Critical Issues Confronting China:
A Few Questions as We Barrel Toward the Brink:
Has the U.S. Thought Through Its Competition with China?
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December 12, 2018

In remarks at the Fairbank Center, Robert Daly responded to critics of U.S. engagement with China by asserting that U.S.-China policy should be based on clearly articulated American interests rather than vague American fears. Daly, Director of the Wilson Center’s Kissinger Institute on China and the United States, pointed out important elements of a China strategy that were neglected by Vice President Michael Pence in his October 4, 2018 speech at the Hudson Institute.

Daly said “engagement” was not simply the exchange of capital, goods, talent, and technology—as Henry Paulson described it in late 2018 in Singapore—but it also included mutual exposure to Chinese and American ideas regarding the good life.” To Daly, engagement resulted not only from a strategy, but from a natural human desire for interaction and mutual discovery following a long period of estrangement. He stated that, although most of China’s progress should be attributed to the diligence and adaptability of the Chinese people, American involvement in China since 1978 had been essential to the PRC’s development.

While Daly considered American engagement policy toward China largely successful, he acknowledged that the U.S.-China security dilemma is real and that the two nations currently have incompatible visions for the Asia Pacific security order. He cautioned that U.S.-China policy should encourage China to have a positive impact on the region and allow for the fact that China can provide a growing number of public goods to its Asian neighbors.

Daly said that Pence’s October 4th speech was a “declaration of hostility to China” founded on legitimate American grievances about Beijing’s behavior, which many other nations share. But Pence’s promise to meet these challenges with force, including his pledge to upgrade the American nuclear arsenal, was not constructive. Daly believed that the challenges posed by China, such as debt-financed diplomacy and China’s effort to infiltrate western democracies, were a consequence of historical and structural forces that have pushed the U.S. and China into a contentious new era.

To focus on these underlying forces and provide guidance for long-term U.S.-China relations, Daly took “the Trump factor” out of consideration by asking a fundamental question: What are America’s real interests vis-a-vis China? He provided a three-fold answer.

1. The first American interest was to prevent China’s dominance over the Asian Pacific region while allowing for an inevitable increase in Chinese influence.
2. The second interest was to prevent China from spreading its illiberal practices beyond its borders. According to Daly, China seeks integration on Chinese terms. Beijing expects other countries to accept its “special characteristics” and prerogatives.
While China claims not to export its ideology or impose conditions on investment, it expects countries receiving benefits from China to acquiesce to Chinese initiatives, such as the militarization of man-made islands in the South China Sea.

3. America’s third interest was to avoid a new nuclear, cyber, and outer-space arms race with China. To avoid mutually assured destruction, Daly emphasized areas, such as combatting global warming and pandemics, where cooperation between the two countries is essential, even in an era of competition.

Daly underlined that, while Americans rightly question some Chinese values and practices, China’s rise and aspirations were largely legitimate. On that foundation, he raised several questions about Mr. Pence’s speech:

- Does it reflect only an obsession of Washington Beltway pundits, or does countering China have a broad base in American public opinion?
- How much capability and influence does the U.S. still have in the Asian Pacific?
- What costs are Americans willing and able to bear in competing with China?
- How much harm (e.g., lowering the living standards of one fifth of humankind) are Americans willing to inflict on China in order to prevail in this competition?
- Realistically, what is the worst that China can do to the U.S., in light of its many constraining challenges—its high debt levels, aging society, rampant corruption, heavy pollution, and suspicious neighbors?
- What end state do Americans have in mind? Practically speaking, what is the least Americans should accept from China?

In closing, Daly suggested that Americans need to reach consensus on trade-offs between core U.S. interests which are set at odds by the emergence of China as a competitor: the tension between American security imperatives and corporate profit-seeking goals; between security and the values of an open society. When asked whether American universities should close technical disciplines to Chinese students, he replied, “Our weakness is inherent in our greatest strength: a vibrant open society.”

Acknowledging the unique challenges posed by China to the U.S., Daly advised both countries to set aside their exceptionalism and focus on their real interests. He concluded with an incisive observation that underlines the current tension: China wants to play an important role in a highly integrated world despite its insular instincts, whereas the U.S. knows that it should accommodate to the reality of rising powers, but its instinct is to maintain its preeminence. Daly called for wisdom, rather than deal-making, to guide this significant bilateral relationship.