The U.S.-China relationship is at a critical transition point. In Washington, U.S. leaders are now realizing that some of the judgments the United States made when it first reached out to China almost four decades ago are not holding up over time. U.S. observers have long assumed that as the Chinese economy grew and China became more integrated with the global community, it would also become more like the United States politically, socially, and economically. The assumption was that economic growth would give China new incentives to accept and conform to the prevailing global order. Now, U.S. leaders are finding—to their alarm—that as China rises, its leaders are developing their own ideas about how the international system should operate, and they are increasingly willing to take action to change the system to suit their own national interests, sometimes in ways that directly conflict with U.S. interests. Chinese leaders are making these changes because they are finding—to their own alarm—that China's growing integration with the global economy has opened the nation up to U.S. influence to a degree that they did not expect.

Leaders in both nations are recognizing that the United States and China are engaged in what is simultaneously the world’s most powerful partnership and arguably the world’s most complex partnership. Because both nations are so influential, it is difficult for either side to make progress on critical international and regional problems without support from the other. Because they are so different, however, that support can sometimes be very difficult to achieve.

One thing that both nations have in their favor is the fact that, despite their current foreign policy challenges, relations at the people-to-people level between individual U.S. and Chinese experts working on these issues have never been better. That is particularly true among mid-career professionals in their 30s and 40s who began working in this space at a time when the two nations were already deeply intertwined. When U.S. and Chinese leaders established official diplomatic relations in 1979, that opening led to the rise of a new wave of U.S. and Chinese scholars who were able to spend more time immersed in each other’s language, politics, and culture than any generation before them. Both nations now have the opportunity to reap the benefit of those deepening ties.
The cohort of foreign policy experts who are now in their 30s and 40s is the first group to begin their careers in an era when the door was fully open and bilateral exchanges were not only allowed but encouraged. Now, both sides can even leverage the Internet to track political developments in both nations and exchange views about those developments in real time. This new generation is also increasingly bilingual, which can help mitigate the noteworthy language barriers that contribute to misunderstandings between the United States and China. These mid-career experts can exchange views without interpreters and switch back and forth between English and Mandarin Chinese to get difficult points across as clearly as possible. As this generation—whether as government officials, scholars, or business owners—becomes a more influential policy voice in Washington and Beijing, their experience and expertise could play a critical role in deepening bilateral understanding.

The Center for American Progress convened a group of these rising leaders in October to take stock of the U.S.-China relationship and delve into some of the most difficult issues that still divide these two great nations. This group—which included eight U.S. experts and eight Chinese experts—engaged in an intense three-day dialogue that included private meetings with former and current U.S. officials. The goal for these exchanges was to be as frank as possible about the doubts and suspicions that undermine cooperation from both sides of the Pacific. Each participant in the mid-career expert group contributed an essay on U.S.-China relations. These essays are compiled in three reports and are publicly available on the Center for American Progress website.

The three-day, closed-door dialogue revealed a set of core challenges that need more attention from leaders in both nations. Those challenges are covered in detail in the essay collections. Common themes that emerged throughout the closed-door dialogue and appear in multiple essays include:

- Both nations should clarify their interests and intentions through actions rather than words.
- U.S. and Chinese leaders need to think creatively about how to give China a bigger role in global institutions without undermining U.S. interests.
- Cooperation on energy and climate change has become an invaluable anchor that the United States and China can leverage to drive progress in more contentious domains.

More action needed from both sides to clarify interests and intentions

Where there is a perceived lack of information about U.S. or Chinese interests or intentions, the other side will assume a worst-case scenario and hedge appropriately. Those hedging actions then trigger a downward spiral of mutual suspicion—and this is particularly pronounced in regional issues in the Asia-Pacific.¹
The United States and China still have not reached a point where either side is willing to give the other the benefit of doubt. The nations are just too different—which means their interests diverge in some way on nearly every bilateral issue—and the stakes are just too high. Observers from both sides are still constantly looking for areas of potential risk. Where observers perceive a degree of uncertainty about the other side’s interests and intentions, that uncertainty is viewed as a risk that must be hedged against in some way. This pattern is particularly damaging on the Obama administration’s Asia-Pacific rebalance and Chinese President Xi Jinping’s call for a new-model relationship—the two fundamental frameworks guiding policy in both Washington and Beijing.2

On the rebalance to Asia, U.S. officials appear to have underestimated the degree to which Chinese observers would interpret that policy as directly targeting China. One of China’s biggest concerns is that the recent strengthening of U.S. alliance relationships in the Asia-Pacific region is intended to contain China and limit its regional influence. U.S. and Chinese scholars have a fundamentally different understanding of what an alliance relationship entails. From a U.S. perspective, those partnerships are a natural manifestation of deep overlapping interests between two allied nations. Chinese scholars, on the other hand, view alliances as two nations teaming up against a third party. Chinese participants in the October dialogue repeatedly stated that allied parties are by definition allied against someone or something else. When looking at the pattern of U.S. alliances relationships in the Asia-Pacific, the only nation those partnerships can logically be allied against is China.

China therefore views U.S. moves to strengthen its alliances as an effort to constrain China’s rise and undermine Chinese interests in the region. As long as the U.S. rebalance includes a strengthening of U.S. alliances in the Asia-Pacific, most Chinese observers will view the overall U.S. rebalancing strategy as a strategy with anti-China elements. U.S. officials cannot counteract that view through official policy statements. A better approach would be to look for actions that the United States can take to directly address Chinese concerns, regardless of whether U.S. observers view those concerns as legitimate.

On the new-model relations effort, Chinese officials appear to have underestimated the degree to which U.S. observers would interpret what is primarily an “avoid war” proposal as a potentially dangerous construct. Chinese participants in the October dialogue frequently pointed out that the new-model relations proposal is a long-term effort to avoid major conflict between China and the United States. From that perspective, it is difficult for Chinese leaders to understand why U.S. observers would object to that endeavor.3

From a U.S. perspective, however, the devil is in the details, and thus far Chinese leaders have not demonstrated through their actions what China plans to do proactively to reduce the risk of a future conflict. The messages coming from China are primarily demands for the United States to stop doing things China does not like, such as conducting reconnaissance missions in international airspace over the South China Sea.
From a U.S. perspective, when Chinese leaders talk about the new-model relations concept, they are primarily demanding that the United States adjust its behavior to accommodate China’s rise. More specifically, many U.S. observers interpret the new-model proposal as a demand for the United States to stop reacting to Chinese actions that undermine U.S. interests. That is creating a growing suspicion on the U.S. side that the real goal of the new-model concept is to solve the power transition problem by keeping the United States quiet while China slowly chips away at fundamental U.S. national interests, thus diminishing U.S. power in a so-called peaceful way.4

It is important to note that most participants in the October dialogue do agree that the new-model relations concept can serve as a useful exercise. From a U.S. perspective, however, that utility depends on Chinese actions. If Chinese leaders take actions soon that demonstrate in a concrete way what China is prepared to do to reduce the risk of bilateral conflict, that will be a major step forward in reducing current U.S. concerns. As with the U.S. rebalance issue, policy statements will not be enough to demonstrate true intent; it is policy actions that matter most.

No common vision for China’s integration into the global order

The United States and China have not yet figured out how to adapt the current global order to provide growing representation for Chinese interests without threatening those of the United States. The issues in the global arena are vast and complicated, including the thorny triangular relationship between the United States, China and Iran; cybersecurity; differences between Chinese energy interests in the Middle East and U.S. goals for stability in that region; maritime sovereignty; and the U.S. drawdown in Afghanistan and what that might mean for bordering China.5

As China rises, its economy is becoming increasingly dependent on the current U.S.-led global order, which creates two problems. First, Chinese leaders fear that dependence exposes them to unacceptable economic and security risks, so they look for opportunities to hedge against those risks, some of which require costly resources to maintain.6 For example, when the United States resisted giving China and other developing nations more voting power within the World Bank and International Monetary Fund, or IMF, China responded by joining forces with other underrepresented nations to form the New Development Bank, or NDB and the Contingent Reserve Arrangement, or CRA. The NDB and CRA are potential alternatives to U.S.-led financial institutions such as the IMF and the World Bank, and forming those alternatives requires China to spend more time, political resources, and capital than it would to continue investing in and reforming existing institutions.

The second problem is that when Chinese leaders take these hedging actions to protect their own national interests—such as forming new alternative global financial institutions outside the realm of U.S. influence—the United States tends to view those actions
as a move to undermine the current U.S.-led global order. From a Chinese perspective, the United States needs to recognize that as China rises, it will need a bigger seat at the table and more room to breathe. The United States, however, is still wary of giving China that bigger seat and breathing space because U.S. leaders are still unsure what Chinese leaders may do with increased global power.

As with all fundamental problems in U.S.-China relations, it is actions rather than words that can turn the tide. The United States should look for opportunities to actively engage China in international decision making in low-risk way, and China should look for opportunities to actively demonstrate that it will use those new opportunities responsibly. The eight U.S. and eight Chinese essays in the three Center for American Progress conference reports offer multiple ideas for both sides to consider.7

Cooperation on energy and climate issues serves a critical role that goes far beyond the energy and climate space

Even in private discussions at the track II level, the energy and climate track has become the undisputed anchor for the bilateral relationship. That anchor should be protected against future political shifts in either nation.

On issues regarding security in the Asia-Pacific and U.S. versus Chinese perceptions of global order, the October conference discussions sometimes became rather heated. Even when discussing these issues in a private group and among friends, U.S. and Chinese observers have fundamentally different views. In contrast, on energy and climate change, the divides are primarily technical in nature. To be sure, global climate negotiations can be very heated, but at a bilateral level, U.S.-China commonalities seem to outweigh U.S.-China differences in this space. Even more importantly, U.S. and Chinese leaders have been able to leverage those common interests to make real progress on pressing challenges. In the past two years, U.S. and Chinese leaders have signed new agreements and launched new projects on issues ranging from smart grid technology to the reduction of hydrofluorocarbons, or HFCs.8

The steady progress on energy and climate change serves as an invaluable anchor for a relationship that also covers issue areas where the two nations have less common ground. In the October dialogue, many heated discussions on security issues ended with someone commenting, “Well, at least we have energy and climate.” That comment alone was often enough to shift the group’s mindset from frustration to cooperation, because the breathtaking progress the United States and China have already achieved in the energy and climate space serves as proof that as deep as the differences may be, the United States and China can eventually overcome them.
For more detail on issues that arose in the October conference discussions, see:

• Exploring the Frontiers of U.S.-China Strategic Cooperation: Energy and Climate Change
• Exploring the Frontiers of U.S.-China Strategic Cooperation: Visions for Asia-Pacific Security Architecture
• Exploring the Frontiers of U.S.-China Strategic Cooperation: Roles and Responsibilities beyond the Asia-Pacific Region

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For perspectives from other participants in the October 2014 dialogue, please reference their individual essays.

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Endnotes

2 Ibid.
3 Ibid.
4 Ibid.
6 Ibid.
7 Ibid.