



# U.S.-China Relations in an Election Year

## Taking the Long View in a Season of Heated Rhetoric

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# Introduction and summary

Conservatives and progressives today approach the challenge of China very differently. Many conservatives, including most of the Republican candidates for the presidential nomination, are critiquing the Obama administration's policies on China—a tactic designed to chip away at President Barack Obama's high poll numbers on national security issues and distract from congressional obstructionism on key steps to improve our economic competitiveness at home.

But they are not offering many sensible ideas. Today's conservative approaches on China—which too often end up shortsighted, inconsistent, emotional, and belligerent—will fail. Strategies that aim for short-term political point scoring—or, even worse, calculated efforts to create a new Cold War enemy—will undermine global security.

In contrast, the Obama administration's approach is steady, clear-eyed, and focused on results. The administration has pushed back on China multiple times—taking China to task on unfair trade, forming a united front to get China to back down from aggressive actions in the South China Sea, and selling arms to Taiwan over furious protests from Beijing. President Obama's Asia strategy, which is deepening partnerships and engagement in the region, is designed to ensure that as China grows it contributes to peace and stability and follows the rules of the international system. At the same time the administration does not let differences prevent the United States from working with Beijing on important joint challenges such as North Korea's nuclear program and clean energy.<sup>1</sup>

This progressive approach offers the best tactic for dealing with China because for the foreseeable future China will be both a rival and a partner. Our policymakers have to play the long game, ensuring our strategies for China make sense not just during campaign seasons but for this year, this decade, and beyond. Fostering successful policies toward China requires a steady hand and a concerted effort to refrain from overheated tirades and knee-jerk responses.

But reflexive belligerence toward China plays well on the conservative campaign trail. Already the election has seen the two top candidates for the Republican nomination fighting over who could be more confrontational toward China “on Day 1,” and a conservative candidate for the U.S. Senate using racially tinged advertisements to stoke fears about Chinese ownership of U.S. debt. In *The Wall Street Journal*, Mitt Romney offered a plainly zero-sum view of the U.S.-China relationship.<sup>2</sup>

China policy via short-term political point scoring may help campaigns but it does not help the United States. In fact, a fair and mature relationship with China will serve U.S. interests in creating jobs and sustainable economic growth. Steady U.S.-China relations will promote stability in the Asia-Pacific region and security for the global commons. And it will enable both nations to help address transnational problems such as climate change, pandemic disease, energy security, and terrorism.

For their part the American people do not want a needlessly antagonistic relationship with China. In a poll conducted at the end of 2011, 7 out of 10 respondents said strong relations between the United States and China are “somewhat” or “very” important.<sup>3</sup> While Americans are rightly concerned with Chinese economic policies, when asked to choose in a 2010 poll whether to undertake friendly cooperation and engagement with China rather than actively working to limit the growth of China’s power, more than two-thirds of those surveyed thought that the United States should pursue engagement.<sup>4</sup>

Still, Americans tend to see China through the prism of these hard economic times. A recent poll showed that 53 percent of Americans think China is the “leading economic power in the world today,” compared with just 33 percent who said they believed the United States holds that spot.<sup>5</sup> The reality: China’s economy runs a distant second to that of the United States. China is not about to eclipse or “overtake” the United States anytime soon.<sup>6</sup> China’s rise does not portend American decline.

Moreover, China’s future is not as certain as it might seem. China has its own share of problems—enormous problems. China has a shocking, disastrous lack of clean water. It faces a potentially devastating real-estate bubble. It has a future aging crisis that’s been called a “demographic tsunami.”<sup>7</sup> And then there’s China’s political system, which is brittle and riddled with corruption.

The Chinese people are demanding solutions to these problems—demands that are leading to tens of thousands of local protests that the government works hard to keep from coalescing. Officials have been brutally suppressing

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challenges to their authority—artists, lawyers, academics, and many others have been targeted. These actions are plainly loathsome and the administration has repeatedly called Beijing out on them.

The challenge for the United States is to press China to make responsible choices that contribute to stability, prosperity, peace, and human rights. This means the way forward for the United States is to combine strong and forward-looking bonds with our Asian allies old and new with a strong relationship with China. The United States should not seek to begin another Cold War or “contain” China.<sup>8</sup> Instead, the United States should welcome China’s rise, while at the same time insisting that China adhere to internationally accepted rules and norms of behavior at home and abroad.

This report examines the 10 most debated challenges in the U.S.-China relationship in the 2012 presidential and congressional campaign season, exploring differences between progressive and conservative approaches to China. We detail these 10 issues in the pages that follow, but briefly, here is a summation of the top challenges and the different approaches advocated by conservatives and taken by progressives.

- **Ensuring fair trade.** The Obama administration’s policy of vigorous enforcement and results-oriented dialogue beats conservatives’ refusal to invest in American competitiveness at home; empty, antagonistic rhetoric toward China; and highly inconsistent positions on trade cases. The Obama administration has announced a new trade-enforcement unit and has brought more major trade cases against China than any of its predecessors.
- **Progress on currency.** The Obama administration’s efforts, on its own and with other nations, to pressure China to deal with its undervalued currency have resulted in progress, though more remains to be done. The administration is keeping the pressure on. The conservative answer is both needlessly antagonistic and ineffective.
- **China owning U.S. debt.** China owning just more than 8 percent of our federal debt is not leverage China can use without unacceptably harming its own interests. Conservative hysterics and fearmongering about this complex issue is misplaced.
- **Chinese direct investment.** Chinese investment in our country can be a major source of capital and jobs going forward. We should allow proven national

security processes to weed out threats to our nation and avoid excessive paranoia around Chinese purchases, lest we miss investment-led growth opportunities. Conservatives should take heed.

- **Championing human rights.** The Obama administration has consistently called China out on human rights, speaking privately and publicly with Chinese leaders, meeting with the Dalai Lama twice, and giving our diplomats new forums to engage fully with their Chinese counterparts and the Chinese people to improve human rights and religious freedoms in China. Conservatives' only answer is even more forceful browbeating of Chinese leaders—emotionally satisfying, but not an effective tactic to make real change.
- **America the Pacific power.** Under the Obama administration new trade partnerships, defense arrangements, and serious connections with regional organizations all support deeper U.S. engagement in Asia. Extremist conservative rhetoric claiming the administration is not investing adequately in defense in Asia is nonsense.
- **Addressing China's military.** China's military has grown rapidly in recent years, albeit from a very low base. While some technologies are worrisome, the United States retains a huge advantage over China. The Obama administration is responding to China's military buildup but is not exaggerating the threat, in contrast to conservative efforts to use the "China threat" to justify unsustainable increases in military spending.
- **Supporting regional allies.** Asian nations continue to turn to America to ensure peace and security. The United States is meeting that need by strengthening relations with our Pacific friends and allies. Relationships with Japan, South Korea, and Australia are rock-solid, and the United States joined with regional players to push back on Chinese belligerence. Conservatives ignore this track record in desperate attempts to tag the Obama administration as abandoning our allies.
- **A friend to Taiwan.** The Obama administration has sold unprecedentedly large packages of arms to Taiwan, including major fighter upgrades, while also upping outreach to the island in ways that will not destabilize cross-Strait relations. Conservatives are left complaining that the current administration, like the Bush administration before it, did not sell Taiwan the most advanced jet fighters.

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- **Tackling cybersecurity.** From the start the Obama administration has identified cybersecurity as an issue of grave concern and mounted a comprehensive response. Conservatives who condemn the administration's response do not understand its scope; they also offer little in the way of new ideas for combating the threat.

In the pages that follow, we will present in more detail these 10 challenges alongside the response of the Obama administration and the misplaced criticisms and hostile rhetoric of many conservatives.

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