

Sino-American Interactions, Past and Future

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December 15, 2018¹ will mark the fortieth anniversary of Jimmy Carter's and Deng Xiaoping's politically courageous agreement to "normalize" the relationship between Washington and Beijing.² This resulted in the replacement of China's demand for revolutionary overthrow of the world order with pragmatic accommodation of it.³ Two days later, at the 3rd Plenum of the 11th Central Committee of the Chinese Communist Party (CCP),⁴ Deng launched China on a path of eclectic borrowing of foreign ideas, policies, and practices called "reform and opening" [

]. This liberated the Chinese people – who were then almost a fourth of humanity – from the most suffocating aspects of Soviet Marxist-Leninist dogma and released their formidable entrepreneurial imaginations and energies.

The consequences of Deng's twin decisions for both China and the world have been immense. He saw US-China normalization and "reform and opening" as parts of a single bold gamble with his country's future. His vision enabled China to risk a search for inspiration in America and other capitalist democracies, to which the Chinese elite promptly entrusted its sons and daughters for education.

"Dengism" reinvigorated China's political economy by progressively abandoning major elements of its Soviet-derived model of central planning, state monopolization of commerce and industry, and collectivized agriculture. The results were explosive economic growth amidst rocketing living standards, the rebirth of Chinese science and technology, the emergence of a Sino-centric regional order in East Asia, and the debut of China as a major actor on the global stage. American policy had aimed only at altering China's external relationships and behavior. The tremendous changes inside China were a welcome but entirely unexpected bonus.

Contemporary China is the improbable child of neo-Confucian Leninism and the Pax Americana. The defining characteristics of the liberal global order crafted by the United States were a universal commitment to multilateral rule making, quasi-judicial dispute resolution, the progressive removal of tariffs and quotas as barriers to t61 Tm-6(s to tq0144410 g0911s(re)7(4F004C4(ts of))]7-

SERVANDA.⁵ China has prospered in this international environment and remains comfortable in it.

Despite oft-repeated accusations⁶ that Beijing wants to do away with the rule-bound international order, China now seems far more committed to preserving it than its American progenitor. Under the Trump administration, the United States has come to stand explicitly for mercantilist bilateralism and protectionism, economic coercion, an end to support for foreign economic development or refugees, and the unilateral abrogation of international agreements. By contrast, Chinese dissatisfaction with the international status quo has not been about its rules. China, like many other emerging market economies, has complained about the inability of the International Monetary Fund (IMF), World Bank (IBRD), World Trade Organization (WTO), and regional banks like the Asian Development Bank (ADB) to expand their reach, funding, and inclusiveness.

When legacy institutions have not risen to the challenges before them,⁷ China has worked with others to create parallel structures. American disquiet at seeing countries other than the United States (like China) emerge as rule-makers and institution-builders

order. The sole exception was the first fifteen months of the Clinton administration (1993-1994), when Washington attempted to coerce change within China by linking it to the terms of American treatment of Chinese imports. When it became apparent that this approach was a dead end, Washington abandoned it,⁸ never to resume it as national policy, despite persistent demands that it do so.

Irreconcilable ideological contradictions between America and China still bedevil the relationship. Chinese accept that foreigners govern themselves differently and should be left alone to do so. Americans see any political system other than constitutional democracy as inherently illegitimate. They will not accept moral equivalence with any authoritarian regime. The U.S. has concluded that it must, in practice, deal with the CCP, but it does so as a politically awkward expedient, not as approval of the CCP's legitimacy.

As an added complication, "democratic peace theory" (a recent addition to American ideology) asserts that democracies don't fight each other, while wars are – by implication – to be expected with nations of other political dispensations. This hypothesis translates the absence of democracy in China into a potential menace to U.S. national security.⁹ This, in turn, provides a threat that is a welcome alternative to tiresome low-intensity conflicts in West Asia and North Africa. It makes China a potential "peer competitor" that poses the sort of high-tech challenges to U.S. primacy that the U.S. military-industrial-congressional complex

exalted autarky.¹¹ China has come to epitomize globalization and

long-term strategic choices in exchange for short-term gains, while the CCP has made tactical compromises but held firm to its strategic goal of bringing Taiwan under its dominion. To Chinese nationalists, their inability to resolve the Taiwan question symbolizes their country's ongoing humiliation by foreign interventions intended to divide and weaken it. To the CCP, American protection of Taiwan represents insulting unwillingness by the world's greatest power to respect the People's Republic's political legitimacy.

The balance of power in the Taiwan Strait and adjacent areas continues to shift against the island and the United States, making the use of force by China and war between China and the United States both more plausible and more perilous. The mainland's political system is becoming less open. This has further reduced the appeal of peaceful reunification to the already skeptical citizens of Taiwan's democracy. The United States might still use its power to move the Taiwan issue toward resolution before Taiwan's bargaining position is fatally weakened and China's capabilities decisively outweigh those of the United States. But, in practice, Washington has consistently chosen complacency over strategy. Against ever worsening military and economic odds, Americans continue to prefer impasse to evolution in cross-Strait relations.

This strategy-free U.S. approach inadvertently encourages Taipei to ignore its declining negotiating leverage and rapidly diminishing ability to resist coercion from Beijing without invoking American intervention. It makes Taiwan a disaster waiting to happen. In effect, the United States has opted to ignore ever more adverse circumstances, deferring an explosion until actions by Taipei or decisions in Beijing eventually trigger one. Recent moves by the Trump

United States in the South China Sea. China

international law against Chinese security interests. Two-thirds of the shipping in the South China Sea is on its way to or from China, giving China a huge stake in defending shipping against interdiction by foreign warships, e.g. the U, S. and Japanese navies in Taiwan or Senkaku contingencies. The island bastions China has built in the Spratly Islands facilitate early warning, air and undersea surveillance operations, and the emplacement of land-based missiles to counter wartime foreign intrusions.

Given the nationalist passion and self-righteousness now at play on both sides, it is hardly surprising that the specific issues at stake

businesses in both countries.) There is no clear path to a negotiated retreat from economic conflict on either side.

The American position is an incoherent blend of unrelated and mutually incompatible demands – the foreign policy equivalent of a haggis.

The 21st century is increasingly characterized by entente rather than alliance, ad hoc coalition rather than broad partnership, and transactional rather than relational commitments to cooperation. By not only failing to adapt to these post-Cold War realities but doubling down on them, Washington is placing its century-old economic primacy in jeopardy. There is no discernible support abroad for the U.S. repudiation of multilateralism in favor of aggressive unilateralism, whether political, economic, or military. There is widening resentment of perceived American abuses of inherited privilege through acts of omission as well as commission.

The United States' increasing resort to unilateral sanctions based on dollar sovereignty incentivizes others, including major U.S. allies, to find ways to avoid transactions in dollars.¹⁷ A dollar-free monetary system would protect their companies from extraterritorial punishment by the U.S. Treasury. It would also weaken American dominance of global governance. Building such an alternative system is a project that will draw active support from China, India, and Russia as well as the E.U. (which, on September 12, 2018, committed itself to this objective).¹⁸ It has a good chance of eventually knocking the props out from under the *exorbitant privilege* the U.S. has enjoyed through its unilateral control of the global medium of exchange.

The world to come promises to be one in which the United States no longer enjoys many of the advantages to which it has been accustomed.

Enlightenment statecraft in which values count only to the extent they can be exploited to charge interests with energy. This is a world in which self-discipline and mental rather than military agility will be the major determinants of events. With fewer vested interests to overcome as it adjusts to change, China can adapt to new realities more easily than the United States.

The new world disorder is an ecosystem in which no established alignments can be taken for granted. China's "belt and road" initiative has the potential to reengineer not just the Eurasian but the global economy and China's role in both. Middle-ranked powers like Brazil, Egypt, India, Iran, Mexico, Nigeria, Russia, Saudi Arabia, South Africa, and Turkey occupy strategic positions that enable them to reorient themselves internationally. They are gaining bargaining power vis-à-vis both China and the United States. So are Japan and NATO members.

Strategically stranded countries like Bangladesh, Indonesia, Malaysia, Pakistan, the Philippines, and Ukraine can and will offer

strike between exchanges of goods and services to boost prosperity and the relevance of technology to national security? What reforms of institutions and practices would best address emerging challenges to global governance? How are these to be funded or governed and by whom?

This is a potent list of issues that the two countries can handle cooperatively or competitively. What choices will each make? What, if anything, might increase the prospects for mutually beneficial choices by both sides?