

US-China Relations at 40: Where Have We Been and Where are We Going?



David Shambaugh, Ph.D.

Elliott School of International Affairs at George Washington University
Gaston Sigur Professor of Asian Studies, Political Science & International Affairs
Founding Director of the China Policy Program

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By Professor David Shambaugh

This Scowcroft Paper was written presented Professor David Shambaugh on February 28 2019 at The George Bush School of Government and Public Service sponsored by the Scowcroft Institute of International Affairs. Dr. Shambaugh is an internationally recognized authority on contemporary China and Asia foreign relations. He has written more than 30 books, including most recently China's Future and The China Reader: Rising Power. He is currently the Gaston Sigur Professor of Asian Studies, Political Science & International Affairs, and the founding Director of the China Policy Program in the Elliott School of International Affairs at George Washington University.

It is a real pleasure to be here at Texas A&M and the Bush School and Scowcroft Institute. While I have never had the honor of meeting the two former Bush presidents, I have had extensive interactions with Brent Scowcroft (including trips to China with him). I admire him so much and have learned so much from him in our conversations over the years. Gen. Scowcroft is a Great American and has provided exceptional service to our nation.

My visit here comes a little over one month after the 40th anniversary of the establishment of diplomatic relations between the United States and People's Republic of China. This was an event that I had the personal pleasure of participating in and witnessing, as I worked on the National Security Council staff for Dr. Brzezinski and President Carter during 1977-78 and the run-up to normalization of relations. It seems almost like yesterday, but indeed four decades have passed and a great deal has been accomplished in the Sino-American relationship. It has also weathered a number of turbulent times—including during both Bush 41 and 43's presidencies. On President Bush 41's watch, the relationship was rocked by the June 4, 1989 Tiananmen Incident, when the Chinese military brutally

suppressed the six-week long massive demonstrations in Beijing, killing between 1500-2000 citizens. That was a key turning point in the relationship—in some real ways, the relationship never recovered and never returned to the halcyon decade of the 1980s (arguably the best decade for the relationship).

The relationship had a great deal of momentum prior to the tragic events of 1989—a virtual strategic alliance, growing economic ties, excellent diplomatic interactions, and growing cultural exchanges (I was a student three times—for three years—during 1979 and early 1980s). It was a heady, positive, and confident time—as Deng Xiaoping's reforms were transforming China domestically and opening it to the world. As it did so, Chinese of many sectors (including its leaders) looking admiringly on the United States—which in turn aroused a latent “missionary complex” in the US to contribute to the modernization and liberalization of China (which, I would argue, has been in American DNA towards China for more than two centuries).

Thus when the millions of demonstrators filled Tiananmen Square and 33 other cities across China in April-May

1989, erecting a replica of the Statue of Liberty and quoting American patriots like Thomas Jefferson, Thomas Paine, Ben Franklin, Nathan Hale, and others, Americans sat riveted to their televisions as the drama unfolded (the first “living room revolution”)—and the “missionary complex” was aroused.....only to watch the PLA tanks crush the demonstrations. This created a major crisis—the *first* major crisis post-normalization—in the relationship, and it happened on Bush 41s’ and General Scowcroft’s watch—and they handled it with typical calm and diplomatic skill. This was not at all easy—as the American public, the US Congress, and indeed the entire Western world was horrified by what had transpired. A reading of the archival materials for this period next door in the Bush Presidential Library only buttresses the view that President Bush and General Scowcroft did their utmost to resist a complete breakdown of the Sino-American relationship, and they worked with the Chinese side to map out a pathway to navigating through that most difficult period and renormalize relations.

President Bush, who of course had served as head of the pre-normalization Liaison Office in Beijing in 1974-75 and had great enthusiasm and hopes for the US-China relationship (even breaking with traditional precedent and taking his first foreign trip to China instead of the UK), on the one hand, had to bend to the public and Congressional outrage by suspending governmental exchanges and invoking a range of sanctions on China (some of which are still in effect to this day)—but, on the other hand, he took the long view that the relationship had to endure. He thus sought to keep lines of communication open with the Chinese

leadership—and he did so precisely by dispatching Brent Scowcroft on two secret missions to Beijing (in July and December).

I do not wish to dwell excessively on the Tiananmen crisis, but it is directly relevant to the Bush School and Scowcroft Institute here at A&M. We have certainly had other crises in the US-China relationship as well. Another occurred on the watch of President Bush 43: the 2001 EP-3 Incident. This occurred right at the outset of his presidency, in May 2001, but following the resolution—done again with great diplomatic acumen by those in the NSC, State Dept., and US Embassy in Beijing—the relationship grew steadily throughout the remain 7.5 years of the Bush presidency. Looking back from where we are today, these 7.5 years were the *longest stretch of steady and positive relations* we have had in the post-1989 period. So, my hat is off to the Bush 43 administration when it comes to China policy!

Looking back over the past 40 years, we have certainly had our share of strains and crises—but we have also had a number of accomplishments. It is worth remembering today, as the two major powers increasingly clash over a range of issues that, underneath, a vast network of ties exist between, and link together, our two societies. This is what makes the current US-China competition fundamentally different than the US-Soviet Cold War.

Forty years ago there were no students exchanged—today there are 363,341 Chinese students studying in American universities and an estimated 80,000 in American secondary schools, while there approximately

12,000 American students study in China. Trade was a paltry \$2.3 billion in 1979 but ballooned to \$636 billion in 2017. Forty years ago there was no U.S. commercial direct investment in China, today total accumulated stock has reached \$256.49 billion. Meanwhile, China's investment in the U.S. has grown from zero to \$139.81 billion today. Despite the multiple stresses in the bilateral commercial relationship at present, epitomized by the ongoing tariff war, the commercial bonds continue to tie the countries together.

Four decades ago only a fraction of American tourists visited China, while none traveled to the United States—now large numbers visit the other country annually. Approximately 250 direct flights traverse the Pacific between the two countries every week. These people-to-people ties are buttressed by more than 201 sister city and 44 sister state-province relationships. Although exchanges between non-governmental organizations have contracted sharply since China's 2017 NGO law went into effect, there are still about 90 American NGOs registered in China.

Over the decades dozens of bilateral agreements have been signed by the two governments to facilitate exchanges in a wide variety of fields—ranging from the sciences to athletics. American sports, popular culture, and brands remain very popular among the Chinese public—while Chinese films, literature, and arts are gaining traction with the American public.

Thus, when the two tigers are fighting—as the two governments are currently doing—it is worthwhile to reflect on the multiple societal bonds that still link the two countries together. Nonetheless, we

would be mistaken to oversell these mutual bonds and underappreciate the deep sources of stress and suspicion that exist in both countries today. We ignore them at our peril. These frictions, and the perceptions that underlie them, are real—and now dominate the relationship.

So, what is the nature of the US-China relationship these days? I would describe it as *comprehensive competition with residual cooperation*. In virtually every dimension of the relationship competitive dynamics:

- In the military-security domain, both militaries view the other as threatening, and a clear “security dilemma” and brewing arms race is readily apparent. Both militaries arm and train themselves with potentially fighting the other.
- In terms of the regional security architecture in Asia, they possess countervailing visions and institutions. China has the SCO, CICA, bilateral “strategic partnerships,” espouses “cooperative” security and is explicitly opposed to alliances as a “relic of the Cold War.” The Chinese logic is zero-sum, i.e. Beijing argues that alliances were formed to counter the USSR, and alliances should have disappeared when the Cold War ended and the Soviet Union disintegrated. By contrast, the US believes in alliances, maintains 38 worldwide and five in Asia plus a network of security partnerships around the world (60+). The American logic is positive sum: they do not have to be directed at an adversary, but rather exist for

collective security and maintaining regional order and peace. Countries bond together as allies also because they share values and political systems in common. Thus, when it comes to security, the two sides are opposed philosophically and in reality.

- In the realm of trade and investment, the frictions are readily apparent in the asymmetrical trade balance and current tariff war—but it is also deeper and more systemic. It is precisely the *state-directed mercantilist character of the Chinese economy* that the US objects to. Further, FDI in both directions is increasingly subject to blockage on “national security” grounds, while American export controls remain extensive and are aimed at blocking the export of various technologies to China (China has long resented this).
- In the realm of domestic politics, each side increasingly views the other as “subversive.” China has a variety of campaigns aimed at countering “foreign hostile forces” (境外敌对势力)—codeword for the United States and other democratic countries. Central Committee Document No. 9 (中发九号) of 2013 is a case in point—which is critical of “extremely malicious” ideas of Western constitutional democracy, civil

society, universal values of freedom, democracy, and human rights; Neo-liberalism, and news values such as freedom of the press. Meanwhile, ironically, in the United States, a similar dynamic has arisen with growing concerns about so-called “influence activities” carried out by various elements of China’s party-state.¹

- Values and norms have always been different between our two societies and systems, but they seem to have become more divisive and less convergent over time.
- Another facet of the increased frictions are a variety of American professions that have become increasingly frustrated by the increased controls placed on them in China: media, scholars, NGOs, government public diplomacy organs, cultural exchange organizations, private foundations, and the business community. These increased controls have turned a variety of American constituencies which used to be in favor of engagement with China into constituencies that are now increasingly alienated from China. China has managed to turn substantial segments of these very constituencies which sought to *work with China* into groups that are very frustrated with, and embittered about, China. This is a

¹ See Report of the Working Group on Chinese Influence Activities in the United States, *Chinese Influence and American Interests: Promoting Constructive Vigilance* (Stanford: The Hoover Institution, 2018):

https://www.hoover.org/sites/default/files/research/docs/00_diamond-schell_fullreport_2ndprinting_web-compressed.pdf.

big reason, in my view, why a new much tougher bipartisan consensus on China policy has emerged in the United States—as that is how democracies work: by constituencies. The former “pro-engagement” constituencies have increasingly turned away from China.

- Then there are other issues that add to the predominantly “competitive” character of US-China relations today: Taiwan’s status; China’s claims to the South China Sea; the Belt & Road Initiative (which some Americans believe is a blueprint to extend China’s geoeconomic and geopolitical control over much of the globe); different policies towards Iran; and different approaches to multilateralism and global governance.

So, there are no shortages of friction points, divergences, and opposing positions between the US and China. And these are the reasons why the relationship has deteriorated so much in recent years. Make no mistake: it is a fundamental and qualitative change. It’s also the reason why even if the two sides can reach a trade deal, the comprehensively competitive nature of the relationship will continue to characterize US-China relations indefinitely. It’s the “new normal,” and in my view we are deceiving ourselves to think that we can go back to a predominantly

cooperative relationship of extensive engagement.

Thus, the U.S.-China relationship is not in good shape.² This said, both sides have what social scientists call “agency”—we are not helpless and the victims of circumstances completely out of our control. We *do* have a considerable number of overlapping interests and we must seek to forge cooperation wherever possible. And these are not just in the international arena—but very much in the bilateral relationship. We do have overlapping interests and things in common—although those areas have shrunk as the areas of competition have enlarged.

Let me close with two points. First, we should not be afraid of competition—there is nothing intrinsically wrong with competition. Competition is not necessarily zero-sum—it is, I would argue, inherently positive-sum, because it pushes competitors to excel and do their best. This is true in sports and other domains. It also permits competitive pluralism—the marketplace of goods and services in commerce, the marketplace of ideas in the academic and research world, etc. And any IR scholar will tell you that competition among great powers is entirely natural and predictable.

The first challenge therefore is how to compete effectively and smartly—enhancing the national interests of the United States

² See Michael D. Swaine, “The Deepening U.S.-China Crisis: Origins & Solutions,” Carnegie Endowment for International Peace, <https://carnegieendowment.org/2019/02/21/deepening-u.s.-china-crisis-origins-and-solutions-pub-78429>; Michael D. Swaine, “A Relationship Under

Extreme Duress: U.S.-China Relations at a Crossroads,” Carnegie Endowment for International Peace, <https://carnegieendowment.org/2019/01/16/relationship-under-extreme-duress-u.s.-china-relations-at-crossroads-pub-78159>.

while not damaging them by inadvertently jettisoning a relationship of vital importance to the United States. A recent report written by seventeen leading American Asia and China specialists and published by The Asia Society offers multiple specific suggestions for engaging in “smart competition” with China.³

Thus, I think the United States should actually embrace the comprehensive competition with China—as we have multiple strengths and comparative advantages that will serve us well. But to compete effectively *we must put our own house in order*. We also have significant weaknesses that need to be recognized. China, similarly, has strengths and weaknesses. In any sports competition, what one does is to try and utilize their strengths while exploiting the other sides’ weaknesses. *Strategy* is also important—as sports matches are not just a series of random interactions on the playing field or court. This is where much work needs to be done in the United States at present—assuming that we accept the competition paradigm, we need to work out sophisticated strategies for engaging in it.

This said, secondly, there is a real danger that the emergent Sino-American competition could morph into a fully-fledged

adversarial relationship—unless “buffers,” “guardrails,” and “firewalls” are not created to “bound” it.

The main challenge for both sides going forward is to compete without becoming adversaries. To “manage competition” is the test before both governments. This is easier said than done, there is no blueprint for it, it is fundamentally different than Cold War 1.0—but both sides really have to be alert to the real dangers of drifting into a fully adversarial relationship. Among other things, it would polarize the entire Asian region and perhaps the world. There are “hawks” in both countries who seem to relish an adversarial relationship.

So, we need—where possible—to re-strengthen the foundation of societal, institutional, and governmental ties that we have built over 40 years, and above all keep interacting, keep meeting, and keep talking! Dialogue and meetings should not be ends in themselves—they should accomplish something—but dialogue remains one of the best guardrails and buffers against inadvertently slipping into an adversarial relationship. Both Presidents Bush 41 and 43, as well as Brent Scowcroft, would certainly agree in this regard.

³ See Orville Schell and Susan L. Shirk, Co-Chairs, *Course Correction: Toward An Effective and Sustainable China Policy* (New York: The Asia Society, 2019): https://asiasociety.org/sites/default/files/US-China_Task_Force_Report_FINAL.pdf. Similar publications along these lines include Andrew S. Erickson, “Competitive Coexistence: An American

Concept for Managing U.S.-China Relations,” *The National Interest* (January 2019): <https://nationalinterest.org/feature/competitive-coexistence-american-concept-managing-us-china-relations-42852>; and Timothy R. Heath and William R. Thompson, “Avoiding U.S.-China Competition is Futile: Why the Best Option is to Manage Strategic Rivalry,” *Asia Policy*, Vol. 13, No. 2, pp. 91-120.

David Shambaugh

David Shambaugh is an internationally recognized authority and award-winning author on contemporary China and the international relations of Asia. He has visited or lived in China every year since 1979. He currently is the Gaston Sigur Professor of Asian Studies, Political Science & International Affairs, and the founding Director of the China Policy Program in the Elliott School of International Affairs at George Washington University. From 1996-2015 he was also a Nonresident Senior Fellow in the Foreign Policy Studies Program at The Brookings Institution. Professor Shambaugh was previously Lecturer, Senior Lecturer, and Reader in Chinese Politics at the University of London's School of Oriental & African Studies (SOAS), 1986-1996, where he also served as Editor of *The China Quarterly* (1991-1996). He has served on the Board of Directors of the National Committee on U.S.-China Relations, and is a life member of the Council on Foreign Relations, U.S. Asia-Pacific Council, and other public policy and scholarly organizations. He has been selected for numerous awards and grants, including as a Fellow at the Woodrow Wilson International Center for Scholars, a Senior Fulbright Scholar at the Chinese Academy of Social Sciences Institute of World Economics & Politics, a Distinguished Research Professor at the Shanghai Academy of Social Sciences, and Distinguished Visiting Professor at the S. Rajaratnam School of International Studies (RSIS) in Singapore. An active public intellectual and frequent commentator in the international media, he serves on numerous editorial boards, and has been a consultant to governments, research institutions, foundations, universities, corporations, banks, and investment funds.

As an author, Professor Shambaugh has published more than 30 books, including most recently *China's Future* and *The China Reader: Rising Power* (both 2016). Other books include *Tangled Titans: The United States and China* (2012); *Charting China's Future: Domestic & International Challenges* (2011); *China's Communist Party: Atrophy & Adaptation* (2008); and *International Relations of Asia* (2008, 2014); *Power Shift: China & Asia's New Dynamics* (2005). He has also authored numerous reports, articles, chapters, newspaper op-eds, and book reviews. His next books *Where Great Powers Meet: America & China in Southeast Asia* and *China & the World* will both be published by Oxford University Press in 2020.

Professor Shambaugh received his B.A. in East Asian Studies from the Elliott School of International Affairs at George Washington University, M.A. in International Affairs from Johns Hopkins University Nitze School of Advanced International Studies (SAIS), and Ph.D. in Political Science from the University of Michigan. He is a fluent speaker of Chinese, with some German and French.

The Views expressed herein are those of the author and do not necessarily reflect the positions of The Scowcroft Institute of International Affairs, The Bush School of Government and Public Services, or Texas A&M University

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— Lt. Gen. Brent Scowcroft, USAF (Ret.)