FOREIGN AFFAIRS

How to Craft a Durable China Strategy

Washington Must Reconcile Interdependence and Conflict

BY EVAN MEDEIROS

March 17, 2021

EVAN S. MEDEIROS is Penner Family Chair in Asian Studies at the School of Foreign Service at Georgetown University and a Senior Adviser with the Asia Group. He formerly served as Senior Director for Asia and Director for China at the National Security Council from 2009 to 2015.

This article is part of a project of the Library of Congress's John W. Kluge Center, supported by the Carnegie Corporation of New York.

As President Joe Biden takes office, the United States' China policy and U.S.-Chinese relations are both undergoing a revolution. Neither will be the same again. Over the past four years, the Trump administration questioned and rejected a number of long-standing U.S. policies, often adopting disruptive alternatives with mixed results. These changes produced bilateral volatility and a rapid negative shift in both elite and public opinion—and across the political spectrum—on China. Not since President Richard

Nixon's visit in 1972 has such a fundamental shift taken place in American perceptions, strategies, and policies toward Beijing.

Now, the United States must forge a relationship with China defined by an uncomfortable and undeniable paradox: deep and complex interdependence on the one hand and rapidly diverging interests—regarding security, economics, technology, ideology, and more—on the other. Policymakers are questioning many of the fundamental ideas that once guided American policy, including the convergence of economic and political goals, the value of engagement, and the idea that cooperation can ameliorate competition and produce stability.

After the tumult, creativity, bombast, and activism of President Donald Trump's approach to China, officials on the Biden team are faced with crafting a coherent strategy from the rubble and detritus of the last administration's actions. They face a series of fundamental questions: What will a coherent and sustainable China policy look like as bilateral competition intensifies and diversifies? How will U.S. policymakers reconcile multiple and competing interests with China? Can the United States craft a strategy that achieves two contradictory goals—competition and cooperation—at the same time?

To address these questions, Washington needs to alter the fundamentals of its policy. For years if not decades, U.S. policy focused on risk mitigation—adopting policies that sought to downplay disagreement, minimize friction, reduce competition, and expand cooperation. In a sharp detour, the Trump team not only tolerated risk and friction but actively promoted it. New times, however, call for new thinking. Washington now needs to shift to a framework predicated on risk management. This means expecting and tolerating friction and tension, even using it judiciously; accepting certain risks and costs to U.S. actions but also rejecting others; balancing multiple and competing interests, as opposed to trying to reconcile them; acknowledging that some disagreements cannot be solved; and using dialogue and cooperation as necessary but not pursuing them as ends in themselves. The objective of this shift is to build a policy that reflects the competitive core of the relationship but also builds durable ties that can withstand the two countries' irreconcilable interests.

To build such a framework, U.S. policymakers need to begin by discussing what competition is and what it is not while accepting some of the structural tensions at the heart of U.S. strategy. The United States also needs to recalibrate its expectations about what it can actually accomplish in the relationship and try to reset China's expectations of U.S. behavior. Simultaneously, the U.S. government needs to rebuild the decision-making process for China policy. Trump left the policymaking infrastructure in tatters, and it needs to be repaired. As with most good policymaking, but especially when it comes to China, content and process are inextricably linked.

THE HANGOVER

Rhetoric and style aside, Trump's China policy deserves a judicious assessment. On the one hand, the Trump team highlighted Chinese economic and security threats, such as those posed by the technology firm Huawei. The administration was also more willing than its predecessors to be forthright about the challenges a rising China posed and to address them head-on, albeit in risky and costly ways. Trump's supporters argued, moreover, that his unpredictable and muscular style got Beijing's attention, put its leadership off balance, and effectively pushed back against Chinese coercion.

On the other hand, however, Trump's China policy was inconsistent, contradictory, and often symbolic. From the beginning, the administration set out mixed objectives and unclear strategies to achieve them. It then took actions that undermined U.S. leverage, such as focusing on the trade deficit, alienating allies, and withdrawing from international organizations. There was little deliberation for developing and implementing policy, and internal activists often pursued their own pet projects during moments of bureaucratic opportunity.

Under Trump, the U.S.-Chinese relationship careened from highs to lows. It started in 2017 with the Mar-a-Lago summit and Trump sharing chocolate cake with Chinese President Xi Jinping, which produced four high-level dialogues and supposedly closer ties. It ended with a trade war, technological competition, and diplomacy focused on regime change. In a series of high-profile speeches and reports in 2020, Trump's top advisers framed the relationship as a replay of the Cold War.

Perhaps the best way to understand Trump's China policy is to view it as an attitude rather than a strategy: talk tough on China and push back in all areas and at all times. For much of his term, his administration focused more on calling out Chinese transgressions than on policy responses that advanced U.S. interests. The Trump administration essentially defined and pursued strategic competition in maximalist terms, blunting and hobbling China at every turn.

The past 40 years of U.S.-Chinese relations, however, demonstrate that successful policy is a mix of clear priorities, good process, and consistent communication—with China and allies alike. Trump's approach possessed none of these, with few results to show for it. For much of the Trump administration, there was really only one priority: the economic relationship—specifically, reducing the trade deficit. The Trump administration pursued a costly strategy to address this, imposing historically high tariffs (paid for by U.S. businesses and consumers) and expanding domestic restrictions on

Chinese investment and high-tech exports. As psychologically satisfying as it may have been to take this route, Washington did not elicit any meaningful concessions from China, and the costs and risks to the U.S. economy and its credibility accumulated. This approach also alienated U.S. allies who didn't want to be dragged into a confrontation with China or sacrifice their economic interests. The EU's December 2020 decision to conclude an investment agreement with China is a direct result of Trump's approach.

The decision-making process on China policy was equally haphazard. The administration narrowly averted a crisis in the spring of 2018 by squashing an uncoordinated proposal from White House Senior Adviser Stephen Miller to ban all Chinese students from receiving visas. The lack of process created an environment in which separate bureaucracies individually pursued their own interpretation of strategic competition. In retrospect, the administration's 2017 National Security Strategy served as a hunting license for agencies to follow their own agendas, which were often at odds with U.S. values.

Communication between the U.S. and the Chinese governments, however, was the relationship's weakest link. All four high-level dialogues that began in the spring of 2017 eventually atrophied and stopped altogether. Aside from trade talks (which ended in January 2020), Trump tried to use his personal ties with Xi to elicit concessions from China but ended his term with little to show for it. The Trump team ultimately treated communication with Beijing as a concession and allowed all major dialogue channels to lapse, even those necessary to avoid crises and reduce risks.

Trump's actions undermined the United States' ability to compete with China. His administration's tough talk and provocative behavior produced little in terms of policy success, and they set the United States back both in

Asia and around the world. Competing effectively with China is not just about being tough; it is also about being smart. That means leveraging U.S. strengths (in Asia and Europe), accentuating China's weaknesses, pushing Beijing to make costly tradeoffs, and working with China when the cooperation is tangible and meaningful to U.S. interests.

TAKING STOCK

In thinking about how to reconstruct China policy in the wake of Trump's tumultuous tenure, U.S. policymakers need to begin with an honest assessment of their options and constraints. The United States faces several structural tensions which will collectively limit its options.

For one, there is a basic and probably unresolvable paradox. Although the United States is rightly concerned about China's increasing power, some American policy options will have the side effect of helping China build the very capabilities that it has used to challenge U.S. interests.

Economically, some of the structural policy changes Washington has long advocated, such as reforming state-owned enterprises, opening the financial sector, and reducing government subsidies, will help China put its economy on a more sustainable path toward long-term growth and prosperity. Some will also help China innovate and compete with U.S. companies. Diplomatically, the United States has also called for China to assume more responsibilities in Asia and elsewhere—whether it is helping address nuclear programs in North Korea and Iran or responding to economic and humanitarian crises in Asia. Any new initiatives, however, will inevitably increase China's presence and influence. This paradox raises a fundamental question that the United States presently can't answer and may never be able to: What are China's legitimate interests in Asia and around the world?

Another challenge for the United States' China policy is recognizing and accepting the fact that neither the United States nor China are status quo powers. Both are essentially selective revisionists, meaning that they want to reform the current system—not overturn it—although in different ways and for different reasons. Both countries also firmly believe in the legitimacy of their goals.

China is deeply unsatisfied with the current constellation of international rules, norms, and institutions. Central issues for Beijing include the contested status of Taiwan, China's maritime claims in Asia, the dominance of the U.S. dollar, the U.S. alliance system, open Internet governance, and the promotion of universal values by the United States. Under Xi, moreover, China is now willing to take risks to actively promote its own interests, motivated by a sense of disenfranchisement and entitlement. The United States, for its part, is motivated by different forces—notably a combination of missionary zeal to spread democracy, evolving global security interests, and changing U.S. capabilities (especially military ones).

A final challenge for the United States' China policy is generating and sustaining domestic support for the kind of investment necessary to make the U.S. economy more productive, innovative, attractive, and competitive. It has become a cliché in U.S. policy circles that the best China policy is to invest in core U.S. capabilities: education, infrastructure, and research and development. Congress, however, largely lacks the political will and unity to do so. As a result, many, including Biden, are calling for a new moon landing–like program to galvanize support for such investments. Competing with Beijing could be that mission, but generating widespread political support for that goal may require framing China as a global threat akin to the Soviet Union. In other words, the very arguments needed to generate such investments may also require turning China into an implacable foe. The United States would therefore get the investment needed to compete but at the cost of generating enduring confrontation.

THE COSTS OF COMPETING

The first step in crafting a policy that reflects the enduring tensions in the United States' China policy is to understand the nature of competition between the two countries—what it is and what it is not. Competition is a vague and amorphous term that can cloud more than it reveals; it is more a condition than a strategy. In this case, competition is a description—an accurate one—of the current balance of interests between the United States and China: interests diverge more than they converge on a growing set of issues. Bilateral competition is no longer limited to security and economic issues, as in past decades. It now includes technology and, increasingly, values and ideology. Competition has thus become a structural feature of the U.S.-Chinese relationship, not merely a cyclical element tied to political or economic changes in either country.

The primacy of competition in U.S.-Chinese relations does not mean that military conflict or confrontation is inevitable, however. Rather, it means that the challenges coming from China have markedly changed and that U.S. strategy and policy need to adapt. One option is for the United States to focus on directly balancing or blunting Chinese power. Another alternative is to degrade or hobble Chinese capabilities to keep it a decade or so behind the United States in key sectors, such as semiconductor manufacturing.

A mix of both options will likely be required, depending on how China policy evolves. Some U.S.-Chinese competition, such as in defense and intelligence capabilities, will also necessarily be zero sum. Chinese defense systems are designed to undermine U.S. military advantages and vice versa.

In other areas, such as international agreements that pressure China into changing its behavior, bilateral competition could be additive. U.S. policymakers should not shy away from either type of policy. U.S.-Chinese competition will be a mix of both antagonistic zero-sum competition and competition that pushes each side to do more and better, perhaps in the provision of development aid or in global investment projects. The relationship will be defined by where the balance nets out.

Another step in this process is determining how to measure U.S.-Chinese competition. During the Cold War, strategic competition between the United States and the Soviet Union was relatively easy to monitor: counting tanks, missiles, warheads, and even proxy states. Today, similar calculations are difficult because the United States both benefits from and competes with the Chinese economy. On technology, some U.S. and Chinese institutions and companies cooperate on cutting-edge advances while simultaneously competing for market share. In geopolitics, competition between the United States and China also manifests less as rivalry between Cold War–era blocs (NATO versus the Warsaw Pact countries, for example) and more as differences within individual countries: foreign leaders will struggle to balance their economic interdependence with China and their diplomatic and security alignment with the United States. Some issues, notably technology, will leave many stuck in the middle.

Finally, cooperation with China deserves the same degree of scrutiny as competition. Advocates too often refer to cooperation as a categorical good, implying that there is an orchard full of low-hanging fruit just waiting to be plucked. It is incumbent on these advocates to demonstrate where and how cooperation is possible and advances U.S. interests. In the past, however, China has used U.S. requests for cooperation to play for time. Beijing then encourages—if not coerces—payments or tradeoffs with other U.S.

priorities. Too often, what passes for bilateral cooperation is really just parallel action with minimal coordination and limited value.

A NEW MIX

Looking forward, a coherent and sustainable China strategy is not rocket science. The past 40 years of U.S. policy provide useful guidelines for what works and what doesn't. Recent history suggests that unilateral U.S. pressure alone has limitations, as Beijing has diversified its sources of prosperity, influence, and legitimacy. In the past, U.S. policymakers relied on Chinese leaders' desire for good relations with Washington and used it as leverage. Now, U.S. strategy will need to rely on a broader toolkit that shapes the environment around China in ways that alter Beijing's perceptions, incentives, and choices.

A new approach must involve a dynamic mix of power balancing, binding China to new or existing institutions, and promoting diplomatic dialogue and engagement. The United States must also recognize that risk and friction are going to be part of its playbook. Some U.S. and Chinese interests are fundamentally incompatible, and a new approach needs to reflect that. Thus, the relative mix of these three strategies will need to vary over time and by issue, depending on the scope and the intensity of the challenge.

To begin, a modern version of classic power balancing cannot just be about using the military to deter China. Balancing has to have both domestic and international dimensions. It should involve a number of U.S. policies—economic, diplomatic, technological, and military—pursued unilaterally, bilaterally, and multilaterally to prevent China from establishing primacy in Asia. Beijing's choices can still be shaped by U.S. behavior, especially in concert with others. Working with existing allies and ad hoc groupings of like-minded countries will be central to altering Chinese incentives. An important part of balancing, moreover, involves U.S. investment in its own economic and military capabilities. The latter signals capability and resolve to China and allies alike.

Separately, binding strategies involve pulling China into both existing and novel institutions. This should increase Beijing's incentives to respect widely held rules and norms and undercut its ability to revise them. Binding worked well for the first two decades after U.S.-Chinese normalization, until faith in the United States declined after the 2003 invasion of Iraq and the 2008 global financial crisis, and China began asserting itself internationally.

Binding strategies can still work, but they need to be updated. Given the evolving rules and norms on issues such as the Arctic, cybersecurity, drones, and autonomous weapons, binding strategies deserve more energy and resources. The comparatively new Asian Infrastructure Investment Bank, for instance, offers a positive lesson for the future: it is a multilateral lending institution that complements existing development banks and does not serve narrow Chinese goals. The Trans-Pacific Partnership is a classic example of an agreement that could have bound China to its rules in order for Beijing to enjoy its economic benefits. Xi's recent stated intention to join the agreement in the future is an early indicator that even absent U.S. participation, this strategy still works.

Finally, engagement gets a bad rap. Many Americans now summarily reject engagement as a failed policy, which is largely a straw man argument. The United States' China strategy hasn't primarily been about engagement for over 20 years. Beginning in the early 1990s, engagement worked well as Washington sought to draw China into the evolving post–Cold War order and Beijing sought to break out of its post-Tiananmen isolation. Washington largely set the terms for that process. After the Taiwan Strait crisis of 1995–96 and the acceleration of Chinese military modernization, however, U.S. policymakers began pursuing security balancing and binding strategies more deliberately, as the downside risks of a rising China started to become more apparent. The renovation of the U.S.-Japanese alliance in the late 1990s, Chinese accession to the World Trade Organization in 2001, and updates to the U.S. defense posture in Asia in the 2010s are notable examples of this.

Proclamations of engagement's death therefore reflect the current mood more than good policymaking. Engagement and dialogue—done in a way that is targeted, results oriented, and often time limited—will need to be part of any sound strategy toward China. The sheer size of the U.S.-Chinese economic relationship will require policymakers, business leaders, and investors on both sides to remain in active contact as they negotiate trade, investment, and financial ties. Direct dialogue allows Washington to clearly signal its priorities, register objections when Chinese actions harm U.S. interests or values, clarify the intentions guiding U.S. actions, and request the same in return from Beijing. The policy challenge is determining which aspects of engagement to pursue relative to binding and power balancing strategies.

In the rush to abandon engagement, analysts often forget that engagement is critical to the success of strategic competition, especially its riskiest variants. Asian and European leaders will be more reluctant to work with Washington on balancing and binding if they believe such strategies are a Trojan horse for containment or that U.S. actions will pull them into confrontation with China. Engagement can signal where the United States and its allies are willing to work with China to manage, if not resolve, common challenges. This can reassure both U.S. allies and China. Engagement can enhance the credibility and effectiveness of other competitive strategies.

That said, not all engagement strategies are the same, and the United States will need to update its thinking on past tools. Washington should reconsider the relative value of strategic dialogue, the effectiveness of reassurance, and the risk/reward calculus of cooperation. Just as policymakers want to avoid actions that make confrontation inevitable, they also want to avoid engagement policies that embolden China by signaling preemptive restraint or limited American resolve.

A PLAN FOR BIDEN

Today, the Biden administration has an opportunity to transition toward a China policy focused on risks and costs—identifying, balancing, and managing them. Trump's policy was essentially one of risk promotion, and Obama's policy was essentially one of risk mitigation. To reflect the complexities, constraints, and historical lessons of the relationship, the central organizing principle behind the Biden team's approach should be one of risk management.

The Trump team not only embraced risk, cost, and confrontation but actively encouraged it. Obama's China policy focused on minimizing disagreement, avoiding friction, maintaining dialogue, and expanding cooperation. Risk management posits a different approach: it recognizes that tension will be part of the relationship and signals that the United States will tolerate this friction and perhaps even use it to Washington's advantage. It also focuses on identifying and weighing the risks and costs of U.S actions, accepting some and rejecting others. It further supports dialogue but appreciates its limits. And it supports cooperation but holds it to a high standard. Although the United States has used some of these approaches over the last 40 years, risk management has never been adopted as an overarching framework.

This approach deliberately moves away from a focus on avoiding a new Cold War or the so-called Thucydides trap. It does so because Beijing interprets those views as leverage in its efforts to shape, moderate, and constrain U.S. behavior. Chinese policymakers have a long history of using the threat of canceled dialogues, trips, and increasingly, new economic penalties as a means of eliciting concessions from the United States. Risk management turns that approach on its head. It also has the added benefit of appearing far less confrontational to allies and partners in Asia and Europe. These states want to avoid getting stuck in the middle of a U.S.-Chinese confrontation. Risk management therefore opens the door to closer collaboration on China with liked-minded countries in Asia and Europe without alienating them in the process.

As the Biden team considers the administration's strategies and policies toward China in the first year, another area worthy of attention and one that would have outsize consequences is sequencing: this means carefully curating the order of U.S. words and actions on China policy to create the conditions for a credible risk-management approach. In practical terms, this means slowing down the communication process with Beijing. This is not an argument for ignoring China, which is neither desirable nor feasible, but rather for judicious early interactions. This could mean a senior Chinese official avoiding an early trip to Washington or vice versa. It could also include pushing Beijing to solve some of the easier problems in the relationship as a sign of commitment, such as releasing Americans trapped in China under exit bans or allowing cooperation to resume between the U.S. and the Chinese centers for disease control. Xi is anxious to avoid the instability and unpredictability of Trump's policy, and the United States should use that to set the terms of the relationship going forward.

LEAVING CHINA CZARS BEHIND

One of the most important but least discussed aspects of sound China strategy is building effective bureaucratic processes to formulate, manage, and execute decisions. As Biden takes office, the China policymaking system is in tatters. Much of the muscle memory of interagency debates, bargaining, and communicating has been lost and needs to be reconstructed. The Biden team should treat this as a unique opportunity.

The history of China policy suggests there are several essential ingredients. The first is conducting internal deliberations to identify interests, adjudicate tradeoffs, and generate support. The second is identifying and articulating a clear set of U.S. priorities. The third is building a communication architecture with Chinese counterparts that ensures clear, consistent, and credible exchanges but does not let Beijing use official dialogue to play for time and advantage.

Rebuilding this system comes at an important moment. China now touches nearly all aspects of U.S. foreign policy—as well as many aspects of domestic policy. This means that on any given day, there are multiple and competing pressures tugging on China policy, and they cannot all be addressed at the same time. Making choices, sequencing decisions, and effectively communicating them to Beijing and at home is essential to avoiding the infighting and misunderstandings of the past.

Several presidents have explored different ways of managing China policy. For many, the default approach—one with near mythic status—is the "Kissinger model": authorizing one powerful individual, close to the president, to negotiate everything with Beijing. Former Treasury Secretary

Henry Paulson advocated for such an approach, the so-called China czar model, based on his experience leading the U.S.-China Strategic and Economic Dialogue. This position could be formally designated, as Paulson advocated, or might arise informally as the division of labor and interests evolves among the president's top advisers.

There are clear risks to this approach. First, it is out of touch with current realities. Gone are the days of Secretary of State Henry Kissinger and Chinese Premier Zhou Enlai spending six hours discussing world order and negotiating grand bargains over green tea and Peking duck. It is unclear if there is anyone on the Chinese side empowered enough by Xi to have that conversation. The approach also plays to China's strengths by allowing the Chinese to focus on one senior U.S. official and thus marginalize others, notably the U.S. ambassador in Beijing. This setup allows China to control the pace and the scope of negotiations.

A China czar would also inevitably work to protect U.S.-Chinese relations rather than solely advance U.S. interests. In addition, it would be hard for any one person to ever represent the diversity of U.S. interests and values tied up in U.S.-Chinese relations, with the exception of the president. Naming a China czar—explicitly or implicitly—is not a sustainable approach: the portfolio is too big and too specialized, and the bureaucratic resistance to it within the system would rapidly grow, compromising the strategy's effectiveness.

In this context, the most logical decision-making model is an empowered National Security Council staff running a constant interagency process that feeds information and recommendations to the cabinet secretaries and, ultimately, to the president. Such a system should reflect the diversity of U.S. interests, institutional equities, and personalities. Those within the system should meet regularly to ensure that the relevant issues are discussed and have "buy in" from multiple agencies.

This process, as basic at it may seem, becomes particularly important when policymakers are debating competing interests or when they need to determine U.S. priorities in advance of major events, such as a meeting between leaders. There have been far too many instances in which Chinese policymakers ask, "What does the United States really want?" after receiving a long list of requests.

THE OPENING

Biden's inauguration provides a rare opportunity to develop a more coherent and sustainable China policy in the midst of long-term and broad-spectrum competition. U.S. policy needs to reflect the substantial changes in both countries, their bilateral relationship, and the world. U.S. and Chinese policymakers need to rebuild the relationship in a manner that accepts and bounds competition, tolerates disagreements, even on values, and—most important—solves problems.

There is now an opening to do this, and leaders on both sides should not miss it. Few other moments in the last 40 years have offered a similar opportunity. Trump's approach was, on balance, caustic and confrontational. It alienated many and further isolated the United States. These failings present a chance to remake the U.S. approach in a manner that reflects the changing nature of the bilateral relationship as well as China's capabilities and intentions. Many Americans want to take advantage of this opportunity, and so do U.S. allies and partners around the world.

The Biden administration has some big decisions to make, even as uncertainties accumulate. These decisions—about strategy, policy, and process—will set the stage for the most consequential dynamic in global affairs today. Nevertheless, the administration has good options. Biden can still reposition the United States as a partner of choice in Asia and globally.

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