

## Statement before the House Permanent Select Committee on Intelligence

### “U.S.-China Relations and Its Impact on National Security and Intelligence in a Post-COVID World”

A Testimony By

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Chairman Schiff, Ranking Member Nunes and members of the Committee, thank you for the opportunity to join you today to discuss the U.S.-China relationship and its impact on national security and intelligence in a post-COVID world. There are few issues in international politics today that will have as deep and lasting an impact on global stability, security and prosperity as the U.S.-China relationship. I applaud you for focusing on it in today’s hearing.

I have spent much of my professional career studying China and U.S.-China relations - as a political scientist at the RAND Corporation, as a senior member of the National Security Council (NSC) staff, and now as a professor at Georgetown University. From a historical perspective and an eye on the past forty years of U.S.-China ties, now is a deeply consequential period in this relationship. In fact, I am hard pressed to identify a time since normalization in 1979 when so much was in flux. Today, the relationship stands on the precipice of lasting changes, and not ones for the better. Many of these changes would challenge not only the United States interests but those of U.S. allies and partners throughout the world. Thus, now is a key time - perhaps *the* key time - to examine the forces driving the U.S.-China relationship and especially from the perspective of the role that the U.S. policymakers and the intelligence community can play in managing it.

In my testimony today, I will focus on not only the current state of the relationship, as important as that is, but also on some of its enduring features that will persist in a post-COVID world. While the immediate challenges in the relationship are quite serious and deserving of attention, it is the enduring features of this relationship that will determine its future trajectory.

#### **Framing the U.S.-China Relationship**

To understand the U.S.-China relationship today, the impact of the COVID-19 pandemic on the relationship, and its future trajectory, two distinctions are critical as a baseline for analysis.

The first is the distinction between: (1) the “cyclical drivers” of the relationship that emanate from the political and economic cycles in both countries and usually reflect the views, policies and behaviors of the current leaders in both countries, and (2) the “structural drivers” of the relationship that emanate from long-term interests and perceptions of both countries.

The second distinction is between: (1) the drivers of the relationship (and particularly the ones pushing it in a more competitive direction), and (2) the buffers and stabilizers that have moderated the competition and kept U.S.-China ties from evolving into outright enmity and hostility.

I will describe each one below to set the stage for understanding the impact of COVID-19 on the relationship.

### *Understanding Current U.S.-China Relations: Cycles vs. Structure*

As noted above, the U.S.-China relationship is in a unique period in historic terms, and one of the most unique aspects of it today is that both the cyclical and structural features are pushing it in the direction of broader and deeper competition and, perhaps, confrontation. If this situation persists, the U.S.-China relationship is at risk of becoming a long-term and broad-spectrum competition of the sort that the United States has not faced in decades (if ever).

The *cyclical features* are principally the result of the policies and behaviors of the current leaders in the United States and in China.

- **Atrophied Communication:** Most of the institutionalized communication channels between U.S. and Chinese policymakers - cabinet secretaries and below - have attenuated under the current administration. The four high-level channels established at Mar-a-Lago in April 2017 barely operate any longer. Thus, there is very little communication among top U.S. and Chinese policymakers, largely because many of Trump's advisors appear to see little value in doing so and, perhaps more importantly, because they believe the Chinese use dialogue to manipulate us for their advantage. The recent meeting between Secretary of State Pompeo and Politburo Member Yang Jiechi in Hawaii was more of the exception than the rule for this administration.
- **Personalization:** From the beginning of the administration, President Trump has actively sought to cultivate and then leverage his personal relationship with President Xi Jinping as a means of managing the relationship. His consistent and robust public praise of President Xi is emblematic of this and has no historic precedent. As a result, meetings and calls between the two presidents appear to have done most of the heavy lifting in the relationship.
- **Devalued Cooperation:** There is very little if any cooperative agenda in the current relationship. The Trump administration appears to see little value in working with China on global challenges. Some U.S. officials see cooperation as a signal of weakness, even on shared interests such as global economic stability, climate change, nonproliferation, and global health.
- **Focus on Trade Balance, Tariffs and Decoupling:** The administration has heavily focused on the trade deficit as a metric of equity in the economic relationship and has relied mainly on tariffs as a tool to remedy this situation. All previous administrations pursued a broader economic agenda and more diverse tools. The Trump administration is also now advocating a decoupling of the two economies to reduce U.S. reliance on China, which is at odds with the sentiment of much of the U.S. business community and other countries. On China's part, Xi has promoted the role of state-owned enterprises, industrial policies and other discriminatory policies in key sectors. These policies and practices have accentuated the core problem of the lack of fairness and reciprocity in the economic relationship.

- **U.S. Alienation:** Since coming to power, Xi Jinping has expanded the CCP's control over many aspects of society including the economy, politics and daily life. These policies have had a direct impact on shrinking the scope and quality of interactions among millions of Americans and Chinese who serve as an important foundation for the relationship. As a result, Xi's policies have alienated many, if not most, of the constituencies in the United States that supported strong bilateral ties including non-government organizations (NGOs), the media, and the business community (discussed further below).
- **Domestic Politics and Nationalism:** In both countries, domestic politics are playing an intensifying role in shaping the relationship, or at least shaping the environment in which the relationship gets discussed and debated. In China, the media is replete with rhetoric critical of U.S. policy and U.S. officials, with some of it quite harsh. The Chinese Communist Party's (CCP) propaganda apparatus appears to be having an outsized impact on Chinese foreign policy. Xi has encouraged Chinese officials to "embrace a fighting spirit" in their public defense of China. U.S. public opinion towards China is at an all-time low as China becomes center-stage in the U.S. election. The President has clearly chosen to use criticism of China as a tool to bolster his political fortunes. All of these dynamics have led to much more confrontational rhetoric on both sides which accentuates the pressures for enmity and hostility.

Beyond these immediate dynamics are *structural features* of the relationship that emanate from the enduring perceptions, identities and interests of both countries. They include:

- **New and Expanding Sources of Competition:** Disagreements and competing interests over security and economic issues have long been a part of the U.S.-China relationship. Indeed, differences over Taiwan and market access are as old as the relationship itself. In recent years, the scope and intensity of competition has changed. Competition on security and economic questions is deepening and intensifying, due in large part to China's expanding capabilities and its increased willingness to use them in coercive ways.

There are also new sources of competition. These include on issues such as technologies critical to prosperity and national security in both countries, and on issues of governance and ideology as they relate to both domestic and international affairs. Thus, the U.S.-China relationship is now characterized by differences in four large arenas - security, economics, technology and ideology, creating the conditions for long-term, broad-spectrum competition.

- **Xi Jinping's Ambitions:** During my time on the NSC as Senior Director for Asia, I lived through the transition from Chinese President Hu Jintao to Xi Jinping. The shift was gradual but notable. It took time to understand how Xi differed from previous reform-era leaders, especially how skeptical he was of Western ideas and institutions - and of U.S. motives.

Beginning in 2012, Xi articulated grander ambitions for China at home and abroad than most of his predecessors. He consolidated power and centralized decision-making within the Party apparatus rapidly and using the coercive tools of a Leninist system. Internationally, Xi pushed for an expanded role in existing institutions, started new ones, sought to reenergize existing regional ones, and initiated an effort to draft rules on emerging security issues like cybersecurity and the Arctic. During his speech to the 19th Party Congress in 2017, he stated that China seeks

to “become a global leader in terms of composite national strength and international influence,” and to have developed a “world class military force” by 2050. To be sure, Xi Jinping’s efforts to realize his ambitions have not been unrelenting. He has recalibrated in the face of resistance and pressure, such as on the Belt and Road Initiative. However, China’s assertions this year across Asia raise further questions about his future ambitions and, at a minimum, confirm a greater tolerance for acrimony and tension with others.

- **Changing Time Horizons:** The time horizons—the period needed to identify and respond to a possible threat from a major power—for both U.S. and Chinese policymakers (about each other) have changed. Neither Washington nor Beijing now appear to believe that time is on their side to adjust to the threats posed by the other. This mutual perception has driven both to move away from cooperative strategies and toward more explicitly competitive ones.
- **Multipolarity:** The shape and contour of global politics are changing in ways that have had a lasting impact of the U.S. role in the world. Gone are the days of American unipolarity, due to the diffusion of economic power, the rise of competing power centers such as Russia and China, the challenges of relevance faced by international and regional institutions, and the global skepticism of the United States due to the withdrawal from both agreements it negotiated and international organizations its championed. Simply put, in a globalized world, the distribution of material capabilities and the political legitimacy that stems from such capabilities is now more diffuse. China has both leaned into and encouraged many of these trends as it has sought to diversify away from its reliance on the United States. Collectively, this has given China far greater freedom of action in Asia and globally.

#### *Assessing Buffers and Stabilizers*

Mr. Chairman and members of the Committee, the second distinction important to understanding the relationship today is between the drivers of competition and the buffers and stabilizers against it.

The current strategic reality is that the former are expanding and intensifying, whereas the latter are diminishing in their importance. In assessing the overall trajectory of the relationship, this is one of the most worrisome trends. The role of the buffers and stabilizers is addressed below.

- **Leaders:** Political leadership in both Washington and Beijing has been essential to the stability of the U.S.-China relationship from its inception in 1971. Historically, the two leaders have served as key source of crisis management and a firebreak on escalating tensions. At different times and to differing degrees, U.S. and Chinese leaders have stepped in to steady the relationship during and after difficult periods. Conversely, leaders can also damage the relationship, such as when they adopt directly confrontational policies or create a political environment which fosters enmity.
- **Interdependence and the Business Community:** For much of the past 40 years, the economic ties between our countries as well as the role of the business community have served as a source of ballast and momentum. That’s changing. Our respective economic interests are becoming more competitive. The business community has gone from broadly supportive and vocal about bilateral economic ties to being mixed and largely silent (with some vocal critics). U.S. firms have become increasingly frustrated with doing business in China due to declining

market access, persistent loss of intellectual property, and China's expanding industrial policies. U.S. technology firms in sectors effectively banned from China (such as social media and online streaming) are particularly frustrated.

More broadly, and as referenced above, Chinese policies and practices on a diversity of issues have alienated not only U.S. businesses but multiple other U.S. constituencies' active in bilateral affairs, including NGOs, the media, and the scholarly community.

- **Shared Threats:** In the past, one of the binding forces in the relationship has been cooperation on shared threats. The original bond in the relationship was collaborating to balance Soviet military power during the Cold War. In the 1990s, Washington and Beijing cooperated on challenges related to the first wave of globalization such as proliferation and WTO accession. In the 2000s, this evolved to counter-terrorism after 9/11, the denuclearization of the Korean Peninsula and responding to the Global Financial Crisis in the late 2000s.

Going forward, it is less likely that a new cooperative agenda will emerge *to serve this broad and stabilizing function*. That is not to argue that there are not common challenges the two countries can work on; there are and they include: global financial stability, climate change, humanitarian disasters, global health and pandemic diseases, and nonproliferation. Rather, the argument is that the United States and China have mixed interests on many of these, and none of them are likely—individually or collectively—to create a new binding force in the relationship as the sources of competition grow. It is also possible that if we are not able to find a way to cooperate on common challenges, then these may become new areas of competition.

- **Public Opinion:** U.S. public views of China used to be a moderating force in the relationship but that appears to be rapidly changing. Based on recent polling by the Pew Research Center, unfavorable views of China have spiked in recent years, rising from 47% in 2018 to 60% in 2019 and then up to 66% in 2020, an all-time high. There is a growing share of Americans who see China as a major threat, but the locus of that threat differs. Based on Pew data from March 2020, American's concerns about China include: its impact on the environment (91%), cyberattacks (87%), the trade deficit (85%), job losses (84%), military power, (84%), human rights (82%), its technological power (78%) and Hong Kong (67%).
- **U.S. Allies and Partners:** The views of and policies toward China of U.S. allies and partners in Asia and Europe have historically been a constraint at certain times on some U.S. policies toward China. None of our allies want to be dragged into a confrontation with China and many rely on China for trade and investment. Yet, this dynamic is also changing. While all want to avoid choosing between Washington and Beijing, their views and policies toward China are hardening in response to Chinese policies and practices on a variety of issues – economics, cyber, overseas investment and diplomacy. Of particular note, many of America's European allies who have long been skeptical of challenging China are more willing to do so now.

## **The Impact of COVID-19 on U.S.-China Relations**

Given the dynamics described above, COVID-19 could not have come at a worse time for a relationship facing multiple stresses. The pandemic has essentially been an accelerant on most of the negative trends described above. Noting that COVID-19 has been an accelerant is not a novel

argument and thus I will focus on evaluating the ways in which it is an accelerant. Some initial thoughts are provided below.

- **A Clarifying Moment:** The emergence and global spread of COVID-19 has been a clarifying moment for the relationship, but not in a stabilizing way. The pandemic did not generate a unity of purpose and a strategic convergence, but rather it has accentuated distrust and a polarization of views. As a result, the relationship stands at the precipice of outright hostility, due in part to COVID-19. In the United States, COVID-19 highlighted the differences between our political systems and increased pressure for economic decoupling from China. In China, the pandemic reinforced beliefs that the United States seeks to contain China globally and delegitimize the Communist Party at home. This has produced a cycle of mutual recrimination that is getting worse, fostering a political climate that will make any sort of cooperation such as on vaccine production and distribution much more difficult.
- **Popular Alienation:** The spread of COVID-19 and its origins in China will likely accelerate the deterioration in the U.S. public's views of China; the Pew data cited above from the March 2020 poll already indicates movement in that direction.

For many Americans, COVID-19 is a tangible example of the ways that China represents a risk and a threat to their daily lives. The closest parallel in recent history is the U.S. public's reaction to the Tiananmen massacre in 1989. Whereas the violence during Tiananmen highlighted for most Americans how different China is from the United States, the COVID-19 situation reinforces not only that perception, but also how China can threaten Americans' health, safety and welfare. Similarly, in China, many citizens are proud of the way their government has contained the pandemic and bristle at U.S. criticism. Beijing's response is seen as a validation of the strengths of China's political system and the shortcomings of democracies.

- **Politics and U.S.-China Relations:** Building on popular discontent, China has moved to center stage in electoral politics in the United States and elite politics in China. The emergence of COVID-19 in a U.S. election year has accentuated the politicization of relations. President Trump and others candidates are criticizing China and the CCP's role in spreading COVID-19 as a theme to advance their campaigns. Simply put, blaming China and being tough on China polls well for many U.S. politicians. In China, being resolute in the face of pressure from the United States has become a common theme prompted by the CCP. The United States and "external hostile forces" are blamed for instability in Hong Kong, Taiwan and Xinjiang. Frustration with the United States has given rise to the phenomena called "Wolf Warrior Diplomacy" in which Chinese diplomats are very direct in their public criticism of U.S. policies and senior officials, particularly Secretary Pompeo.
- **China's Diplomatic Overreach:** As COVID-19 spread, China's so called "mask" diplomacy has consistently alienated many countries. Chinese diplomats pushed other governments to praise China's efforts and disparaged those countries who criticized China. In some cases, Beijing linked provision of medical assistance to public affirmation of Xi Jinping. In a high-profile example, China reduced imports of beef and barley from Australia after its Prime Minister sought to initiate an international investigation of the virus' origins. As a result, many governments, particularly in Europe, are more focused on Chinese disinformation campaigns on

COVID-19 and have begun to adjust their China policy accordingly. In particular, European policymakers are also now more focused on the competition of political ideas with China.

- **China Reassesses the United States:** American struggles with containing COVID-19 have reignited debates in China about U.S.-China relations and China's U.S. policy. Based on my conversations with Chinese analysts and scholars, COVID-19 has reinforced Chinese beliefs that the United States is in long-term decline due to the weaknesses of its political system. The U.S. approach to China and COVID-19 has also reinforced a hardening of Chinese views about U.S. policy. Some Chinese analysts now argue that, regardless of the next president, the U.S.-China relationship will be defined by intensifying competition, with U.S. policymakers dedicated to regime change. In this context, some Chinese argue the United States now actively uses policy differences on Taiwan, maritime disputes and North Korea as tools to pressure China. Xi Jinping in recent months has called for "bottom-line thinking" regarding management of international politics, with a clear link to U.S.-China relations.
- **Chinese Activism or Opportunism?** A worrisome feature of Chinese behavior in the COVID-19 era has been its activism in advancing its territorial claims including with India, Japan, Vietnam, Malaysia and perhaps others. In the case of India, this has involved the loss of life by both Indian and Chinese soldiers. In the case of maritime disputes in the South and East China Seas, Chinese maritime vessels have been very active on the water by increasing their presence in disputed areas as well as by harassing other claimants' vessels.

Understanding China's precise motives for doing this now is difficult. Either China is trying to signal its resolve to defend its claims during a period of intensive preoccupation at home, or China is seeking to make gains by taking advantage of the preoccupation of others countries in managing COVID-19. There is an admittedly grey line between these explanations. Regardless of the precise motivations, China's behavior is deeply worrisome because it offers further evidence of Xi's determination to prosecute China's territorial claims (irrespective of their legal basis); his willingness to use coercion and aggression to do so, including in multiple theaters simultaneously; and his tolerance for risk and instability - and, in the case of India, armed conflict.

## **Conclusion and Policy Recommendations**

There is a unique and worrisome convergence in the longer-term structural drivers and the short-term cyclical ones at the heart of U.S.-China relations. Both are pushing this relationship in a more competitive and confrontational direction. This is occurring at the same time that many of the classic buffers and stabilizers to competition are diminished, if not inoperative. It is uncertain that a new U.S. president would or could fundamentally change this dynamic or, perhaps less likely, that Xi Jinping would change course in the coming years.

COVID-19 has worsened all of these dynamics and may have even added new ones to the bilateral mix. Thus, we are entering a phase of the relationship defined by the primacy of competition and perhaps even by occasional hostility and conflict. It will take sustained leadership on both sides of the Pacific to alter this trajectory.

In the context, I offer the following recommendations for national security and intelligence policymakers.

1. **Rethink Competition:** The administration has defined their approach to China as one of “strategic competition” as expressed in the 2017 National Security Strategy. However, strategic competition is more of a condition than it is a policy towards China. U.S. policymakers need to debate how to compete with China: on what issues, in what theatres, with what tools and, perhaps most importantly, at what costs. Effective competition has multiple dimensions, including deterring bad behavior, delimiting choices, and constraining and blunting an adversary’s power. In addition, strategic competition cannot be all about “slowing down” an adversary (as important as that is), but it must also be about also ensuring the United States “runs faster.” The Congress should have a pivotal role in defining and implementing an effective U.S. strategy for long-term and broad-spectrum competition with China.

I would welcome Congressional efforts to promote a debate how best to compete with China under the dynamic conditions described in this testimony.

2. **Rebuild Communication:** A central challenge for U.S. policymakers going forward will be to re-conceptualize and then rebuild channels of bilateral communications in a manner that serves U.S. interests. Clear, consistent and credible communication between Washington and Beijing is essential to managing such a complex relationship. It should not be seen as a concession *per se*. While keeping in mind that Beijing has used dialogue in the past to play for time and advantage, new channels will have to be both results-driven and frequent, balancing quantity and quality. Such communication is essential to avoiding the kinds of misperceptions that lead to miscalculation. A special priority should be put on rebuilding crisis communications across the relationship, given the increasing probability of such events.
3. **Reset Expectations:** The United States is going to need to reset its expectations about the future of U.S.-China relations and adjust strategy and policy accordingly. First, Washington is going to have to reset its expectations about where progress can be achieved given the resistance to change in Xi Jinping’s party-state system and the growing distrust of U.S. intentions. In addition, Washington will also have to accept that nothing will happen quickly. In the past, the Chinese have used relative U.S. impatience for progress to their advantage. Second, the United States is not only going to have to be comfortable tolerating friction in the relationship but also become adept at deftly managing and using friction to serve our own ends. Third, U.S. policymakers may have to realign their expectations about getting cooperation from U.S. allies and partners on all issues all the time simply because they are frustrated with Beijing. While there is still much convergence between Washington and many countries on China issues, it is also the case that the support of our allies and partners on China will be issue-dependent. Sometimes our friends will see their national interests with China differently than we do. The current administration is currently running into this reality in both Europe and Asia.
4. **Reconstitute Open Source Analysis:** A final recommendation - and one that Congress can influence immediately - is to fund the Intelligence Community to reconstitute their extensive open source collection and analysis on China. Chinese intentions and policies are far less opaque than many think - if you read Chinese. The Chinese government actually publishes quite a lot in Chinese but little of it gets translated. The U.S. government used to do this with the Foreign Broadcast Information Service (FBIS) and then the Open Source Center, but much of this



capability has been defunded. And what is left should be shared with non-government specialists who can help analyze it. During the Cold War, not only did the U.S. have an extensive bureaucracy devoted to open source analysis, but the collaboration with universities and think-tank based scholars was robust. The U.S.-China relationship is no less consequential a challenge than the Soviet Union and may be a more complex one. These efforts should be rebuilt and need resources and leadership to do so.