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Defining Success

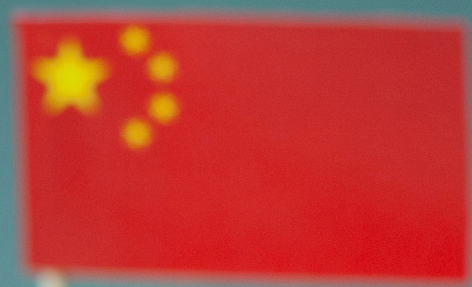
*Does the United States Need an
“End State” for Its China Policy?*



EDITORS

Jude Blanchette

Lily McElwee



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Concrete Goals and Strategic Bargaining with China

By Susan Shirk

Research Professor; Director Emeritus, 21st Century China Center, UC San Diego School of Global Policy and Strategy

The U.S. government needs to specify concrete goals for its China policy to incentivize Beijing to act more responsibly as it pursues its ambitions. Americans have no choice but to coexist with China under Chinese Communist Party (CCP) leadership for the foreseeable future. Therefore, the United States needs a strategy to influence China's decision calculus so that it acts constructively, or at least in ways that are less harmful to other countries.

An effective strategy requires that the United States identify the Chinese behaviors that it wants to change and that the CCP leadership might be amenable to change under the right circumstances; communicate these specific demands to the Chinese leadership; and use a mixture of negotiations, pressure, and reassurance to motivate the leadership to adjust its behavior. Underlying this practical approach, the United States should make clear that the way it treats China depends entirely on China's own conduct, not on U.S. ideological preconceptions or domestic politics. The overall objective of the United States' strategy should be to motivate China to moderate its policies and improve its conduct.

Primacy and Strategic Competition

The alternative conceptions that have dominated U.S. China policy over the past decade—U.S. primacy and strategic competition—have not been at all effective at persuading Beijing to act like a responsible power. From China’s perspective, these are simply synonyms for Cold War-style containment.

The widespread notion that the United States should claim global primacy in every domain—holding on to the top slot in the global pecking order—may sound appealing to American ears, but it has not gotten the United States anywhere with China. The idea of complete primacy is an outdated holdover from the exceptional period of U.S. unipolarity in the immediate wake of the Soviet Union’s collapse, at a time when China was still an extremely poor country. Primacy now smacks of a playground fight, not a principled aspiration for peace and order. No country, however capable, can expect to be the best at everything. For example, nothing can stop the rest of the world from buying Chinese solar panels and electric vehicles that offer superior value, even if the Chinese government subsidized the takeoff of the green tech sectors. Defining the bilateral relationship as a universal zero-sum contest also alienates the United States’ partners, who do not want to have to choose between China and the United States. This framework also discourages Beijing from making the compromises necessary to preserve a constructive relationship with the United States and its neighbors. Why should Beijing calm relations with other claimants in the South China Sea or resume dialogue with the Democratic Progressive Party government in Taiwan if it cannot expect to gain any appreciation from the United States or its neighbors?

At the next level of goal setting, the U.S. framework of “strategic competition” or “managed competition” is overly vague. Without a clearer conception of success, there is no way for the American public, Beijing, or allies and partners to assess how well the United States is doing. Moreover, the competition framing creates global uncertainty by setting no limits on how extreme U.S. actions such as tariffs or other sanctions might become and offers no reason for Beijing to cooperate with the United States by restraining itself.

Most important, neither “primacy” nor “competition” has effectively motivated Beijing to moderate its behavior. These approaches simply have not worked. China’s behavior today is just as harmful, or even more harmful, to the United States, its neighbors, other countries, and China’s own citizens as it was a decade ago.

China’s intimidation of Xinjiang, Hong Kong, India, Australia, the Philippines, Taiwan, Japan, South Korea, and Lithuania, among others and its support for the Russian invasion of Ukraine have hardened U.S. perceptions of the Chinese threat. Although China has not invaded another country as Russia has, the Trump and Biden administrations have treated China as the greatest threat to the United States’ security, economy, and values. Washington’s accusations of genocide against Uyghur Muslims in Xinjiang, nervous talk about an imminent war on Taiwan, and economic and financial sanctions, some of which are unprecedented except in wartime, have mobilized Americans to ready their defenses against the China threat, but they have failed to provide any incentives for Beijing to ameliorate its policies. Instead, Beijing is currently expanding its nuclear deterrent and

pursuing technological and economic self-reliance in its own preparations for a possible war with the United States.

Given the dangers of this downward spiral toward military confrontation, shouldn't the United States revise its approach to China by testing the potential for intensified diplomacy that uses carrots and sticks in a targeted strategic manner?

Possibilities for Negotiated Agreements, Today or Tomorrow

Although Beijing is unlikely to make fundamental changes in its system or modify its approach to Xinjiang or Hong Kong, there are other important areas where compromise may be possible if Washington presents realistic demands and offers. Chinese leader Xi Jinping still appears motivated by a desire for international respect. There are also issues where pragmatic adjustments might help Xi shore up his lagging domestic support during this period of economic and fiscal distress. China is dealing with an economic slowdown, an aging population, high youth unemployment, and a middle class whose real estate assets are losing value.

Based on my own interviews, I believe that many among the Chinese elite are disenchanted with Xi's overconcentration of power and his policy missteps. Some might dare to encourage Xi to respond positively to the United States' diplomatic offers if they seem beneficial to their country. Moreover, China's domestic dynamics are unpredictable, and Xi will not be in charge forever. Making reasonable offers now will increase domestic pressure on Xi to reach agreements with the United States and encourage his successors to negotiate if Xi does not.

My own experience in government as the deputy assistant secretary of state responsible for China (1997-2000) was more than 20 years ago, during what might, in retrospect, be considered a golden age of U.S.-China engagement. During that period, arms control negotiations by professionals such as Bob Einhorn, backed up by the threat of sanctions, helped convince China to stop proliferating nuclear and missile technology. And trade negotiations by professionals such as Charlene Barshefsky, combined with the inducement of Permanent Normal Trade Relations and increased foreign direct investment, convinced China to open its markets to meet the requirements for membership in the World Trade Organization. China's legal system and access to information through commercial media and the internet improved largely due to domestic initiatives reinforced by a welcoming attitude from the West.

Admittedly, China has changed significantly since that time, as I discuss in my book, *Overreach: How China Derailed its Peaceful Rise*.¹⁹² Nowadays, a cloud of pessimism lies over Washington's policymaking toward China. The American policy elite has concluded that the United States and China are destined to be hostile adversaries and that nothing the U.S. can do will change that. Xi's overweening nationalist ambitions and his dictatorial rule reinforce gloomy expectations of China's behavior in the future. Many politicians and experts have abandoned hope for leveraging Xi's choices through negotiations even now that the United States has restored its position of strength and dispelled misperceptions that it is a declining power.

It is too soon to give up on diplomacy, however. China's post-Mao political history contains surprising twists and turns driven by domestic and international factors, which should lead observers to reject deterministic predictions about future Chinese behavior. In fact, such factors—including human agency, especially the decisions of individual leaders; the swing from collective leadership to centralized dictatorship; shocks such as the 2007–08 global financial crisis and the Covid-19 pandemic; and incidents such as NATO's 1999 accidental bombing of the Chinese embassy in Belgrade—have produced unexpected shifts in Chinese behavior. China's future is likely to be equally unpredictable and could open avenues for well-crafted diplomatic efforts as well as create new dangers.

Adding to the uncertainty about China's future is the fact that, as of 2024, Xi's power looks to be past its peak. Since 2019–20, the strongman leader has confronted daunting economic and political realities at home, many of them related to his mishandling of the Covid-19 pandemic and his fetish for social control over economic development.

Xi's lockdown of Shanghai and other cities and then the sudden reversal of his zero-Covid policy in reaction to widespread protests left the population collectively traumatized.¹⁹³ In the absence of government assistance to households struggling with layoffs during the pandemic, consumption has plummeted, and deflation and unemployment have taken hold.

Foreign investment has also cratered, as even the most bullish investors have grown skittish about the risks of betting on Xi's China, which nowadays looks more like a police state than a developmental state.¹⁹⁴ When, in 2024, foreign investors withdrew more money than they put into Chinese equities markets for the first time in a decade, Beijing's first response was to stop publishing net investment flow data, a suppression of economic information that is bound to further erode confidence. Data secrecy, erratic interventions in financial markets, and crackdowns on the private sector have so alarmed Chinese entrepreneurs that many of them have exited China to seek opportunities elsewhere. This would be a logical time for the U.S. government to press Xi to expand market access and legal protections for foreign businesspeople instead of restricting financial flows to China in the name of national security; anything to restore investors' confidence should be a high priority for Xi. Reviving proposals for a bilateral investment treaty or an agreement that combines China's "voluntary" export controls with a U.S. policy to allow Chinese foreign direct investment in certain sectors in the United States with appropriate security protections, as the United States did with Japan in the 1980s, might also be beneficial to both economies.

Many Chinese believe that Xi's mishandling of foreign policy has left China in a weakened position. Xi's support of Russian president Vladimir Putin's war in Ukraine is controversial within China and has estranged Europe and the United States.¹⁹⁵ This self-defeating policy has reinforced the backlash from advanced democracies, including Japan, South Korea, and Australia, against China's provocative military pressure on its neighbors and Taiwan. Moreover, Xi has no way of knowing how capable his military is because he has jailed the key generals he selected to lead the modernization of the strategic missile program, who turned out to be corrupt and deceiving him about the performance of the new equipment.¹⁹⁶

Chinese elites and the public alike have lost confidence in the competence of Xi's leadership. As an aging strongman heading toward a fourth term with no successor in place, Xi must also be anxious about possible challenges from other CCP leaders. The United States' own strategy should be more cognizant of Xi's domestic dilemmas without explicitly pursuing regime change. The United States' audience is mainly Xi, but it should extend to other elites who might persuade him to shift gears or eventually to transfer power to a successor. Showing a reasonable face to the elites who will govern China in the future makes good sense. This is the context in which the next U.S. administration should pursue a practical strategy to motivate changes in Chinese behavior.

Strategic Bargaining with Beijing

It is unclear whether Xi's regime is influenceable. However, the United States needs to test the possibility of mutually beneficial compromises by clearly communicating to Beijing the specific actions it wants it to take and then negotiating with China through the strategic use of pressure and inducements linked to these actions. More intensive communication with Beijing will enable Washington to reinforce the message that good relations with the United States are contingent on China's own actions. The United States will retaliate in various ways when China pushes other countries around, but on the other hand, if China can restrain itself and get along well with others, the United States should be willing to retract sanctions and extend a friendly hand.

An effective strategy is not only linked to specific goals but also melds reassurance with threats. The more explicit the United States can be about the actions Chinese decisionmakers could take to improve relations, the more likely it is to motivate them to act on them. And if this strategic approach fails to moderate Chinese actions, the United States will have learned something important about what it will take to be more effective in the future. Some might argue that the United States already ran this experiment in the 1990s and failed. Others might argue that it succeeded but only because China was still weak. But in my view, the United States abandoned it too soon and needs to test it again, especially now that Xi has damaged China's national interests and his own standing by overreaching.

A negative example is the Biden administration's recent campaign against Chinese "overcapacity," which is flooding the world with cheap exports that exceed domestic demand and harm producers in the United States and other countries.¹⁹⁷ When U.S. officials complain about this unfair phenomenon, they frame it as a feature of the heavy hand of the state in the Chinese economic system instead of targeting a specific set of government subsidies such as the export tax rebates that could be eliminated to mitigate the problem. How is Beijing supposed to get back into Washington's good graces without specific asks to guide its responses?

Nor has the Biden administration's approach to managing technological competition with China been linked to specific Chinese actions that are objectionable to the United States. Instead, Washington erects barriers to Chinese technological advances because some of them leak from civilian into military capabilities, broadly speaking. Because putting successful Chinese companies such as Huawei on the entity list and banning U.S. outbound investment to China are costly to the United States as well as China, these sanctions are viewed by China as credible signals of a hostile

containment policy. The U.S. mode of technological decoupling appears to have no limits. It keeps bleeding into new sectors and has not been connected to specific Chinese malfeasance; rather than motivating Beijing to act more considerately, it has only served to heighten its determination to achieve technological self-reliance.

National Security Advisor Jake Sullivan's public statement that the goal of U.S. technology policies is to keep "as large a lead as possible" to ensure that "technology that could tilt the military balance . . . is not used against us" sent the wrong message.¹⁹⁸ Instead, he should have identified the specific ways that these advanced military technologies have been used to coerce Japan, Taiwan, or other neighbors and linked them to U.S. restrictions on semiconductors, artificial intelligence, and other advanced technologies. The message should be that openness with trade and investment partners depends on their eschewing the use of force against other countries. Sullivan could have argued that were China to ease off its military intimidation of Asian neighbors, the United States would be prepared to reduce its technology restrictions against Beijing.

Similarly, if China were to allow the International Committee of the Red Cross or another respected organization to inspect Xinjiang and certify that the reeducation camps have been closed and that recruitment of workers is entirely voluntary instead of "forced labor," the United States should also be prepared to end its economic sanctions against Xinjiang and permit imports of cotton, silicone, and other products from the region.

In contrast, the Biden administration has been much more targeted in its efforts to prevent Xi from assisting Putin's unprovoked war in Ukraine. Before Putin invaded, President Joe Biden directly warned Xi that if he provided military aid to the Russian invasion, the United States would impose severe sanctions on China. From the standpoint of Europe and the United States, preserving the sovereignty of Ukraine and other countries that border Russia is what the Chinese would call a "core interest." This leader-to-leader communication was effective in dissuading China from giving lethal military support to abet Russia's aggression, which would have been unpopular inside China as well as financially costly. Subsequently, when Xi started helping Russia revive its military-industrial complex to meet its wartime needs, including by producing military equipment (a form of gray zone military assistance), the Biden administration's clear and forceful diplomacy failed to persuade Xi not to support Putin. This discouraging outcome indicates that to overcome Xi's affinity for Putin, the United States and Europe will have to ramp up both threats and promises to the Chinese leader.

Negotiating with China based on clear and targeted goals in a respectful manner that connotes goodwill toward the Chinese people may not always succeed. However, it will provide a foundation for a more stable relationship in the future and tell the United States whether it needs to move into an even harder defensive crouch. Only if a series of strategically designed diplomatic interactions attempted over an extended period of time fail to moderate Chinese conduct should Americans conclude that the only option is to pull the grim trigger to deny and degrade China.