuse to apply WTO commitments to the other." JayEtta Z. Hecker, "China Trade: WTO Membership and Most-Favored Nation Status," Testimony before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIAD-98-209, June 17, 1998, 10.

33 China viewed achieving permanent normal trade relations (and thus escaping the uncertainties of annual review) an important benefit of U.S. support for China's WTO accession. Hongyi Harry Lai, "Behind China's World Trade Organization Agreement with the USA," *Third World Quarterly* 22, no. 2 (2001): 248, <https://doi.org/10.1080/01436590120037054>.

34 "An important consequence of the United States invoking WTO non-application is that if China becomes a member, it does not have to grant the United States all the trade commitments it makes to other WTO members, both in the negotiated accession package or in the underlying WTO agreements. Because U.S. businesses compete with business from other WTO members for China's markets, this could potentially put U.S. business interests at a considerable competitive disadvantage. For example, the United States may not benefit from Chinese concessions regarding services, such as the right to establish distribution channels in China. While the United States would continue to benefit from Chinese commitments made in bilateral agreements concluded with the United States, the commitments are not as extensive as those in the WTO agreements." JayEtta Z. Hecker, "China Trade: WTO Membership and Most-Favored Nation Status," Testimony before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIAD-98-209, June 17, 1998, 11, <https://www.gao.gov/assets/90/81304.pdf>.

35 "The big winners from the 2009 safeguard tariffs were alternative foreign exporters, primarily located in Asia and Mexico, selling low-end tires to the United States. Domestic tire producers were secondary beneficiaries." Gary Clyde Hufbauer and Sean Lowry, "US Tire Tariffs: Saving Few Jobs at High Cost," Peterson Institute of International Economics, no. PB12-9, April 2012, <https://www.piie.com/system/files/documents/pb12-9.pdf>. See also, Levy, "Was Letting China Into the WTO a Mistake?"

36 See Hecker, "China Trade," 7.

the country more susceptible to trade “hardball.”³⁷

Even assuming that the United States might have derived some economic benefit from denying China’s entry to the WTO in 2001, there would have been non-economic costs as well. For example, had the United States blocked China’s WTO membership in 2001, it would have also lost its leverage to insist on the simultaneous entry of Taiwan in the WTO, something that has played an important role in shoring up Taiwan’s economy as well as providing it the international stature that comes from participation in a major international institution.³⁸

Would the costs of blocking China’s membership have been worth it if exclusion had slowed or even halted China’s economic and military rise? It certainly would have crystallized a more adversarial relationship between China and America, since China would have seen such a decision as evidence of a broad containment strategy. As Joseph Fewsmith argued at the time, “if negotiators had failed to reach agreement [during the second round, in November 1999] Jiang would likely have been forced to play the nationalist card to defend himself.”³⁹

The third counterfactual scenario would have been to hold out for a better deal. This option — assuming it was possible — would appear to avoid all the downsides of the two previous scenarios, and would offer the benefit of wresting additional concessions from China. It seems almost incontrovertible that the United States might have gotten at least a somewhat better deal if it had held out for more.⁴⁰ It’s hard to make the case that Beijing had truly reached the end of its rope and would have preferred to walk away rather than continue to negotiate. This conclusion is buttressed by the fact that the United States backed off from the initial deal negotiated with Zhu Rongji in

April 1999: Despite the rather public humiliation associated with the rebuff, China returned to the table.⁴¹ China’s willingness to put new offers on the table in response to the recent Trump tariffs also suggests that China is not averse to making new concessions under pressure.

Would a better trade deal in 2000 have made a significant impact on subsequent relations between the two countries? A key question is whether America could have gained enough additional concessions to alter significantly the adverse impact on U.S. jobs and manufacturing other than at the margins. Critics have argued, for example, that the United States could have negotiated strong safeguards against China’s violations of its commitments,⁴² or insisted on more thorough reform of state-owned enterprises and China’s intellectual property rights practices.

The “but-for” in this case is complex. U.S. manufacturing employment was already declining precipitously even before China’s entry into the WTO. There is considerable debate about whether the WTO agreement by itself had any impact on that trend.⁴³ Indeed, it is possible to argue that manufacturing in the United States might have been even worse off if the United States had successfully insisted on more thorough-going reforms, since it is arguably the process of reform itself that has helped stimulate China’s emergence as an economic powerhouse.⁴⁴ In the end, the question of impact of the WTO decision goes to the broader question of how the United States responded to the process of globalization, and whether other policies — either more protectionist ones, or those more focused on retraining and retooling workers and industries — would have been more effective in addressing the economic and social costs of deepening global economic integration.⁴⁵

37 See, Sylvan Lane, “Trump Faces Dwindling Leverage with China,” *The Hill*, Sept. 15, 2019, <https://thehill.com/policy/finance/461357-trump-faces-dwindling-leverage-with-china>. Others argue that the leverage is overstated, and that Xi’s need to appear strong domestically is a more important factor than the impact on the Chinese economy.

38 See, Nancy Bernkopf Tucker, “The Taiwan Factor in the Vote on PNTR for China and its WTO Accession,” *NBR Analysis* 11, no. 2 (July 2000): 33–45, <https://www.nbr.org/publication/the-taiwan-factor-in-the-vote-on-pntr-for-china-and-its-wto-accession/>.

39 See, Joseph Fewsmith, “China and the WTO: The Politics Behind the Agreement,” *NBR Analysis* 10, no. 5 (December 1999): 227, <https://www.nbr.org/publication/china-and-the-wto-the-politics-behind-the-agreement/>. Fewsmith’s article provides a valuable account of the Chinese deliberations over the negotiations with the United States in connection with the WTO.

40 There is some support for the belief that China would have to make even greater concessions if it had waited to conclude the WTO negotiations rather than agreeing in 1999. See, Lai, “Behind China’s World Trade Organization Agreement with the USA,” 249.

41 See, Fewsmith, “China and the WTO,” 218–27.

42 For example, Lighthizer argues that the United States effectively gave up the option of section 301 actions in favor of the WTO dispute resolution mechanism. “By contrast to Section 301 — which was a powerful tool with which to influence our trading partners — the dispute settlement process is simply not designed to deal with a country like China.” Lighthizer, “Testimony Before the US-China Economic and Security Review Commission,” 23–24.

43 See, for example, Bob Davis, “When the World Opened the Gates of China,” *Wall Street Journal*, July 27, 2018, <https://www.wsj.com/articles/when-the-world-opened-the-gates-of-china-1532701482>. Indeed, in the 15 years before China’s entry into the WTO, U.S. imports from China grew at a faster rate than in the 15 years after, albeit from a much lower base.

44 The desire to accelerate reform was a major impetus for Jiang Zemin and Zhu Rongzhi’s determination to get a WTO agreement. See, Lai, “Behind China’s World Trade Organization Agreement with the USA,” 249–50.

45 For this reason, former Democratic Congressman David Bonior, a strong critic of the WTO agreement, later stated: “I don’t know that [a defeat for the WTO agreement] would have made a difference.” Davis, “When the World Opened the Gates of China.”

Decision 3: Scarborough Shoal

The third example is the confrontation between China and the Philippines over the Scarborough Shoal in 2012. Critics of America's China policy have argued that the United States has failed to respond effectively to what is seen as increasingly assertive Chinese behavior in the South and East China Seas that endanger the security of the United States and its East Asian partners and puts at risk freedom of navigation in these vital waterways.⁴⁶ The Scarborough Shoal incident is an interesting case, since U.S. policymakers were focused on defusing the crisis, rather than pursuing a policy of confronting and challenging Chinese aggressive actions. Although the story is complex and some of the facts are disputed by the participants, the basic outlines are reasonably clear.⁴⁷

In April 2012, a Philippine warship boarded several Chinese fishing boats in the waters close to Scarborough Shoal, a landform long occupied by the Philippines but claimed by China under its expansive "nine-dash line." China dispatched two marine surveillance ships in response, blocking efforts by the Philippines to arrest the fishermen and confiscate their catch. A tense standoff ensued with both Chinese and Filipino officials insisting that the other side had to withdraw its vessels from the area. The Philippines announced that it would take the matter to international arbitration, called on ASEAN to support the Philippines, and appealed to the United States to clarify that the Scarborough Shoal fell within the terms of the U.S.-Philippine Mutual Defense Treaty. In response to the crisis, the United States and the Philippines conveyed their first "2+2" meeting (involving both countries' foreign and defense ministers), during which Secretary of State Hillary Clinton and Secretary of Defense Leon Panetta broadly reaffirmed the treaty without making specific reference to Scarborough Shoal, and agreed to enhance support for Philippine maritime forces. China, in turn, im-

posed what amounted to economic sanctions on the Philippines. In June, the United States helped broker an understanding for a mutual withdrawal of naval vessels. In the end, the Philippines withdrew its ships and China did not, leading to China's de facto control over Scarborough Shoal.

At the time, there appears to have been little debate within the U.S. government over what course to take and a broad consensus emerged in favor of the U.S. effort to defuse the crisis. But China's actions following the U.S. mediation effort had a profound impact on both participants and observers of the crisis that has colored the U.S.-Chinese policy debate ever since and has led to a vigorous debate about America's approach to the crisis.⁴⁸

What might the United States have done differently? On the political level, Washington could have more clearly endorsed the Philippines' sovereignty over Scarborough Shoal and the associated maritime rights that flow to that claim under the U.N. Convention on the Law of the Sea.⁴⁹ It could have provided more direct support to the Philippine navy and coast guard, including dispatching U.S. vessels to the area. Finally, it could have declined to mediate the crisis at all.

Critics of the decision to mediate argue that if the United States had adopted a more assertive approach, China would have backed off, given the relatively dubious nature of its claim, as well as the risks of a direct confrontation with the United States. It's hard to test this assertion, although in other cases where China has sought to assert questionable claims over international commons — for example, in declaring an Air Defense Identification Zone over the East China Sea, or contesting U.S. freedom of navigation operations — China has, up until now, refrained from direct confrontation (although there have been close calls).⁵⁰ Assume, for the purpose of argument, that a U.S. show of resolve would have been successful in causing China to back off: The key question is whether this would have led to an improvement in relations between

46 See, for example, Hal Brands and Zack Cooper, "Getting Serious About Strategy in the South China Sea," *Naval War College Review* 71, no. 1 (2018): 17, <https://digital-commons.usnwc.edu/nwc-review/vol71/iss1/3/>: "there was a growing perception in the region—and even among some senior American policy makers—that the [Obama] administration had drawn redlines that it ultimately had not upheld, and that too often it had failed to slow, let alone halt, China's drive for primacy." See also, Mira Rapp-Hooper and Charles Edel, "Adrift in the South China Sea," *Foreign Affairs*, May 18, 2017, <https://www.foreignaffairs.com/articles/asia/2017-05-18/adrift-south-china-sea>.

47 For a detailed account of the crisis, as well as background on the competing claims, see, "Case 3: Scarborough Shoal Standoff (2012)," in Michael Green et al., *Countering Coercion in Maritime Asia: The Theory and Practice of Gray Zone Deterrence*, Center for Strategic and International Studies, (Lanham, MD: Rowman and Littlefield, 2017) https://csis-prod.s3.amazonaws.com/s3fs-public/publication/170505_GreenM_CounteringCoercionAsia_Web.pdf.

48 See, for example, Greg Poling and Eric Sayers, "Time to Make Good on the U.S.-Philippine Alliance," *War on the Rocks*, Jan. 21, 2019, <https://warontherocks.com/2019/01/time-to-make-good-on-the-u-s-philippine-alliance/>.

49 In this case, like all of the disputed sovereignty claims in the area, the United States has declined to take sides, while insisting on a peaceful resolution of the disputes and upholding freedom of navigation under applicable international law.

50 Most recently, the Chinese Luyang destroyer sailed within 45 yards of the USS Decatur on Sept. 30, 2018. See, John Power and Catherine Wong, "Exclusive Details and Footage Emerge of Near Collision Between Warships in South China Sea," *South China Morning Post*, Nov. 4, 2018, <https://www.scmp.com/week-asia/geopolitics/article/2171596/exclusive-details-and-footage-emerge-near-collision-between>.

China and America over the longer term.

Advocates of this more assertive approach would argue yes — establishing clear and enforceable red lines would have tamed China's ambitions and moderated its policies. According to this logic, China simply has too much at stake in its own process of economic development to risk a war with the United States over its claims in the South and East China Seas.

There is a certain plausibility to this argument. Consider the 1996 Taiwan Strait Missile Crisis, which bears some similarity to the Scarborough case. There, the Clinton administration dispatched two aircraft carriers to the waters off Taiwan following a series of Chinese missile firings which landed in the waters near Taiwan. The U.S. action appeared to persuade China to abandon the intimidating practice. The United States clearly won that "battle," and for an extended period China refrained from provocative shows of force against Taiwan. But what about its impact on the broader "war," i.e., the long-term relationship between America and China? Some people, such as Michael Cole, have argued that, while China backed off in 1996, the experience led the People's Liberation Army, as well as China's political leaders, to deepen their determination to match the United States militarily, so as to be in a better position to prevail in the future.⁵¹

Similarly, in the case of Scarborough Shoal, it can be argued that even if a more assertive U.S. response had led to China backing down in the near term, the experience might have reinforced China's conviction that the United States was and remains determined to side with China's adversaries, thus hastening the deterioration of relations and increasing the likelihood of conflict between the United States and China.

What lessons can we learn from these three decisions? First, it's hard to make a powerful case that things would clearly have been better had different policies been in place. Second, the possibility of a better outcome seems greatest in the case of economic relations, weakest in the case of human

rights and political reform in China, with the security realm lying somewhere in the middle. Third, even when there might have been short-term gains from taking a different decision, the long-term consequences might have been much different and conceivably even worse than the reality today.

Reexamining America's China Policy

As I suggested earlier, perhaps the answer to the question "What went wrong?" is not so much bad individual decisions, but rather a misguided overall strategy. Put differently, the individual decisions were flawed because they were the product of a flawed strategy. To explore this hypothesis, we need to be a bit clearer about what the strategy was, and what the alternatives were.

Many commentators have noted the broad consistency of U.S. policy toward China beginning with the Richard Nixon administration.⁵² Although presidential challengers from Ronald Reagan to Clinton to George W. Bush often criticized the incumbent's strategy, in the end, most observers have argued that the similarities in each administration's China policy were greater than the differences.⁵³ So, what were the core assumptions underlying the U.S. approach? Although many have adopted the shorthand phrase "engagement," the term is too amorphous and procedural to capture the essence of the policy. At its core, America's China policy was based on the belief that a stable, prosperous China would serve the interests of the United States, while a weak and insecure China was at least as likely to pose risks for the United States and its allies. Therefore, the United States should welcome, rather than resist, China's rise.⁵⁴ Implicit in this policy was a belief that a rising China would not inherently threaten the United States.

Some have argued that there was also a second belief underlying the policy — that as China became more prosperous it would come to resemble the United States and increasingly share America's values with regard to domestic governance and the

51 See, J. Michael Cole, "The Third Taiwan Strait Crisis: The Forgotten Showdown Between China and America," *National Interest*, March 10, 2017, <https://nationalinterest.org/feature/the-third-taiwan-strait-crisis-the-forgotten-showdown-19742>. "[I]njury to Chinese pride...convinced Beijing of the need to modernize its military. The result was an intensive program of double-digit investment, foreign acquisitions...and indigenous resourcing to turn the PLA into a force capable of imposing Beijing's will within its immediate neighborhood and eventually beyond."

52 See, for example, Jeffrey Bader, "U.S.-China Relations: Is It Time to End the Engagement?" Brookings Institution, Policy Brief, September 2018, https://www.brookings.edu/wp-content/uploads/2018/09/FP_20180925_us_china_relations.pdf.

53 See, Richard Baum, "From 'Strategic Partners' to 'Strategic Competitors': George W. Bush and the Politics of U.S. China Policy," *Journal of East Asia Policy Studies* 1, no. 2 (August 2001): 191–220, <https://doi.org/10.1017/S159824080000497>.

54 See, for example, Robert D. Blackwill and Ashley J. Tellis, "Revising U.S. Grand Strategy Toward China," Council on Foreign Relations Special Report No. 72, March 2015: "a series of administrations have continued to implement policies that have actually enabled the rise of new competitors, such as China." See page 4.

international order.⁵⁵ This convergence would then facilitate increased cooperation between the two countries. Iain Johnston's thorough look at the historical record suggests that while most advocates for the policy hoped that liberalization would occur, the decision to support rather than oppose China's rise was not premised on this hope.⁵⁶ Nevertheless, for the purposes of this analysis, the assumptions behind the policy are less important than whether a different strategy would have produced a better result.

What alternative strategies were available to U.S. presidents from H.W. Bush to Obama, and how might adopting them have changed the course of Sino-American relations? At the risk of oversimplification, we can draw on the familiar Goldilocks paradigm. One school has argued that the strategy was too soft; another that it was too tough. However, by choosing this analytic framework, it is not my purpose to stack the deck in favor of the actual policy as "just right."

First, the "too soft" school. As the three case studies above demonstrate, critics have argued that a tougher line would serve U.S. interests by one of three mechanisms — by slowing China's rise, by forcing the Communist Party of China to adapt its policies to meet U.S. demands, or by fostering regime change. They cite a long list of misguided accommodations that America has made for China that include, among others, the Clinton administration's decision to drop human rights conditionality for most favored nation status in 1994 and George W. Bush's reversal on enhancing support for Taiwan following the EP-3/Hainan Island incident.

In the late 1990s, this viewpoint was pressed by the "Blue Team" — members and staff of Congress, think tanks, journalists, and others who challenged the prevailing policy of the Clinton administration.⁵⁷ Individuals associated with the Blue Team argued that the United States was un-

derestimating the "China Threat" — the title of a 2000 book by *Washington Times* reporter Bill Gertz — and they advocated a range of alternative strategies, including an explicit commitment to regime change.⁵⁸ More recently, this view has been picked up by the reincarnated "Committee on the Present Danger," now called the "Committee on the Present Danger: China," which contends that "there is no hope of coexistence with China as long as the Communist Party governs the country" and therefore the United States should adopt "a determination to reverse decades of American miscalculation, inaction and appeasement."⁵⁹

Of course, these views represent the most extreme wing of a broader spectrum of views advocating for a policy that more forcefully challenges China. In one form or another, there is a growing conviction among U.S. politicians and policy analysts that the relationship between America and China should be seen as a zero-sum competition in which the United States should seek to "prevail" over China. For example, Ambassador Bob Blackwill and Ashley Tellis have argued that "preserving US primacy in the global system ought to remain the central objective of U.S. grand strategy in the twenty-first century."⁶⁰

An alternative strategy is offered by the "too hard" school, which argues that the difficulties in the Sino-U.S. relationship stem from America's reluctance to accommodate China's rise.⁶¹ In this view, had the United States been more accommodating, China would have felt less threatened and more willing to cooperate with America on shared economic and security interests like non-proliferation and counter-terrorism, rather than compete with the United States.⁶² Proponents of this view argue that while the rhetoric of America's China policy over the past several decades has supported China's rise, the reality has been much more confrontational. These critics point to a long list of

55 See, Kurt M. Campbell and Ely Ratner, "The China Reckoning: How Beijing Defied American Expectations," *Foreign Affairs* (March/April 2018), <https://www.foreignaffairs.com/articles/china/2018-02-13/china-reckoning>.

56 Alastair Iain Johnston, "The Failures of the 'Failure of Engagement' with China," *Washington Quarterly* 42, no. 2 (Summer 2019): 99–114, <https://doi.org/10.1080/0163660X.2019.1626688>.

57 See, Robert G. Kaiser and Steven Mufson, "'Blue Team' Draws a Hard Line on Beijing," *Washington Post*, Feb. 22, 2000, A1, <https://www.washingtonpost.com/wp-srv/WPcap/2000-02/22/004r-022200-idx.html>. See also, Baum, "From 'Strategic Partners' to 'Strategic Competitors,'" 199–200.

58 The view was not limited to politicians. University of Pennsylvania Professor Arthur Waldron advocated a similar approach: "I agree with people who think that regime change is key to a really stable peace." Kaiser and Mufson, "'Blue Team' Draws a Hard Line on Beijing."

59 "Guiding Principles of the Committee," Committee on the Present Danger: China, <https://presentdangerchina.org/guiding-principles/>.

60 Blackwill and Tellis, "Revising U.S. Grand Strategy Toward China," 4. See, Ana Swanson, "A New Red Scare is Reshaping Washington," *New York Times*, July 20, 2019, <https://www.nytimes.com/2019/07/20/us/politics/china-red-scare-washington.html>.

61 See, Hugh White, "The China Choice: Why America Should Share Power," Lowy Institute, http://www.lowyinstitute.org/sites/default/files/lowy_institute_extract_-_the_china_choice.pdf; and Charles L. Glaser, "Time for a U.S.-China Grand Bargain," Belfer Center for Science and International Affairs, Harvard Kennedy School, Policy Brief, July 2015, <https://www.belfercenter.org/publication/time-us-china-grand-bargain>.

62 For the classic argument about the importance of accommodation among great powers, see, Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace* (New York: Alfred A. Knopf, 1948).

hostile U.S. actions: the continued ban on technology transfers to China imposed after Tiananmen and tightened after the Cox Committee Report in 1998;⁶³ arms sales to Taiwan beginning with the George H.W. Bush administration's F-16 sales in

In one form or another, there is a growing conviction among U.S. politicians and policy analysts that the relationship between America and China should be seen as a zero-sum competition in which the United States should seek to “prevail” over China.

1992 despite the promise of the U.S.-China Third Communique;⁶⁴ Clinton's carrier diplomacy during the 1996 Taiwan Strait Crisis; the reinforcement of U.S. security alliances with Japan and South Korea despite the end of the Cold War; George W. Bush's use of third-party sanctions against Banco Delta Asia in 2005; and the Obama “pivot,” which included beefing up the U.S. military presence in East Asia. As a result, China had little choice but to focus its efforts on competing with the United States through strengthening its military, building up its indigenous economic and technological prowess, and enhancing ties with countries like Russia to counter U.S. power. Charles Glaser is a prominent

exponent of this view, arguing specifically that accommodating China instead of Taiwan as part of a grand bargain would better serve U.S. interests.⁶⁵

How can we evaluate the likely success of these two alternative strategies? One way is to look at history. In many ways, the “too soft” argument mirrors the argument against détente made by critics of Nixon's policy toward the Soviet Union, including the earlier incarnation of the Committee on the Present Danger.⁶⁶ Following this analogy, today's proponents of the “soft on China argument” would argue that it was Reagan's more confrontational approach — from human rights to security — rather than Nixon's accommodation, that brought the Soviet Union to the bargaining table and ultimately ushered in the end of the regime. Nor is the Nixon era the only possible historical touchstone. Glaser, a critic of the “too soft” school, notes: “Reaching back further in history, the too soft argument might invoke one of the greatest warhorses of historical analogies — the Munich argument.”⁶⁷

The “too hard” argument might, in turn, invoke the history of the United States' own rise, pointing to the early failure of European powers who sought to check U.S. expansion and the more successful approach followed by the United Kingdom, which (at least after 1812) chose to accommodate and work with a rising United States — including its acquiescence to the Monroe Doctrine and a U.S. hemispheric sphere of influence — a history so richly explored by Kori Schake.⁶⁸

But Ernest May, one of the greatest analysts of the use and misuse of historical reasoning, would be the first to caution against such superficial analogies.⁶⁹ Even if we accept the argument that Reagan's tough line brought about the end of the Cold War — a matter of no small controversy — that doesn't help us much in judging whether a similar approach would have a similar effect vis-à-vis Chi-

63 See, “Report of the Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China,” H.R. Rept 105-851, Jan. 3, 1999, <https://www.govinfo.gov/content/pkg/GPO-CRPT-105hrpt851/pdf/GPO-CRPT-105hrpt851.pdf>. In the wake of the report, Congress enacted a number of new restrictions on the transfer of satellite- and missile-related technology to China. See, “China: Possible Missile Technology Transfers from U.S. Satellite Export Policy — Actions and Chronology,” Congressional Research Service, Report 98-485 F, updated Oct. 6, 2003, <https://fas.org/sgp/crs/nuke/98-485.pdf>.

64 The communique reads: “[T]he United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution.” “Joint Communique of the United States of America and the Peoples Republic of China,” The White House, Office of the Press Secretary, Aug. 17, 1982, <https://www.cia.gov/library/readingroom/docs/CIA-RDP83B00551R000200010003-4.pdf>.

65 Glaser, “Time for a U.S.-China Grand Bargain.”

66 For the classic statement, see, Norman Podhoretz, “The Present Danger,” *Commentary*, March 1980, <https://www.commentarymagazine.com/articles/the-present-danger/>.

67 Charles Glaser take on the analogy: “The 1938 Munich agreement gave accommodation a bad name. But under certain circumstances, territorial concessions can help a state protect vital interests...the U.S. commitment to Taiwan feeds Chinese concerns about motives in the region and fuels competition over the sea lines of communication (SLOCs) in East Asia.” Glaser, “Time for a U.S.-China Grand Bargain.” Hugh White offers a similar argument. Hugh White, *The China Choice: Why We Should Share Power* (Oxford: Oxford University Press, 2013).

68 Kori Schake, *Safe Passage: The Transition from British to American Hegemony* (Cambridge, MA: Harvard University Press, 2017).

69 See, Richard E. Neustadt and Ernest R. May, *Thinking in Time: The Uses of History for Decision-Makers* (New York: The Free Press, 1988).

na. China's leadership is more agile and its society more dynamic than the Soviet Union of the 1980s, and thus is less vulnerable to U.S. pressure and coercion. Reagan's success depended to some degree on the support, or at least acquiescence, of U.S. allies. Getting this support is a much more difficult challenge when it comes to China, as can be seen today in the lukewarm response of U.S. allies to the Trump administration's strategy.⁷⁰

If China is not the Soviet Union of 1980, neither is China the United States of the 19th century. European powers, especially Europe's monarchies, may have been wary of America's ascendancy, but for Britain, shared political values — along with Britain's abandonment of mercantilist policies in the mid-19th century and its preoccupation with imperial interests in Africa and Asia — meant there was a degree of congruence, or at least complementarity of interest, that facilitated Britain's decision to work with, rather than against, the United States. For these reasons, accommodating China's rise might not turn out nearly as well for the United States as accepting America's rise did for Britain.

But this is not the only way to use history to evaluate these counterfactual strategies. A more productive approach is to look more narrowly at the U.S.-Chinese relationship, to see where the U.S. policy has been most and least successful. To use political science terminology, we can look at "within case," rather than "cross case," comparisons.

In the years following the Nixon administration, U.S. policy toward China produced some notable successes. Normalization not only began a process of engagement that brought considerable economic benefit both to China and to the United States, it also helped build a more stable security environment in East Asia and the Western Pacific. This benefited not just the United States but also its allies. Over time, China joined the Non-Proliferation Treaty and related arms control regimes, abandoned its policies of supporting revolutionary movements around the world, and began to support U.N. peacekeeping activities. Most notably, China acquiesced to the status quo with regard to Taiwan, despite its rhetorical commitment to unification. Domestically, while democracy failed to

take hold, Chinese society became more open. And of course, China's economic growth helped fuel global prosperity, and contributed to managing the economic crisis of 1998–99.

The achievements of this period were based on a more or less explicit shared understanding or *modus vivendi* about the terms of the relationship. I'm deliberately not using the term "bargain," which has implications of an explicit quid pro quo. The United States would welcome the rise of a strong, prosperous China and not seek to overthrow the Communist Party's control. China would not seek to challenge the United States' dominant position in East Asia or the broader international economic and political order that helped facilitate China's own economic development. But this understanding had within it the seeds of its own destruction. As long as there was a large military and economic disparity between the two countries the relationship was reasonably stable. It began to erode as China became more economically successful and militarily more capable. This, in turn, fueled U.S. anxiety about China's long-term intentions. Critics in America began to focus on what they saw as the dark side of Deng Xiaoping's "hide and bide" strategy,⁷¹ while some in the People's Liberation Army and Chinese academia began to question why China needed to continue to acquiesce to U.S. hegemony or defer key policy objectives, such as the recovery of Taiwan.

These changing circumstances led the George W. Bush administration to seek to revise the shared understanding. Robert Zoellick's concept of a "responsible stakeholder" was an effort to take into account China's growing power and its desire for a greater international role, while deflecting Chinese pressure to replace the U.S.-led international order.⁷² That effort continued into the early years of the Obama administration. It was reflected most clearly in the joint statement of Obama and President Hu Jintao following Obama's visit to China in 2009: "The two countries reiterated that the fundamental principle of respect for each other's sovereignty and territorial integrity is at the core of the three U.S.-China joint communiqués...The two sides agreed that respecting each other's core interests is extremely important to ensure steady

70 See, for example, Arjun Kharpal, "U.S. Allies Defy Trump Administration's Plea to Ban Huawei from 5G Networks," *CNBC*, March 21, 2019, <https://www.cnbc.com/2019/03/21/future-of-5g-us-allies-defy-washingtons-please-to-ban-huawei.html>.

71 See, Michael Pillsbury, *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower* (New York: St. Martin's Press, 2016). Pillsbury argues that the hide and bide strategy was really intended as a plan to "prepare for revenge." Also see, Liu Zhen, "War of Words: How the United States Got Lost in Chinese Translation," *South China Morning Post*, Oct. 24, 2018, <https://www.scmp.com/news/china/diplomacy/article/2169899/ambiguity-chinese-words-sparks-charges-distortion-us-china>.

72 Robert B. Zoellick, "Whither China: From Membership to Responsibility," Remarks to the National Committee on U.S.-China Relations, Sept. 21, 2005, <https://2001-2009.state.gov/s/d/former/zoellick/rem/53682.htm>. "It is time to take our policy beyond opening doors to China's membership in the international system: We need to urge China to become a *responsible stakeholder* in that system."

progress in U.S.-China relations.”⁷³

It’s fair to say that these efforts to create a new shared understanding largely failed. Despite the meeting between Obama and Xi Jinping at Sunnylands in 2013,⁷⁴ and later between Trump and Xi at Mar-a-Lago in 2017,⁷⁵ there has been little meeting of the minds on the nature or future of the bilateral relationship.

There are several possible explanations for this failure. Some would argue that failure was inevitable given the inherent conflicts between an established and rising power.⁷⁶ A second explanation might focus on domestic forces in each country that have made mutual accommodation difficult. As we have seen in the United States over the past two decades, Congress — including leaders from both parties — has pushed for a tougher U.S. approach to China. Presidential aspirants have repeatedly challenged the policies of incumbents, with some success: Clinton in 1992, Bush in 2000, and Trump in 2016. In China, growing nationalism and the need to shore up the Communist Party’s legitimacy in the absence of democratic reform have pushed China’s leaders toward a less accommodating strategy.

A third explanation might emphasize each side’s judgment of the other’s intentions and of its own capabilities. The case for U.S.-Chinese cooperation in the past was based on the idea of what the Chinese call “win-win” cooperation — that both sides will gain more from cooperation than competition. But what if one concludes that the other is determined to prevail at all costs rather than cooperate?⁷⁷ In that case, the choice then becomes one of “compete or acquiesce.” And if both sides believe that they can prevail in the competition,

both will choose competition over conciliation — even potentially risking war. In game theory, it’s a game of chicken where each side believes the other will swerve.⁷⁸

I would argue that both the domestic dynamics and each country’s increasingly gloomy assessment of the other’s true intentions against the backdrop of China’s rise help explain the current state of affairs. Here it is important to look at something I have not yet addressed: decision-making in China, specifically the Chinese response to the George W. Bush and Obama efforts to reshape the relationship. Although this assessment risks appearing self-serving coming from a former American policymaker, a good case can be made that the Chinese side bears significant responsibility for the failure to reach a new understanding. I come to this conclusion both from my own engagement as deputy secretary of state from 2009 to 2011, but also from conversations with Chinese interlocutors as well. Jeff Bader expressed a similar view in his book, in which he identifies “a changed quality in the writing of Chinese security analysts and Chinese official statements, and in some respects Chinese behavior.”⁷⁹

Two factors explain China’s reluctance to move in the direction of a new U.S.-Chinese strategic understanding. First, during a key period — George W. Bush’s second term and the beginning of the Obama administration — China experienced relatively weak leadership under the collective decision-making of Hu, which made any bold initiative — particularly one that involved compromise with America — difficult. The problem was compounded by a sense of hubris in some leading Chinese circles following the financial crisis of 2008–09, which led some to believe that the United States was in

73 “U.S.-China Joint Statement,” The White House, Office of the Press Secretary, Nov. 17, 2009, <https://obamawhitehouse.archives.gov/realty-check/the-press-office/us-china-joint-statement>.

74 During the press conference after the Sunnylands meeting, Xi stated, “we had an in-depth, sincere and candid discussion...on our joint work to build a new model of major country relations.” Obama then described progress on improving U.S.-China military-to-military communication and observed, “that’s an example of concrete progress that can advance this new model of relations between the United States and China.” “Remarks by President Obama and President Xi Jinping of the People’s Republic of China After Bilateral Meeting,” The White House, Office of the Press Secretary, June 8, 2013, <https://obamawhitehouse.archives.gov/the-press-office/2013/06/08/remarks-president-obama-and-president-xi-jinping-peoples-republic-china->. In a subsequent speech at Georgetown University, National Security Advisor Susan Rice stated, “When it comes to China, we seek to operationalize a new model of major power relations.” “Remarks as Prepared for Delivery by National Security Advisor Susan E. Rice,” The White House Office of the Press Secretary, Nov. 21, 2013, <https://obamawhitehouse.archives.gov/the-press-office/2013/11/21/remarks-prepared-delivery-national-security-advisor-susan-e-rice>. Soon after, however, the Obama administration stopped using the phrase.

75 Following the Mar-a-Lago meeting, the White House press secretary stated: “President Trump and President Xi agreed to work in concert to expand areas of cooperation while managing differences based on mutual respect. The two presidents reviewed the state of the bilateral relationship and noted the importance of working together to generate positive outcomes that would benefit the citizens of both countries.” “Statement from the Press Secretary on the United States-China Visit,” The White House, April 17, 2017, <https://www.whitehouse.gov/briefings-statements/statement-press-secretary-united-states-china-visit/>.

76 See, Allison, *Destined for War*.

77 In game theory terms, the parties believe the highest “payoff” is from prevailing and competing and losing is better than compromise.

78 This discussion draws on the insights of Thomas C. Schelling, *The Strategy of Conflict* (Cambridge, MA: President and Fellows of Harvard College, 1960) and Robert Jervis, *Perception and Misperception in International Politics*, new ed. (Princeton, NJ: Princeton University Press, 2017).

79 Jeffrey Bader, *Obama and China’s Rise: An Insider’s Account of America’s Asia Strategy* (Washington, D.C.: Brookings Institution Press, 2012), 79–80.

permanent decline while China was on the ascendancy.⁸⁰ As a result, a promising moment passed, and the failure of these two U.S. efforts to elicit a positive response from China began to harden attitudes in America.

It is possible to argue that Xi's proposal for a new form of "major power relations" was a belated effort to respond to the initiatives of Bush and Obama.⁸¹ For a brief period, there was evidence that the Obama administration saw this as a new opening.⁸² But Xi's effort came to naught — in part, because of skepticism in the United States, in part, because China never really made clear what Xi envisioned by this concept or whether it reflected a real Chinese willingness to meaningfully accommodate U.S. concerns.

Even if there was an opportunity for a new Sino-American understanding, one might reasonably ask whether that window is now closed — as a result of decisions made both in Beijing and Washington. And if the window is not closed, what form might that new understanding take? These questions are worth deep reflection before the two countries resign themselves to a costly and dangerous future of rivalry and potentially even conflict. In reflecting on the decisions leading to the Spanish-American War and the annexation of the Philippines, Ernest May wrote: "unconcernedly and almost unthinkingly, these statesmen ran the risk of precipitating Europe into a coalition against the United States."⁸³ The challenge for policymakers in the United States and China is to avoid this peril even as the United States adapts its policy to a more capable and assertive China. A solid understanding of the history of Sino-American relations — both what went wrong and what went right — will allow us to do just that. 📖

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80 See, Minnie Chan, "We Don't Want to Replace US, Says Dai Bingguo," *South China Morning Post*, Dec. 8, 2010, <https://www.scmp.com/article/732710/we-dont-want-replace-us-says-dai-bingguo>. (Dai at the time was a state councilor, the highest ranking foreign policy official). "The notion that China want to replace the United States and dominant the world is a myth." The article quotes Professor Shi Yinong, a well-connected international scholar, noting that Dai's comments indicated that Beijing "was trying to amend some senior officials' 'improper commentaries' on Sino-US issues." For the full version of Dai's remarks, see, Dai Bingguo, "Stick to the Path of Peaceful Development," *Beijing Review*, no. 51, Dec. 23, 2010, http://www.bjreview.com.cn/document/txt/2010-12/24/content_320851.htm.

81 Although the phrase appears to have originated under Hu Jintao (see, Hideya Kurata, "Xi Jinping's 'New Model of Major-Power Relations and South Korea,'" *International Circumstances in the Asia-Pacific Series (China)*, *Japan Digital Library* (March 2016), https://www2.jiaa.or.jp/en/pdf/digital_library/china/160331_Hideya_Kurata.pdf; Ren Xiao, "Modeling a 'New Type of Major Power Relations' A Chinese Viewpoint," *ASAN Open Forum*, Oct. 4, 2013, <http://www.theasanforum.org/modeling-a-new-type-of-great-power-relations-a-chinese-viewpoint/>), it is most closely associated with Xi. For a rich history of the concept, see, Jinghan Zeng, "Constructing a 'New Type of Great Power Relations': The State of Debate in China (1998–2014)," *British Journal of International Relations*, 18, no. 2 (2016): 422–42, <https://doi.org/10.1177%2F1369148115620991>. China's leaders now appear to have moved beyond the expression. See, David Wertime, "China Quietly Abandoning Bid for 'New Model of Great Power Relations' with U.S.," *Foreign Policy*, March 2, 2017, <https://foreignpolicy.com/2017/03/02/china-quietly-abandoning-bid-for-new-model-of-great-power-relations-with-u-s/>.

82 See, Susan E. Rice, "America's Future in Asia," Speech, Georgetown University, Washington, D.C., Nov. 20, 2013, found at, The White House, Office of the Press Secretary, <https://obamawhitehouse.archives.gov/the-press-office/2013/11/21/remarks-prepared-delivery-national-security-advisor-susan-e-rice>.

83 Ernest R. May, *Imperial Democracy: The Emergence of America as a Great Power* (Chicago: Imprint Publications, 1991), 270.