From Engagement to Rivalry: Tools to Compete with China

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To arrive at a new consensus, the United States needs to address the weaknesses in Americans' knowledge of China while rethinking the connections between the ways China is analyzed and how policy is made.

The U.S. National Security Strategy, published in December 2017, marked a historic break in U.S. policy toward China. The White House explicitly judged the policies of previous administrations to be a failure and closed the door on engagement as the primary mode of U.S.-Chinese relations. Before the Trump administration, U.S. policy was based on the assumption that a China governed by the Chinese Communist Party could be socialized within the international institutions of the West. Engagement at all levels — commercial, scientific, military, diplomatic, educational, and people-to-people — was expected to convince Chinese leaders of the benefits of accepting a liberal international order and persuade them to become, in the words of then-U.S. Deputy Secretary of State Robert Zoellick, a “responsible stakeholder” in that order. The assumption had endured through seven U.S. presidencies, but the National Security Strategy explicitly judged, “This premise turned out to be false.”

The Trump administration’s new, more confrontational direction has generated more controversy than consensus. The emerging contours of the “Free and Open Indo-Pacific” strategy reflect a muscular commitment to enduring U.S. interests in a stable Asia-Pacific and to pushing back against Beijing’s revisionism. The statements Defense Secretary James Mattis made at the Shangri-La Dialogue in June appear to be coming to fruition as Secretary of State Mike Pompeo recently announced $300 million for security assistance on top of $113 million for technology, energy, and infrastructure initiatives. Many observers would support such measures, but other aspects of the administration’s policies have caused unease among some even as they achieved results. To begin with, the United States has withdrawn from the Trans-Pacific Partnership, which the Obama administration had made the signature economic initiative of its Asia-Pacific rebalance. Meanwhile, the Trump administration successfully pressured China to enforce sanctions on North Korea but also generated fears of war. The administration’s trade actions and tariffs may not resolve the U.S.-China trade imbalances, but they appear to be pressuring China’s leaders, particularly Xi Jinping, in novel ways. The strategic shift, however, has not yet addressed the first-order questions that have dogged U.S. policy in Asia under past administrations: Is the United States willing to use force in the region, and how feasible are U.S. objectives while the Communist Party governs China?

The strategic shift in U.S. policy toward China has not been locked in either bureaucratically or politically. Although the Trump administration has reopened an important conversation that had been closed for decades, it ultimately may not be the one to build a new policy consensus on China. Washington’s friends in Asia worry that American partisanship may prevent future policymakers from recognizing the Trump administration’s achievements in the region. Nevertheless, Washington and Beijing will not return to the old status quo. This moment in time marks a transition from seven administrations’ policy of engagement to a nascent, emerging position. Because the United States is not yet ready to resolve first-order questions about its policy aims, any strategy is transitory. For now, the best answers can only describe the tools and considerations that must be a part of the U.S. recalibration.

To arrive at a new consensus, the United States needs to address the weaknesses in Americans’ knowledge of China while rethinking the connections between the ways China is analyzed and how policy is made. Chinese power is an issue the United States will grapple with for years to come, and the relative difference in power between the two countries is shrinking, especially along China’s periphery. Washington needs to be able to maximize its leverage and make the most of opportunities to affect the Chinese Communist Party-state. Taking advantage of political leverage will require affecting party leaders at a personal level. The vicious politics of the Chinese Communist Party opens up fissures among the leadership at least once every political generation. Such openings can and should be exploited to advance U.S. interests. Improving U.S. understanding of China and orienting the U.S. government toward identifying and exploiting opportunities will require paying greater attention to the ways the Communist Party seeks to shape foreigners’ understanding of China. Washington needs to be prepared to act and must reengage in a discussion of values that has been left on the sidelines for too long. Even if the Trump administration’s more competitive course of action is not maintained by subsequent administrations, an engagement-oriented approach will still require adjustments to better protect U.S. interests.

An Inevitable Break

A dramatic shift in U.S.-Chinese relations was on the horizon no matter who won the U.S. presidential election in 2016. The assumptions underpinning bilateral relations had long strained against day-to-day realities. The two most important assumptions were that U.S. engagement would lead to a more liberal China (if not the demise of the Chinese Communist Party) and that shared long-term interests would lead to cooperation. The 2017 National Security Strategy was explicit about the failures of this approach.

Most notably, American aspirations for a more liberal — even if not democratic — China collided with the hard facts of what the Chinese Communist Party was willing to do to survive. The National Security Strategy stated, “For decades, U.S. policy was rooted in the belief that support for China’s rise and for its integration into the post-war international order would liberalize China.” Even Richard Nixon justified engaging the Chinese Communist Party on the basis of hoped-for, long-term political change. This hope became entrenched after the end of the Cold War removed the strategic logic of using U.S.-China relations as a counterweight to the Soviet Union. Commercial, rather than strategic, engagement would supposedly moderate and ultimately liberalize China’s politics and economy.

Signs that the Chinese Communist Party was resisting the direction U.S. policymakers had envisioned arose early in the post-Cold War era, but the rise of Xi Jinping has brought American hopes of political reform crashing down. Early on, the party relentlessly shut down discussion of the Tiananmen Square demonstrations of 1989 and jailed the movement’s student leaders. Chinese leaders also studied how best to use and shape market forces for the benefit of the Communist Party, giving the impression of regulatory liberalization while some in the business community became party members. Signs of retrogression soon became unmistakable under Xi. The playbook for Xi’s leadership leaked out in what is known as Document No. 9 in the spring of 2013. The document identified perceived threats to the regime from, among other sources, universities, civil society, and the news media. Each has received special attention from the Xi government, and new regulations and legislation have expanded on the activities that must receive prior approval. The creation of concentration camps for Uighurs, the arrest of relatives of journalists who reported the story for a U.S.-government-funded news outlet, and the detention of Uighurs who are in contact with people outside China mark the extreme end

6 Other lesser, but nonetheless important, assumptions included that the Chinese Communist Party could accept the U.S.-led international liberal order, that a more prosperous China would be a more peaceful China, that Chinese Communist Party leaders are persuadable and could put down their Leninist view of world politics, and that the party’s propaganda apparatus would remain a domestic actor, not an international subversive threat.


8 Mann, The China Fantasy, 101–12.

of the party’s internal repression.10 Lest readers think the Uighurs suffer from oppression by the Han Chinese majority rather than that of the party specifically, it should be noted that Beijing’s repression is broad. The party has cracked down on Chinese Christians while pressuring the Vatican to cede its authority to appoint church leaders in China.11 Moreover, all Chinese citizens are subject to the ever-more invasive and comprehensive electronic surveillance slowly being integrated into a policy framework for inducing and coercing behavior the party wants.12

Critics of the Trump administration’s aggressive approach argue that U.S.-Chinese relations after the Cold War were driven primarily by U.S. interests rather than a naïve hope that the Chinese Communist Party would liberalize. There was nothing wrong with past policy, these critics say, and U.S. presidential and policy statements about political liberalization did not represent what policymakers were actually thinking. As former U.S. ambassador to China J. Stapleton Roy observed about today’s debate, “Such critiques often fail to distinguish between the way Washington publicly justifies its policies, by referring to values, and the way it actually formulates them, by putting national interests first.”13 Those interests, however, seemingly became formulaic assumptions that went untested as China evolved.

U.S. policymakers and analysts had assumed or hoped that if the two countries shared long-term policy interests, cooperation would eventually result. For years, they proclaimed the same areas of overlapping interest: maintaining a non-nuclear Korean Peninsula, arresting climate change, working for nonproliferation, and building commercial ties. National Security Adviser Sandy Berger highlighted these points in a 1997 speech entitled “Building a New Consensus on China.” Engagement, he argued, was needed to maintain cooperation on “the spread of weapons of mass destruction; our increasingly complex commercial ties; stability on the Korean peninsula; and the health of the global environment.”14 More than 20 years have passed since Berger’s speech at the Council on Foreign Relations, yet the same areas remain singled out for cooperation despite Beijing’s changing behavior, growing military power, and increasing internal political repression.15 And among those cited interests, the record is mixed.

Cooperation on stopping the spread of weapons of mass destruction yielded uneven results, but key takeaways from U.S.-Chinese agreements never materialized. As Berger said in 1997, “China is neither as bad as some portray — [n]or as good as we would like.”16 In 1985, Beijing and Washington signed a Civilian Nuclear Cooperation Agreement — a so-called 1-2-3 Agreement — to facilitate the transfer of U.S. civilian nuclear expertise and equipment to China to help modernize its nuclear industry. The agreement included a Chinese commitment to build an export control system to monitor and certify the export of sensitive and dual-use technologies. That system remains unbuilt more than 30 years later. Instead, U.S. officials work through a Ministry of Foreign Affairs

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that often is outranked and outgunned politically by the companies it must regulate, and that is assuming the ministry is even prepared and able to act on a U.S. request.

Commercial ties between American and Chinese firms have grown increasingly complex. Both sides have benefited from continued expansion, but Chinese political pressure has also mounted on U.S. companies. Surveys of foreign multinational companies in China have found growing pessimism regarding the regulatory and policy environment despite confidence in the country’s economic future.17

Robert Lighthizer, the U.S. trade representative in the Trump administration who was also deputy trade representative during the Reagan administration, argued nearly a decade ago that many of the promised benefits of China’s accession to the World Trade Organization (WTO) had failed to materialize. Proponents had argued that the trade deficit would shrink, that U.S. companies’ market access would improve, and that there would be no downside for the United States. Instead, the trade deficit grew. And while U.S. companies did get more access to Chinese markets, they continued to pay for that access through joint ventures and technology transfers. Between 2000 and 2009, the United States lost a third of its manufacturing jobs in a sharp decline that began after China joined the WTO.18

One of the most significant failures following in the wake of China’s incorporation into the WTO has been the persistence of intellectual property theft and its movement up the value chain from cultural products, such as movies, to telecommunications and semiconductors.19 When Robert Kapp, then president of the U.S.-China Business Council, testified before Congress in support of granting China permanent normal trade relations and supporting its WTO ascension, he argued that leverage would be gained rather than lost by integrating China. Beijing’s participation in the WTO, he said, would give companies recourse to “such offensive habits as the requirement that foreign companies transfer technology in order to do business in China.”20 Today, however, forced transfer remains a key element of Beijing’s strategy to acquire foreign technology, and the scale of China’s intellectual property theft arguably has increased.21

Sustained Chinese cooperation on North Korea, meanwhile, has been at least as much a product of U.S. pressure as solicitation and persuasion. Since the 1990s, the Chinese Communist Party leadership has consistently prioritized North Korea’s stability over preventing its nuclearization.

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The U.S. sanctions on Macao-based Banco Delta Asia, in late 2005, put pressure on Beijing and Chinese banks even as the equivalent of $24 million to $25 million of North Korean money — a small sum in the context of international relations — was frozen. The sanctions implicitly threatened Chinese banks doing business with North Korea and significantly restricted North Korea’s access to the international financial system, despite its access to China.22 This pressure helped bring about another round of six-party talks. As pressure and scrutiny eventually lifted, Chinese companies renewed their efforts to skirt and undermine the sanctions regime.23 The latest round of official Chinese cooperation began in April 2017 with the presidents’ meeting at Mar-a-Lago, during which Xi pledged to work with the Trump administration on North Korea. Beginning in June 2017, Beijing supported stronger sanctions in the U.N. Security Council five times, most notably in September and December.24 As further cooperation failed to materialize, the Trump administration imposed sanctions on Chinese companies, linked possible U.S. trade actions against China to outcomes on

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the Korean Peninsula, and implied that Chinese banks that continue to do business in North Korea also would be sanctioned.25

Chinese cooperation on climate change has also been less than forthcoming. Although a number of agreements have been signed, rarely have funding commitments to back U.S.-Chinese initiatives for climate change and energy cooperatives been present.26 The much-heralded 2016 climate agreement with the Obama administration committed Beijing to meeting benchmarks that it had already established domestically.27 This has left cooperation mostly to the private sector, with mixed results, both because of Beijing’s industrial policies and its condoning of intellectual property theft. For example, in 2005, the Chinese state-owned company Sinovel began working with the American company American Superconductor (AMSC) on wind turbines and electricity distribution. The relationship fell apart in 2011, however, when Sinovel paid a former AMSC employee to steal the U.S. company’s source code and Sinovel then reneged on $800 million in contracts with that same company.28

Taken together, what does all this mean? It is not that U.S.-Chinese cooperation was a fiction but, rather, that the areas of cooperation were intrinsically problematic. Pretending that these joint efforts were genuine or were anything other than a U.S. vision of China’s interests resulted in a frail superstructure. U.S. policymakers and commentators had to overlook Beijing’s failure to honor its commitments and pretend that the absence of Chinese actions was not a deliberate choice but, instead, a sign that decisions had not been made.

**Obstacles to a New Approach**

Locking in a new approach to U.S. policy toward China will be more difficult than many critics of the past engagement policy seem to think. Americans disagree about not only the degree to which the policy must change but also the degree of competitiveness that will be required. Former State Department officials Kurt Campbell and Ely Ratner have suggested that the way forward begins simply: “The first step is relatively straightforward: acknowledging just how much our policy has fallen short of our aspirations.”29 Many old hands, however, dispute the assertion that U.S. policy toward China has fallen short or failed to deliver on its promises. The policy basically worked, in their view, and few adjustments are necessary.30

Even supposing, however, that U.S. experts on China and U.S.-Chinese relations agreed on the need for new policy initiatives or even a fundamentally different approach, more significant barriers must be overcome to move forward with new plans.

The first such barrier is the relatively low degree of knowledge about China and the Chinese Communist Party at senior levels of the U.S. government and among American society in general. Ratner noted in a podcast interview this year that while senior U.S. officials seem to understand Ukraine and Syria in fairly granular detail, they repeatedly need to be reminded about basic geography and policy regarding China. The constant need for education wastes time and energy, and it inhibits a more far-reaching discussion about how to address the illiberal challenges of a China led by its Communist Party.31 Such limited knowledge also makes it difficult for the president and others to appreciate the quality (or lack thereof) of China-related materials. They would have to rely almost entirely on instinct to evaluate the arguments presented to them.

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The Strategist

The low level of knowledge also leads to analogizing about China rather than assessing China for what it is. Analogies are unavoidable in the absence of direct knowledge. But the carefulness required in structuring useful comparisons has not been employed when China is likened to Weimar Germany or Xi Jinping to Charles de Gaulle. The late Ernest May and Richard Neustadt argued that historical analogies had limited value unless they were structured deliberately. Because historical analogies rip events out of their context, such analogies may mislead more than they inform.

Americans’ relatively low level of knowledge about China leads to a second barrier: the Chinese Communist Party’s messaging about U.S. policy toward China. The party presents the policy options for dealing with China as a binary choice. Yet, only occasionally are such decisions truly so limited. Even the most glaring choice, recognizing the People’s Republic of China or Taiwan (Republic of China), is not so clear-cut, in part because many countries maintain ostensibly informal, but robust, diplomatic ties with Taiwan. As Singapore’s former senior-most diplomat, Ambassador Bilahari Kausikan, described in a recent speech, “This technique of forcing false choices on you and making you choose between false choices is deployed within a framework of either overarching narratives or specific narratives. … The purpose is to narrow the scope of choices.”

One of the most notable false choices reinforced by Beijing’s messaging remains that between engagement and containment. Chinese Communist Party mouthpieces and propagandists regularly accuse the United States of containing China, employing a “Cold War mentality,” and stirring up the “China threat theory” to encourage other countries to demonize China.

A final barrier to reaching a new policy position is that the United States — and presumably other countries that do not have as substantial a China-watching community — does not have a team to take the field. This is not so much a question of China-specific knowledge on the part of policy practitioners but, rather, the marriage of knowledge about China, policy tools, and competitive strategy. Too much of the existing talent has been conditioned by the long-held engagement policy. Engagement and competition require fundamentally different mind-sets and thinking through a different set of questions. Engagement as a policy direction presupposes that interaction is fundamentally good and that opening China to academic, business, and civil-society ventures is beneficial to U.S. interests. Competition, by contrast, raises first-order questions, such as whether there are long-term benefits to U.S. businesses operating in China or whether Beijing’s policies are incompatible with U.S. long-term interests.

Building this team while transcending partisanship will not be easy. Americans inside and outside government have knowledge about China, policy, or strategic competition, but there are very few with expertise in all three. Ensuring that people with expertise in one or two of these areas gain the necessary additional knowledge requires not only time but also taking such individuals out of active roles while they focus on acquiring additional expertise.

A Toolkit for the Transitional Phase

Until a new China policy is more firmly locked in bureaucratically and a new consensus about China is reached, proposing an overarching strategy and set of objectives is premature. The U.S. discussion may be more open than it has been in years, but first-order questions about the ultimate objectives of China policy have not yet been reassessed and answered. The United States sits in a transitional phase, at least until the Trump administration solidifies bureaucratic policy guidance and a subsequent administration builds from its foundation. What directions succeeding administrations take, of course, may vary, regardless of whether they are Democratic or Republican. For the near future, it is more appropriate to assess U.S. policy tools and how to maximize leverage rather than trying to pin down an overall strategy.

Washington needs to expand its toolkit beyond the military dimension, regardless of what the future holds for U.S. policy and U.S.-Chinese relations. U.S. economic and military predominance has maintained stability in East Asia for decades. In recent years, Beijing has undermined and challenged the credibility of U.S. power — or at least


Washington’s willingness to use it. Beijing’s steady expansion and consolidation in the South China Sea from 2012 onward exposed the gaps in U.S. military power in the region and Washington’s policy of deterrence. The Chinese seizure of Scarborough Shoal and subsequent island construction showed that Washington was not prepared to use military force or to place U.S. sailors and pilots in harm’s way to push back against China. These dilemmas also highlight the necessity of strengthening Americans’ psychological willingness to use leverage wherever it might be found. Refrains about the limitations of U.S. influence have more to do with a lack of conviction than a lack of ability. Sens. Ben Cardin of Maryland and Marco Rubio of Florida put forward at least one alternative to using military force in China’s maritime periphery, but their bipartisan legislation to sanction Chinese firms engaged in island-building never went anywhere.35

Building U.S. capacity to compete with China more comprehensively and effectively will require a political-power-centric and opportunity-oriented research agenda, a concentrated effort to build leverage, and counterintelligence and counter-interference efforts to preserve the integrity of U.S. policymaking. A power-centric research agenda would evaluate the Chinese Communist Party’s susceptibility to pressure. Opportunities are fleeting, and attitudes change. One day, the general secretary of the Chinese Communist Party may not have the loyalty of the People’s Liberation Army. Another day, he may have installed loyalists at the upper ranks. Leverage should be built over time and prepared for the moment when it can have the most impact. To make use of leverage at the point Chinese leaders are most vulnerable, the integrity of the U.S. policymaking system must be secure so that Washington can be ready to act when opportunity knocks. Each of these points is outlined more fully below.

A New Analytical Approach

First, U.S. policymakers need a different way of ordering their knowledge and thinking about China issues. Opportunities to influence the Chinese Communist Party in a significant way come along only once or twice in a political generation. The vicious “you die, I live” (你死我活) kind of politics that is practiced in China inevitably opens up leadership fissures. U.S. policymakers need to better understand how political power is wielded within the Communist Party. Shaping and responding to Beijing’s behavior requires influencing the individuals who decide policy. U.S. policymakers must understand the sources of Chinese political power to understand which ones Chinese leaders must control or neutralize in order to succeed and how, exactly, they do so. Understanding these leadership dynamics will facilitate Washington’s efforts to cajole or coerce Beijing by seeing opportunities as they arise.

Most U.S. analysts examine the Chinese Communist Party through an institutional lens that largely excludes the human element of politics from the equation. The amount of rumor-mongering and deliberate disinformation fed to journalists makes it difficult to evaluate that human component of Chinese politics. Rather than try to sift the wheat from the chaff, those practicing the institutional approach focus on authoritative sources and the kinds of information that can be tracked through official media.36 For example, in the discussion of Xi Jinping’s political power in 2014, one institutionalist narrowly evaluated Xi’s power according to how he had changed (or not changed) party slogans about the leadership core and collective leadership,
concluding that Xi’s power was simply gifted to him by the party. This approach ignored many of the reasons other analysts considered Xi powerful, because they related to subjective measures about elite networks, purges, and symbolic politics.

It is critical to understand party institutions, but analysts cannot stop there on the assumption that Chinese politics has become institutionalized. The basic structure and guidelines within which the Communist Party operates are merely a starting point. The Chinese Communist Party is still ruling a country, and politics cannot be avoided. Resources — such as time, attention, and money — are limited, and they must be allocated according to political considerations. Wherever humans operate, there will be personal politics. The robust academic literature of organizational studies expresses the truism that no matter how meritocratic or rules-based an organization becomes, decisions about personnel at the leadership level will always be political. A healthy organization produces more potential leaders than it has positions to fill. Institutions, training, and promotion guidelines ensure a minimum level of competency and open the opportunity for promotion. Deciding who gets what position necessarily depends on personality, power, and networking.

The Chinese political landscape cannot be understood without reference to power. The age-old questions of “Who decides?” and “Who benefits?” are as important as the party lines in official propaganda and the content of party documents. Party leaders have empowered and undermined different party and state institutions, depending on the needs of the moment and their competitors’ strengths. Institutional arrangements to control state power, such as the Central Security Commission, have also been created when organizational and technological change has given the party-state new capabilities to monitor, influence, or hurt the leadership. The institutions of the Chinese party-state need to be evaluated as more than mere technocratic expressions of rational governance.

Power also cannot be separated from individual politicians. Some Chinese leaders possess an intuitive sense of political symbolism and propaganda. Others know how to work the party bureaucracy. Still others carry meetings with the force of their personality. Human virtues and frailties are as much a part of the Chinese system as any other. Although no approach will describe a leader’s political instincts accurately and authoritatively every time, this human element cannot be dismissed. At the very least, important questions about how leaders exercise influence must be part of the discussion of contemporary China.

Building Leverage

Second, if political power is as personal as it is institutional within the Chinese Communist Party, then building leverage means focusing on what matters to individual leaders and the institutions that support them. The U.S. government has not pursued this path with any sort of regularity. The most obvious target is the vast wealth of Chinese party leaders. Not all of this wealth is tied up inside China. Some of it is entwined with China’s most significant multi-national companies or hidden in foreign banks, making the party leaders vulnerable to financial sanctions.

The Global Magnitsky Human Rights Accountability Act, passed in 2016, provides legal authority to target Chinese Communist Party leaders and their agents. The act allows Washington to block or revoke visas as well as to sanction the property of those who are responsible for, or acted as an agent of, someone responsible for, “extrajudicial killings, torture, or other gross violations of internationally recognized human rights.” Individuals can also be targeted if they are government officials or senior associates of government officials complicit in “acts of significant corruption.” Chinese abuses that qualify as gross violations and significant corruption have grown rapidly in the past several years, with examples including the detention and torture of the “709” rights lawyers — so named for the July 9, 2015, crackdown on lawyers and activists — as well as the detention of several hundred thousand Uighurs in concentration camps.

Given the kind of direct pressure that could be brought to bear on Chinese leaders, such leverage must be used judiciously, if at all, on a day-to-

day basis. Whether the stakes are sufficiently high depends on how clearly the administration outlines its objectives. Even within the previous engagement framework, a genuine opportunity to pressure the Chinese system toward liberalization — such as might have appeared in the early days of Deng Xiaoping and Hu Yaobang — could have constituted worthwhile use of such direct means to discredit opponents of political liberalization. Ultimately, the United States must build the knowledge and capacity to influence individual Chinese leaders knowing that such information could work under multiple policy frameworks, not simply the Trump administration's strategic shift.

The usefulness of such leverage also depends on what actions China may take in response. The same vulnerability of the Chinese system that creates opportunities for U.S. influence also creates risk. Communist Party leaders' paranoia and self-awareness are filters for their perceptions: They see the United States as their principal foreign adversary and they know when they are exposed. They will act to shore up their position as Mao Zedong did with the Taiwan crisis in 1958 and by exploiting the Nixon-Kissinger gambit in 1971 and 1972, or as Deng Xiaoping did with Vietnam and the United States in 1978 and 1979 and in rebuffing American pressure after the June 4 incident at Tiananmen in 1989.

**Counterintelligence and Counter-Interference**

Third, any long-term strategy — especially one built around the idea of exploiting opportunities when they arise — must ensure the integrity of U.S. policymaking. This requires effective counterintelligence to prevent the penetration of U.S. policy circles for intelligence collection and building influence. The public record suggests that the state of U.S. counterintelligence — or that of other allied states — on China leaves much to be desired. Effective counterintelligence is not merely a question of capability but also one of integration with national strategy. As I and others in the U.S. intelligence community saw firsthand, counterintelligence functions are almost entirely separate from the rest of intelligence and policymaking.\(^{40}\) Engagement as the dominant strain of China policy played down the need for counterintelligence — if interaction is good, the thinking went, then risk assessment of U.S.-China engagement is mostly unnecessary except in rare cases where U.S. laws were broken. The absence of a counterintelligence perspective meant that the Chinese Communist Party's robust and comprehensive system for shaping foreigners' perceptions went largely unnoticed, despite its demonstrable importance to party leaders.\(^{41}\)

The U.S. government has failed to prosecute or has bungled investigations into Chinese espionage often enough to warrant concern. The failures of counter-espionage may not, at first glance, appear relevant to the issue of Chinese Communist Party interference. Yet, the elements of the U.S. intelligence community and the Justice Department that perform counter-espionage are the same ones that will take the lead on countering Chinese interference. If they have difficulty prosecuting (relatively speaking) straightforward Chinese espionage cases, then countering Chinese Communist Party interference is likely to be too complicated for them.\(^{42}\) Successful espionage prosecutions are the analytical, investigative, and legal training ground for the capabilities the U.S. government needs to deploy in order to counter the party's covert, corrupting, and coercive interference. Failure to handle possible espionage cases well alienates many Chinese-Americans, who have reasonable concerns about rushed to judgment but whose cooperation is essential when Beijing tries to exploit the Chinese diaspora. Moreover, such weaknesses let those breaking the law in support of Communist Party interests know that the risk of consequences for their behavior is low.

The U.S. government cannot be the only actor countering Chinese Communist Party interference. A democratic government's resources focus on purely illegal activity. This means that academics, think tank researchers, and journalists have

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42 Examples of potential failures to prosecute successfully include incidents involving former FBI informant Katrina Leung and University of Management and Technology President Yanping Chen. Examples of apparent rushes to judgment include allegations involving Los Alamos nuclear scientist Wen Ho Lee, Temple University physics professor Xiaoxing Xi, and National Weather Service hydrologist Sherry Chen.
a significant role when it comes to exposing these operations and informing public debate.43

In Australia, a handful of journalists reporting steadily since 2014 brought the issue of Chinese Communist Party interference in domestic politics to light and pushed it into the public discussion.44

In New Zealand, one scholar cracked the news threshold by releasing a paper on the Communist Party’s united front work on the eve of last year’s election.45 In the United States, a smaller number of people — primarily reporters for Foreign Policy (now at the Daily Beast) and the Washington Post46 — helped put the party’s interference operations into public consideration. Without this attention, Australia arguably could not have overhauled its counter-espionage laws and passed legislation this summer aimed at transparency for elections and consequences for acting as a foreign agent.47

A New Starting Point

The toolkit outlined above reflects the requirements of crafting a long-term, competitive strategy. But rethinking the toolkit is only a beginning. A larger conversation is needed about this new period in U.S.-China relations. The past policy of engagement promoted ties of all kinds and at all levels, with only a few restrictions legislated by Congress or treaty commitments. Moving away from this approach will require new modes of thinking as well as reapplying American values to the question of how to engage with the Chinese party-state.

First, recalibrating engagement with China requires a deliberate discussion of U.S. values, what those values mean, and how Washington should be prepared to act based on them. There is no substitute for this conversation. Vague assertions of supporting a liberal international order have proven insufficient as a lodestone for action. The absence of a U.S. response to Chinese aggression — not merely in the South China Sea but also with regard to intellectual property theft and coercion against U.S. citizens in the United States — emboldens the Chinese Communist Party. These issues demonstrate Beijing’s rejection of core democratic and capitalist values, suggesting the basic incompatibility of the two systems.

Even if it were desirable to regulate all aspects of American interactions with the People’s Republic of China, public discussion would still be necessary. As noted above, government resources will focus on the illegal side of Chinese Communist Party activities, rarely if ever monitoring the broader scope of interaction. In a democratic state, there is no justification for sweeping government surveillance. This means that what is appropriate — rather than what is illegal — should be a matter of public debate. Is academic freedom in U.S. universities compatible with the values of the Confucius Institutes?48 Should U.S. research labs collaborate with Chinese companies that work with the Chinese military? What degree of distance should Chinese organizations have from the party-state to be considered potential partners for U.S. organizations? These and similar questions cannot be divorced from American political and civic values.

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43 As a matter of disclosure, I should note that I have played a small, but longstanding, role in public conversations related to the Chinese Communist Party’s interference efforts, especially in Australia and the United States, since 2014. I have spoken with reporters and been cited in numerous related articles published by, among others, the Sydney Morning Herald, Australian Broadcast Corp., the Washington Post, Foreign Policy, the Economist, and Financial Times.


46 Respectively, Bethany Allen-Ebrahimian and Josh Rogen.


Second, the United States needs to hold up the standards that flow from U.S. values and policies. Far too often in this bilateral relationship, agreements and commitments have been allowed to slide. Statements of what cannot be are forgotten in the face of Beijing’s willingness to act, while U.S. leverage has been undermined by an unwillingness to act. Deputy Assistant Secretary of State Alex Wong eloquently made this argument about the trade regime:

[You] have to enforce the rules of free trade. You have to ensure that nations cannot abuse the rules, cannot force technology transfer, cannot steal intellectual property. If you don’t do this, if you don’t enforce the rules of free trade, what ends up happening is that over time, the free, fair, and reciprocal trading regime is weakened, and that’s to the detriment not just of the United States’s prosperity but to the prosperity of the region and the world as a whole.\(^\text{49}\)

The most egregious example of not upholding standards is the lack of response to intimidation and coercion against U.S. citizens and residents on U.S. soil. During the Olympic torch relay ahead of the Summer Games in Beijing in 2008, Chinese security officials orchestrated violence against protesters and coordinated efforts to divert or block demonstrators in San Francisco. The U.S. government passed the identity of some of these Chinese officers to Australia so that Canberra could deny entry visas to them. But that appears to be the end of the U.S. response.\(^\text{50}\) Rumors and reports of violence against practitioners of Falun Gong surface periodically, including at the Xi-Trump meeting at Mar-a-Lago in 2017. Education counselors from Chinese diplomatic missions visit Chinese students at U.S. universities or contact family members to intimidate them or request evaluation and performance requirements, officials who make it to the Central Committee are the .01 percent of party cadre. Beyond the rigorous interviewing regimen, and they continue to be evaluated throughout their careers.\(^\text{51}\) Those who make it to the Central Committee are the .01 percent of party cadre. Beyond the rigorous evaluation and performance requirements, officials also need to worry about ambitious colleagues and blackmailers who seek to discredit them as they climb the greasy pole.\(^\text{53}\) They and their willingness to compete should not be taken lightly. Already, in what appear to be the opening stages of a trade war, Beijing’s response to Trump administration actions could deny entry visas to them. But that appears to be the end of the U.S. response.\(^\text{50}\) Rumors and reports of violence against practitioners of Falun Gong surface periodically, including at the Xi-Trump meeting at Mar-a-Lago in 2017. Education counselors from Chinese diplomatic missions visit Chinese students at U.S. universities or contact family members to intimidate them or request evaluation and performance requirements, officials who make it to the Central Committee are the .01 percent of party cadre. Beyond the rigorous interviewing regimen, and they continue to be evaluated throughout their careers.\(^\text{51}\) Those who make it to the Central Committee are the .01 percent of party cadre. Beyond the rigorous evaluation and performance requirements, officials also need to worry about ambitious colleagues and blackmailers who seek to discredit them as they climb the greasy pole.\(^\text{53}\) They and their willingness to compete should not be taken lightly. Already, in what appear to be the opening stages of a trade war, Beijing’s response to Trump administration actions


has targeted U.S. farmers in areas supportive of Trump.  Simply put, competing effectively with China requires serious consideration; in particular, identifying America’s ultimate objectives in order to assess whether the sacrifices necessary to attain those goals are warranted.

**Conclusion**

Whatever the future holds for U.S.-Chinese relations, the status quo has been broken. The unaddressed inadequacies of engagement eroded the policy consensus around bilateral relations to such an extent that, even without a clear policy alternative, engagement has ended. Henry Kissinger, one of the original architects of the U.S. policy toward China that persisted through seven administrations, aptly described the current moment: “I think Trump may be one of those figures in history who appears from time to time to mark the end of an era and to force it to give up its old pretenses.”

Although it would be useful to begin building a new consensus, the partisan climate of U.S. politics seems to preclude the sort of meaningful discussion that would lock in a sustainable bipartisan consensus, even though the next generation of policy hands in both parties think a new China policy is needed. Americans can discuss the tools and animating ideas that are needed to manage U.S.-Chinese relations and protect U.S. interests from a “revisionist China.” The conversation has moved to the point where concrete ideas of how to better understand the Chinese Communist Party and China, and how to be more competitive, must be fleshed out and debated. For many years, the critiques of U.S.-Chinese relations may have been on point, but the recommendations fell short of offering something distinct from U.S. policy at the time.

The approach outlined above is simple. Opportunities should be sought to apply effective leverage on Communist Party officials leading China. The barometer for these opportunities measures the ebb and flow of power across party leaders and institutions. When these opportunities arrive, Washington needs to be prepared to act and to do so in ways that go beyond reciprocity as a guiding principle. Ensuring that everything is prepared for these moments is a job for counterintelligence.

Without secrecy to preserve U.S. leverage and the psychological willingness to use it, no one will be prepared to pull the trigger on pressuring China. If any particular theme runs through the failure of U.S. policy toward China, it is the U.S. government’s unwillingness to act to uphold American values and Chinese commitments. The stakes and interests involved in resolving this problem surely outweigh partisan considerations.

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