[If] there was an opportunity for a new Sino-American understanding, one might reasonably ask whether that window is now closed—as result of decisions made both in Beijing and Washington. And if the window is not closed, what form might that new understanding take?

—JAMES B. STEINBERG
James B. Steinberg

Editor’s Note: James Steinberg presented the annual Ernest R. May Memorial Lecture at the Aspen Strategy Group’s August 2019 Summer Workshop in Aspen, Colorado. The following are his remarks delivered at the meeting. The lecture is named for Ernest May, an international relations historian and Harvard John F. Kennedy School of Government professor, who passed away in 2009. The ASG developed the lecture series to honor Professor May’s celebrated lectures.

It’s an honor to have the opportunity to give the Ernest May lecture this year. Like so many of us at the Aspen Strategy Group, it was a privilege to have the chance to know and work with him—as a mentor, colleague, and friend. Ernest opened our eyes to the enormous importance—and great perils—of using history both to understand contemporary problems and to inform sound policy making.

My talk today is entitled “What Went Wrong?” And there are two reasons why Ernest May’s teachings are an appropriate point of departure for the topic. First, the focus of this talk is to explore the history of contemporary U.S.-China relations, to understand the trajectory that has led us to the current, very troubled period. But, following both May and Karl Marx, the goal here is not simply to understand how we arrived at the world we live in, but to set the stage for our conversations over the next four days—to consider whether and how it is possible to change it1—using history not just to understand what happened and why, but to guide us on what is to be done.

A second reason why this seemed an appropriate topic for the May lecture is that Ernest May had a real appreciation of the importance of East Asia for the United States. Several of his important works focused on the area. He authored a book chapter on U.S. policy toward China at the end of World War II called Making Hard Choices.2 For many years, he chaired the American Historical Association’s (AHA) Committee on American-East Asian relations.3

The question I want to explore today is one that holds particular importance for me, both as a scholar and as a former practitioner. Twenty-five years ago, after Warren Christopher offered me the extraordinary privilege of becoming director of the policy planning staff, the first major assignment he gave me was to focus on how to extricate the Clinton administration from the impasse we had reached with China on the extension of Most Favored Nation (MFN) trade status—following the administration’s early, unsuccessful efforts to leverage MFN renewal to change China’s human rights practices. That assignment led to my first trip to China and what now has been a quarter century of interaction with Chinese leaders, scholars, and the Chinese people. It won’t surprise you to hear me say that the current state of Sino-U.S. relations is far from what I and many others in the Clinton administration had hoped we could achieve those many years ago. Although the ultimate responsibility for decisions about U.S.-China policy rests with the leaders of the two countries, including the two presidents and secretaries of state for whom I worked, the privilege of working at senior levels of government carries a responsibility to account for...
advice offered and to take seriously the question of whether—as was famously said by President Clinton after the U.S. bombed the Chinese Embassy in Belgrade—“mistakes were made.”4 Professor Stephen Walt may believe that foreign policy officials are unaccountable,5 but at least this member of the “blob” takes accountability seriously.

As a scholar, my interest in this question goes beyond the obvious importance of understanding the past and future of Sino-U.S. relations to the broader issue of the question of “agency” in international affairs, generally, and more specifically in great power relations. For policy makers, the importance of agency is a given—why else would anyone suffer all the slings and arrows of public service?—yet in the academy, with its search for parsimonious theory, agency and contingency are often seen as anathema. As a historian, Ernest May privileged the importance of agency, especially the role of political leaders. For example, one of the key lessons he drew about the outcome of the Battle of France was: “Hitler understood the French and British governments better than those governments understood his.”6

The issue I want to explore with you today goes to the heart of the agency question: whether different decisions in Washington or in Beijing, or in both, might have led to different—and perhaps better—Sino-American relations today.

I think it’s safe to say that the Sino-American relations have deteriorated dramatically over recent years. One need only look at the changing rhetoric in Washington—not just in the Trump administration, but in Congress and the think tanks and punditry. Just compare the language of the Joint Statement of Presidents Obama and Hu in 2009, with the Trump administration’s National Security Strategy (NSS) of 2017—or even the statements of many of the current Democratic candidates for president.

First, Obama in 2009: “The two sides reiterated that they are committed to building a positive, cooperative and comprehensive U.S.-China relationship for the 21st century, and will take concrete actions to steadily build a partnership to address common challenges.”7

Now the Trump NSS, which asserts that China, along with Russia, “challenge American power, influence and interests, attempting to erode American security and prosperity. … [They] want to shape a world antithetical to U.S. values and interests.”8

Finally, Senator Elizabeth Warren: “The whole policy was misdirected. We told ourselves a happy-face story that never fit with the facts.”9

As Mark Landler recently observed: “From the White House to the boardroom, from academia to the news media, American attitudes toward China have soured to an extent unseen since Mr. Kissinger’s historic trip.”10

Public opinion, too, has recently turned more negative, particularly in recent months. It is important to note, however, that the public is much less negative than our political leaders and that the increased concern about the China threat largely comes among Republican voters.11 Indeed, favorable U.S. attitudes toward China actually rose following Trump’s election and even today are higher than in the 1990s.12

For some, this trajectory of Sino-American relations is not surprising. They have long argued that conflict between the United States and China is unavoidable—a product of the inherent tensions between an established and rising power.13 If we accept this view, then the policy question—both in the past and in the future—is not how to improve Sino-American relations but rather how to prevail in the foreordained contest. Taken at face value, this view suggests that if anything “went wrong,” it was the failure to understand from the outset that China and the United States were destined to compete in what the organizers of this year’s Aspen Strategy Group have called “The Battle for Primacy.” If any mistakes were made, they were mistakes that came from the belief that a better, more cooperative relationship was possible.
This is a pretty bleak assessment about the future. Even if military conflict is not inevitable, it’s hard to see how this view produces anything except a prolonged, costly, and potentially dangerous struggle between two militarily and economically powerful states across the full range of policy issues. “Game on” in the battle for primacy in which each side has the determination to prevail rather than submit.

But for those of us who question the premise, there is a heavy burden to show that an alternative path was possible in the past and may still be possible in the future. In this lecture, I want to focus on the past to see whether different choices might have produced a better outcome—thus suggesting, though not guaranteeing, that choices in the future too might lead to a more optimistic result.

Framing the question this way naturally leads to a counterfactual exercise. If we can’t construct a plausible counterfactual story that would have led to a better outcome, then the result of the exploration will lead us back to the alternative hypothesis—namely that the current state of affairs was either inevitable or perhaps it is even better than it might otherwise have been.

This is no small challenge. Counterfactual assertions are easy to make—and often resorted to, not just in the academy, but in the world of politics. But they are inherently impossible to prove. Yet, despite the formidable methodological challenges, counterfactual analysis is an indispensable part of the analytic tool kit. Near the end of Strange Victory, May’s magisterial study of the fall of France in 1940, he observes, “though many historians raise eyebrows at counterfactual speculation, I think it integral to any historical reconstruction. … I simply choose to say explicitly that if condition x had not obtained, the actual events probably would not have gone as they did.”

We have few tools available to us to assess the validity of counterfactuals; Ernest himself often confidently offered rather definitive conclusions that might startle a political scientist: in Strange Victory, he asserted, for example: “intelligence analysis was an integral part of German operational planning: without it the odds against Germany adopting anything like the final version of Plan Yellow would have been at least two to one.” A number of insightful political scientists, including Jack Levy, Richard Ned Lebow, Steve Weber, Philip Tetlock, and Aaron Belkin, have offered valuable suggestions on better and worse ways to apply counterfactual analysis to international relations.

So now to the substance of the talk. What different decisions might the U.S. and China have made over the past thirty years that would have produced a better outcome in Sino-American relations today? By better, I mean a relationship that featured more cooperation across a range of issues—security, economic, and political—and less risk of conflict, especially military.

Why thirty years? I offer two justifications. First, this summer marks the thirtieth anniversary of Chinese suppression of the democracy movement in Tiananmen square. The Chinese actions—and the Bush administration’s response—represent one of the most important decisions shaping the course of Sino-American relations and one that I will return to in detail shortly. Second, the end of the Cold War arguably represents a significant inflection point in the Sino-U.S. relationship, as the relationship became less instrumental and more centrally focused on bilateral concerns.

My initial approach to answering this question was to look at key specific decisions made by each side over the past thirty years to see whether a different choice might have had a significant impact on the trajectory of the relationship. Borrowing from the political science literature, the question is sometimes phrased in terms of “critical junctures”—moments in time where specific decisions have a consequential, and potentially irreversible, impact on the course of events. But further reflection suggests that it was at least as likely that the “path” of Sino-American relations was the product of a sequence of accumulated decisions rather than one decisive moment. For Robert Frost, two roads might diverge in ways that have irreversible consequences—but, as critics of the critical junctures approach have pointed out, international relations are not so binary. In the case of Sino-American relations, each of the individual, specific choices reflected a broader underlying policy approach that informed the
choice—a policy approach sometimes called a policy of “engagement,” which was relatively consistent across the four administrations from Bush 41 to Obama. After looking at some of the key decisions and the alternatives at key junctures, I will turn to the question of whether a different strategy based on a different set of assumptions would have produced a better result.

In this lecture, I want to look at three decisions that many commentators have identified as the key “mistakes” of the past thirty years: the U.S. response to Tiananmen, the decision to support China’s entry into the WTO and grant China Permanent Normal Trade Relations (PNTR), and the U.S. effort to broker a resolution of the Scarborough Shoal crisis in 2012. I’ve picked these three for several reasons. First, at the time of each decision, there were those pushing for a different approach. Although there is debate in the political science community about whether this is a necessary condition for a plausible counterfactual, it certainly helps the credibility of the analysis. Second, the decisions occurred under three different administrations, one Republican and two Democratic. Finally, these decisions cover the three main areas of contention in the U.S.-China relationship: values, economics, and security, respectively.

I should note that today I’m going to focus on U.S. decisions. A more complete analysis would give comparable attention to Chinese decision making as well—a point I’ll come back to at the end.

First, Tiananmen. The story of the U.S. debate on how to respond is familiar to all of us, although the recent publication of “The New Tiananmen Papers” in Foreign Affairs revealing the deliberations of the Chinese Communist Part (CCP) and the Asia Society’s re-publication of key documents from the George H.W. Bush Presidential Library help revive a sense of the contemporary debate in both countries. Both in its direct diplomacy with China, as well as its executive actions and negotiations over sanctions legislation, the Bush administration sought to moderate the U.S. response to limit the overall disruption in Sino-U.S. relations in the face of calls for tougher sanctions, including revoking China’s MFN treatment—a critique mirrored in candidate Bill Clinton’s vehement attack on the policy in the 1992 presidential campaign. Nor was the critique limited to Bush’s Democratic opponents. Writing in the World Policy Journal shortly after Tiananmen, Marie Gottschalk, the associate editor, argued: “The time for a reassessment of Sino-American relations is long overdue. China’s domestic and international conditions have changed enormously since President Nixon’s visit in 1972.… Yet U.S. policy has remained surprisingly constant, driven by outdated sentiments and questionable assumptions. By failing to rethink this approach, the so-called realists have pursued a surrealist path in Sino-American relations that has not only hurt the cause of political reform and human rights in the People’s Republic, but also America’s long-term interests in the region.”

The Bush administration’s decision to try to sustain U.S.-China ties was not based exclusively on either the strategic or the economic value of the Sino-American relationship. Bush himself argued that continued engagement with China, including through trade, would foster the values agenda as well. “As people have commercial incentives, whether it’s in China or in other totalitarian countries, the move to democracy becomes inexorable.”

How might things have been different if President Bush had adopted his critics’ approach? One could conceive of three scenarios. First, under the economic pressure of withdrawn MFN, and the political pressure of diplomatic isolation, China’s leaders might have opted to move toward political reform. This, of course, was the argument made by contemporary critics. Alternatively, China might have resisted U.S. pressure, but at the cost of slowed or even reversed economic growth, which over time might have eroded support for the CCP and ultimately led to a change of regime. Third, China might have adopted a more hostile attitude toward the United States and developed a strategy to confront the U.S. more directly.

The first scenario seems quite implausible. A look at the deliberations of the CCP leadership in “The New Tiananmen Papers” published in Foreign Affairs suggests that Deng Xiaoping and his colleagues saw political reform as an existential threat to their leadership—and evinced a clear willingness to risk economic and political isolation to retain control. That conclusion is buttressed by the Chinese leaders’ strong resistance to the Clinton administration’s subsequent effort to condition MFN on improvement in human rights. Of course, it can be argued that in the
latter case, China’s leaders may have doubted Clinton’s willingness to go through with the threats—but given the earlier Congressional votes withdrawing MFN in 1991 and 1992, they certainly could not take that for granted.  

The second scenario is somewhat more plausible but is also questionable. A case can be made that the technology and arms sanctions that the United States and others imposed did impact China’s economic growth and the pace of its military modernization. At the same time, one could argue that the technology sanctions ultimately persuaded China that it would need to focus on developing its own indigenous capability, thus becoming a more formidable competitor in the long run.

For the strategy of “strangulation” to succeed, the United States would have to close its markets to China and persuade others to do the same. In addition to overcoming domestic business opposition, the U.S. would have had to persuade China’s other key economic partners in East Asia and Europe to follow suit. Although U.S. allies generally adopted the limited sanctions imposed by the Bush administration, it would have been a heavy lift to get them to hurt their own economies through broader trade sanctions. And even if they had, there is a further leap to conclude that the economic pain would undermine a Communist leadership that had survived the Great Leap Forward and the Cultural Revolution. Indeed, one can imagine that economic sanctions might have triggered a nationalist backlash that would reinforce the grip of the CCP as the defender of China’s sovereignty—a development even more likely under the third scenario, which seems the most plausible of the three alternatives. This scenario would have led to much earlier confrontation between the United States and China and a much tenser East Asia during the first two decades after the Cold War, with all the associated economic and political ramifications. One can imagine, for example, that in this case, China might have actively supported North Korea and Iran’s nuclear ambitions, not to mention taking a tougher line on Taiwan.

The second case is the Clinton administration’s decision to support China’s admission to the WTO and to grant China PNTR. If all the China policy decisions of the last three decades, this has attracted the most criticism, both at the time and especially in hindsight. A very cottage industry of critiques has emerged, epitomized by U.S. Trade Representative Robert Lighthizer’s assertion in his 2017 Report to Congress: “It seems clear that the United States erred in supporting China’s entry into the WTO on terms that have proven ineffective in securing China’s embrace of an open, market-oriented trade regime.” In a piece for the Atlantic, in August 2018, author Gabe Lipton asserted: “By letting [China] into the World Trade Organization back in 2001, Washington laid the groundwork for the tensions roiling relations with Beijing today.”

Before considering the counterfactual, it is useful to recall the arguments made in favor of the decision to support China’s entry into the WTO. On the economic front, the Clinton administration argued that the agreement would enhance access for U.S. exports by reducing tariffs and eliminating barriers to investment. It also asserted that the need for China to meet WTO standards would lead to economic reform in China, including privatization and the decline of the state-owned enterprises (SOEs). It contended that subjecting China to the WTO settlement mechanisms offered a greater chance of gaining compliance with trade agreements. More broadly, the administration argued that WTO admission would make China more prosperous and stable, and that a weak China was at least as likely to be a threat as a strong China.

Clinton also asserted that by supporting China’s entry, the U.S. would increase its influence over Chinese decision making. “[E]verything I have learned about human nature in over a half-century of living now convinces me that we have a far greater chance of having a positive influence on China’s actions if we welcome China into the world community instead of shutting it out.”

Some have suggested that the Clinton administration also based its case on the positive contribution that WTO membership would make to political reform and human rights in China. I’ll come back to this point shortly, but for now, I will simply quote Clinton’s own words: “Membership in the W.T.O., of course, will not create a free society
in China overnight or guarantee that China will play by global rules. But over time, I believe it will move China faster and further in the right direction, and certainly will do that more than rejection would.29

Critics of the WTO decision have offered a number of complementary arguments for why the decision was a mistake. First, on the economic front, they contend that China’s entry into the WTO—at least on the terms agreed to by the United States and other WTO members—destroyed millions of jobs in the U.S.; decimated the U.S. manufacturing industry in key sectors; and created a massive trade deficit, which, at least in the view of some, had wider adverse consequences. Lighthizer, for example, has stated: “our trade deficit with China played a major role in creating the financial bubble that exploded in 2008.”30 At the same time, China failed to open its markets to U.S. firms and U.S. exports, denying the U.S. the reciprocal benefits of more open trade. For some, this was a product of the specific terms of the deal—the U.S. did not demand enough. For others, the problem lay in insufficient enforcement. And for a third group, the problem was inherent in the WTO—again quoting Lighthizer—“the WTO settlement system is simply not designed to deal with a legal and political system so at odds with basic premises on which the WTO was founded.”31 James McGregor argues that “Chinese policymakers are masters of creative initiatives that slide through the loopholes of WTO and other international trade rules”—including currency manipulation and forcing companies to relocate to China rather than export from domestic sources. Moreover, to the extent that WTO membership contributed to China’s economic success, it reduced the pressure for political reform, since the leadership could point to the success of its authoritarian mode of governance to produce prosperity. And the wealth generated helped underwrite China’s rapid military modernization and technological progress, which challenge U.S. security interests in East Asia and beyond.

Many of these arguments were advanced at the time of Clinton’s decision, including by leaders in his own party. Representative Nancy Pelosi, for example, argued: “China’s pattern of violating trade agreements behooves the U.S. Congress to retain its authority for annual review of China’s trade record.”33

There is no doubt that many of the more hopeful predictions—or perhaps the better word is aspirations—were unrealized. The U.S. job loss to China in the past two decades has been well documented.34 Similarly, the downward trend in political reform, political rights, and the rule of law seems incontestable, and U.S. influence over China in a range of areas is waning. But the fact that bad things happened following China’s WTO entry does not by itself prove that they were caused by that decision—or perhaps even more important, that things would have been better had the U.S. blocked China’s entry into the WTO—or held out for a better deal.

In a recent article in Foreign Affairs, Philip Levy explores some of the counterfactual scenarios.35 One option would have been for the U.S. to acquiesce to China’s membership but to deny China either annual or permanent MFN.36 Critics at the time and subsequently have argued that denying PNTR would have had several positive consequences. First, by requiring annual renewal of MFN, it would have provided the U.S. leverage over China’s actions, and in the meantime, the U.S. would retain the right to impose higher tariffs against Chinese exporters. Second, it would have created substantial uncertainty for U.S. and other foreign manufacturers considering outsourcing production to China, reducing their willingness to relocate and thus limiting the job loss to the U.S.37

Some of these critiques are unpersuasive. As the Clinton administration argued at the time, U.S. failure to extend MFN would primarily harm the U.S., since other countries’ exporters would gain greater access to China than the U.S. and, of course, would also raise costs for U.S. consumers and businesses where China formed part of the supply chain.38 Moreover, higher barriers against Chinese imports might simply displace the U.S. job loss to other low-cost producing countries that had already joined the WTO. There is certainly evidence to support this view, based on the impact of President Obama’s 2012 tariffs on Chinese tires, which largely appeared to have led to more imports from other countries at higher prices rather than a substantial increase in U.S. jobs.39

A second option was to try to block China’s admission to the WTO. Under the WTO’s rules, new members are admitted by a two-thirds majority vote, so this strategy would have required the United States to rally significant
outside support to block China’s entry—yet many countries, especially U.S. allies like Japan and Germany, had a large stake in expanding their access to China. To be fair, in the past, most new admissions have been by consensus, so it could be argued that the U.S. had a de facto if not de jure veto, although this is quite speculative.40

What would have happened if China had not joined the WTO in 2001? Under these circumstances, there were two alternatives for U.S. policy. This option offered some theoretical advantages over the previous option; in this case, the United States would not be at a competitive disadvantage to other countries. Like the previous option, the U.S. could continue annual reviews of China’s MFN with the option of imposing new protections. This option differs little from what had prevailed prior to 2001. Although the United States in theory would have additional leverage, the 20-year track record of Jackson-Vanik waivers suggests that China would not likely have made significant concessions based on the mere threat of MFN denial. Of course, the U.S. could have demonstrated its resolve by making good on that threat and imposing new barriers against Chinese exports. This scenario bears considerable similarity to the situation we see in the current U.S.-China “trade war”: China has made some new concessions but at least thus far has refused dramatic change. Would China have been more willing to compromise at an earlier stage of its economic development when it was even more dependent on export-led growth? Perhaps, although many believe (including President Trump himself) that China’s current economic difficulties make it more susceptible to trade “hardball.”41

Even assuming that the United States might have derived some economic benefit from denying China’s WTO entry in 2001, there would be non-economic consequences as well. For example, had the United States blocked China’s WTO membership in 2001, it would have also lost its leverage to insist on the simultaneous entry of Taiwan in the WTO, which has played an important role in shoring up Taiwan’s economy, as well as providing it the international stature that comes from participation in a major international institution.42

Would the costs of blocking China’s membership have been worth it if exclusion slowed or even halted China’s economic and military rise? It certainly would have crystallized a more adversarial U.S.-China relationship, since China would have seen such a decision as evidence of a broad containment strategy. As Joseph Fewsmith argued at the time, “if negotiators had failed to reach agreement [during the second round, in November 1999], Jiang would likely have been forced to play the nationalist card to defend himself.”43

The third option would be to hold out for a better deal. This option—assuming it was possible—would seem to avoid all the downsides of the two previous options along with the benefits of the additional concessions wrested from China. It seems almost incontrovertible that the U.S. might have gotten at least a somewhat better deal if it had held out for more.44 It’s hard to make the case that the Beijing had truly reached its bottom line and would have preferred to walk away. This conclusion is buttressed by the fact that the U.S. backed off from the initial deal negotiated with Zhu Rongji in April 1999; despite the rather public humiliation associated with the rebuff, China returned to the table.45 China’s willingness to put new offers on the table in response to the recent Trump tariffs also suggest that China is not averse to making new concessions under pressure.

Would a better trade deal in 2000 have made a significant impact on subsequent U.S.-China relations? A key question is whether the U.S. could have gained enough additional concessions to alter significantly the adverse impact on U.S. jobs and manufacturing other than at the margin. Critics have argued, for example, that the U.S. could have negotiated strong safeguards against Chinese violations of its commitments46 or insisted on more thorough reform of the SOE and China’s intellectual property rights practices.

The “but for” here is complex. U.S. manufacturing employment was already declining precipitously even before China’s entry into the WTO. There is considerable debate about whether the WTO agreement by itself had any impact on that trend.47 Indeed it is possible to argue that manufacturing in the United States might have been even worse off if the United States had successfully insisted on more thorough-going reform, since arguably, it is precisely the process of reform that has helped stimulate China’s emergence as an economic powerhouse.48
the end, the question of impact of the WTO decision goes to the broader question of how the United States responded to the process of globalization and whether other policies, either more protectionist or more focused on retraining and retooling workers and industries, would have been more effective in addressing the economic and social costs of deepening global economic integration.49

The third case I’d like to touch on briefly is the confrontation between China and the Philippines over the Scarborough Shoal in 2012. As you all know, critics of U.S.-China policy have argued that the U.S. has failed to respond effectively to what is seen as increasingly assertive Chinese behavior in the South and East China Seas, endangering the security of the United States and our East Asian partners and putting at risk freedom of navigation in these vital waterways. The Scarborough Shoal incident is an interesting test case, since the focus of U.S. policy makers was an effort to defuse the crisis rather than, as some have argued, to confront and challenge Chinese aggressive actions. The story is complex, and some of the facts are disputed by the participants, but the basic outlines are reasonably clear.50

In April 2012, a Philippine warship boarded several Chinese fishing boats in the waters close to Scarborough Shoal, a landform long occupied by the Philippines but claimed by China under its expansive “nine-dash line.” China dispatched two marine surveillance ships in response, blocking efforts by the Philippines to arrest the fisherman and confiscate their catch. A tense standoff ensued with both Chinese and Philippine officials insisting that the other side had to withdraw its vessels from the area. The Philippines announced that it would take the matter to international arbitration, called on the Association of Southeast Asian Nations to support the Philippines, and appealed to the U.S. to clarify that the Scarborough Shoal fell within the terms of the U.S.-Philippines Mutual Defense Treaty. At the first 2+2 U.S.-Philippines meeting, Secretaries Clinton and Panetta broadly reaffirmed the treaty without making specific reference to Scarborough Shoal, but did agree to enhance support for Philippines maritime forces. China in turn imposed de facto economic sanctions on the Philippines. In June, the United States helped broker an understanding for a mutual withdrawal of naval vessels. In the end, the Philippines withdrew its ships and China did not, leading to China’s de facto control over Scarborough Shoal.

At the time, there appears to have been little debate within the U.S. government over what course to take and a broad consensus in favor of the U.S. effort to defuse the crisis. But the Chinese actions had a profound impact on those—both participants and observers—that have colored the U.S.-China policy debate ever since and led to a vigorous argument questioning the U.S. approach.51

What might the U.S. have done differently? On the political level, the U.S. could more clearly have endorsed the Philippines’ sovereignty over Scarborough Shoal and the associated maritime rights that flow to that claim under the United Nations Convention on the Law of the Sea.52 The U.S. could have provided more direct support to the Philippine navy and coast guard, including the dispatching of U.S. vessels to the area. Finally, the U.S. could have declined to mediate the crisis.

Critics of the decision argue that if the United States had adopted a more assertive approach, China would have backed off, given the relatively dubious nature of its claim as well as the risks of a direct confrontation with the United States. It’s hard to test this assertion, although in other cases where China has sought to assert questionable claims over international commons, for example, in declaring an Air Defense Identification Zone (ADIZ) over the East China Sea or contesting U.S. freedom of navigation operations, China has up until now refrained from direct confrontation (although there have been close calls). Assume for the purpose of argument that a U.S. show of resolve would have been successful in backing China off—the key question is whether this would have led to better U.S.-China relations over the longer term.

Advocates of this approach would argue yes—establishing clear and enforceable red lines would tame China’s ambitions and moderate its policies. According to this logic, China simply has too much at stake in its own process of economic development to risk a war with the United States over its claims in the South and East China Sea.
There is a certain plausibility to this argument. The 1996 Taiwan Strait Missile Crisis bears some similarity to the Scarborough case. There the Clinton administration dispatched two aircraft carriers to waters off Taiwan, and the U.S. action appeared to persuade China to abandon the intimidating practice. In that case, the U.S. clearly won the “battle,” and for an extended period, China refrained from provocative shows of force against Taiwan. But what about its impact on the “war”—the long-term U.S.-China relationship? Some, such as Michael Cole, have argued that while China backed off in 1996, the experience led the People’s Liberation Army (PLA) as well as China’s political leaders to deepen their determination to match the U.S. militarily so as to be in a better position to prevail in the future.53

Similarly, in the case of Scarborough Shoal, it can be argued that even if a more assertive U.S. response had led to China backing down in the near term, the experience might have reinforced China’s conviction that the U.S. was determined to side with China’s adversaries, and thus hasten the deepening of division and the likelihood of conflict between the U.S. and China.

What lessons can we learn from these three cases? For me there are three broad takeaways. First, it’s hard to make a powerful case that things would clearly have been better with different policies. Second, the possibility of better outcomes seems greatest in the case of economic relations, weakest in the case of human rights and political reform in China, and the security realm somewhere in the middle. Third, even when there might have been short-term gains from a different decision, the long-term consequences might have been much different and conceivably even worse than what we face today.

As I suggested earlier, perhaps the explanation of “what went wrong” was not so much bad individual decisions, but rather a misguided overall strategy—or put differently, the individual decisions were flawed because they were the product of a flawed strategy. To explore this hypothesis, we need to be a bit clearer about what the strategy was and what the alternatives were.

Many commentators have noted the broad consistency of U.S. policy toward China from the Nixon administration on. Although presidential challengers from Reagan to Clinton to Bush 43 often criticized the incumbent’s strategy, in the end, most observers have argued that the similarities outweighed the differences.54 So what were the core assumptions underlying the U.S. approach? Although many have adopted the shorthand phrase “engagement,” I find the term too amorphous and procedural to capture the essence of the policy. At its core, the policy was based on the belief that a stable, prosperous China would serve the interests of the United States, while a weak and insecure China was at least as likely to pose risks for the U.S. and its allies. Therefore, the U.S. should welcome rather than resist China’s rise.55 Implicit in this policy was a belief that a rising China would not inherently threaten the United States.

Some have argued that there was also a second premise underlying the policy—a belief that as China became more prosperous, it would come to resemble the United States and increasingly share our values about domestic governance and the international order. This convergence would then facilitate increased cooperation between our two countries. Iain Johnston’s thorough look at the historical record suggests that while most advocates for the policy hoped that liberalization would occur, the decision to support rather than oppose China’s rise was not premised on this hope.56 But for the purposes of this analysis, the assumptions behind the policy are less important than whether a different strategy would have produced a better result.

So what alternative strategies were available to presidents from Bush 41 to Obama, and how might adopting one of these have changed the course of Sino-American relations? At the risk of oversimplification, we can draw on the familiar Goldilocks paradigm. One school has argued that the strategy was too soft, another that it has been too tough. And before I discuss those two alternatives, I want to reassure that my purpose is not, as you might fear, to show that the actual policy was just right.
First the “too soft school.” As we’ve seen from the three case studies, critics have argued that a tougher line would serve U.S. interests by one of three mechanisms—either by slowing China’s rise, by forcing the CCP to adapt its policies to meet U.S. demands, or even by fostering regime change. They cite a long list of misguided accommodations (in addition to the three cases discussed earlier): the Clinton administration’s decision to drop human rights conditionality for MFN in 1994, Bush 43’s reversal on enhancing support for Taiwan following the EP3 incident, and so on.

In the late 1990s, this viewpoint was pressed by the “Blue Team”—members and staff of Congress, think tanks, journalists, and others who challenged the prevailing policy of the Clinton administration. Individuals associated with the Blue Team argued that the U.S. was underestimating the “China Threat”—the title of a 2000 book by Washington Times reporter Bill Gertz—and they advocated a range of alternative strategies, including, for some, an explicit commitment to regime change. More recently, this view has been picked up by the reincarnated Committee on the Present Danger, now called the Committee on the Present Danger—China, which contends that “there is no hope of coexistence with China as long as the Communist Party governs the country,” and therefore the U.S. should adopt “a determination to reverse decades of American miscalculation, inaction and appeasement.”

Of course, these represent the most extreme wing of a broader spectrum of views advocating a more forceful challenge to China. In one form or another, there is a growing conviction among U.S. politicians and policy analysts that the U.S.-China relationship should be seen as a zero-sum competition in which the United States should seek to “prevail” over China. For example, Ambassador Bob Blackwill and Ashley Tellis have argued that “preserving U.S. primacy in the global system ought to remain the central objective of U.S. grand strategy in the twenty-first century.”

An alternative strategy is offered by the “too hard” school—that the difficulties in the Sino-U.S. relationship stem from the U.S. reluctance to accommodate China’s rise. In this view, had the U.S. been more accommodating, China would feel less threatened and more willing to cooperate with the U.S. on shared economic and security interests like nonproliferation and counter-terrorism rather than to compete with the United States. Proponents of this view argue that while the rhetoric of the policy has been to support China’s rise, the reality was much more confrontational. They point to as evidence a long list of hostile U.S. actions: the continued ban on technology transfers to China imposed after Tiananmen and tightened after the Cox Committee Report in 1998, arms sales to Taiwan beginning with the George H.W. Bush F-16 sales in 1992 despite the promise of the U.S.-China Third Communiqué, Clinton’s carrier diplomacy during the 1996 Taiwan Strait Crisis, the reinforcement of U.S. security alliances with Japan and South Korea despite the end of the Cold War, George W. Bush’s use of third-party sanctions against Banco Delta Asia in 2005, and the Obama “pivot”—including beefing up the U.S. military presence in East Asia. As a result, China had little choice but to focus its efforts on competing with the United States through strengthening its military, building up its indigenous economic and technological prowess, and enhancing ties with countries like Russia to counter U.S. power. Charles Glaser is a prominent exponent of the view, arguing specifically that accommodating China over Taiwan as part of a grand bargain would better serve U.S. interests.

How can we evaluate the likely success of these two alternative strategies? Since this is the Ernest May lecture, one possible answer to this question is to look at history. In many ways, the “too soft” argument mirrors the argument against détente made by critics of President Nixon’s policy toward the USSR—including the earlier incarnation of the Committee on the Present Danger. Following this analogy, today’s proponents of the “soft on China argument” would argue that it was Reagan’s more confrontational line, from human rights to security, rather than Nixon’s accommodation, that brought the Soviet Union to the bargaining table and ultimately led to the end of the regime. In an analysis that Ernest May would have appreciated, Glaser argues: “Reaching back further in history, the too soft argument might invoke one of the greatest warhorses of historical analogies—the Munich argument.”
The “too hard” argument might in turn invoke the history of the United States’ own rise, pointing to the early failure of European powers who sought to check U.S. expansion and the more successful approach followed by the United Kingdom, which (at least after 1812) chose to accommodate and work with a rising United States—including its acquiescence in the Monroe Doctrine and a U.S. hemispheric sphere of influence—a history so richly explored by Kori Schake.65

But May would be the first to caution against such superficial analogies. Even if we accept the argument that Reagan’s tough line brought about the end of the Cold War—a matter of no small controversy—that assessment doesn’t help us much in judging whether a similar approach would have a similar effect vis-à-vis China. China’s leadership is more agile, and its society more dynamic, than the USSR of the 1980s and thus less vulnerable to U.S. pressure and coercion. Reagan’s success depended to some degree on the support—or at least the acquiescence of U.S. allies—a much more difficult challenge vis-à-vis China, as we see today in the lukewarm response of U.S. allies to the Trump administration’s strategy.

But if China is not the USSR of 1980, neither is China the United States of the nineteenth century. European powers—especially Europe’s monarchies—may have been wary of America’s ascendency. But for Britain, shared political values—along with Britain’s abandonment of mercantilist policies in the mid-nineteenth century and its preoccupation with imperial interests in Africa and Asia—meant there was a degree of congruence, or at least complementarity of interest that facilitated Britain’s decision to work with rather than against the United States. For these reasons, accommodating China’s rise might not turn out nearly as well for the U.S. as accepting America’s rise did for Britain.

But this is not the only way we might use history to evaluate these counterfactual strategies. A more productive line is to look more narrowly at the U.S.-China relationship to see where the U.S. policy has been most and least successful. As the political scientists would say—we can look at “within case” rather than “cross case” comparisons.

In the years following Nixon and Kissinger, U.S. policy toward China had some notable successes. Normalization not only began a process of engagement that brought considerable economic benefit both to China and to the United States, but also helped build a more stable security environment in East Asia and the Western Pacific. This benefitted not just the United States, but also its allies. Over time, China joined the Non-Proliferation Treaty and related arms control regimes, abandoned its policies of supporting revolutionary movements around the world, and began to support UN peace-keeping activities. Most notably, China acquiesced in the status quo over Taiwan despite its rhetorical commitment to unification. Domestically, while democracy failed to take hold, Chinese society became more open. And of course, China’s economic growth helped fuel global prosperity and contributed to managing the economic crisis of 1998-99.

The achievements of this period were based on a more or less explicit shared understanding or modus vivendi about the terms of the relationship. I’m deliberately not using the term “bargain,” which has implications of an explicit quid pro quo. The United States would welcome the rise of a strong, prosperous China and not seek to overthrow the Communist Party’s control. China would not seek to challenge the United States’ dominant position in East Asia or the broader international economic and political order, which helped facilitate China’s own economic development.

But that understanding had within it the seeds of its own destruction. As long as the military and economic disparity between the two remained one, the relationship was reasonably stable. It began to erode as China became more economically successful and militarily more capable. This in turn fueled U.S. anxiety about China’s long-term intentions. Critics began to focus on what they saw as the dark side of Deng’s “hide and bide” strategy. In China, some in the PLA and academia were beginning to question why China needed to continue to acquiesce in U.S. hegemony or defer key policy objectives such as the recovery of Taiwan.
These changing circumstances led the George W. Bush administration to seek to revise the understanding. Bob Zoellick’s concept of “responsible stakeholder” was an effort to take into account China’s growing power and its desire for a greater international role while deflecting Chinese pressure to replace the U.S.-led international order.66

That effort continued into the early years of the Obama administration. It was reflected most clearly in the joint statement of the two presidents following Obama’s visit to China in 2009: “The two countries reiterated that the fundamental principle of respect for each other’s sovereignty and territorial integrity is at the core of the three U.S.-China communiques. …The two sides agreed that respecting each other’s core interests is extremely important to ensure steady progress in US-China relations.”67

I think it’s fair to say that these efforts to create a new shared understanding largely failed. Despite the meeting between Obama and Xi at Sunnylands in 201368 and later between Trump and Xi at Mar-a-Lago in 2017, we see little meeting of the minds on the nature or future of the bilateral relationship.

There are several possible explanations why. Going back to our framing question, some would argue that failure was inevitable given the inherent conflicts between an established and rising power. A second explanation might focus on domestic forces in each country, which make mutual accommodation difficult. As we have seen in the United States over the past two decades, Congress—including leaders from both parties—have pushed for a tougher U.S. approach to China. Presidential aspirants have repeatedly challenged the policies of incumbents, with some success (Clinton in 1992, Bush in 2000, Trump in 2016). In China, growing nationalism and the need to shore up the CCP’s legitimacy in the absence of democratic reform also push China’s leaders to a less accommodating strategy.

A third explanation would focus on each side’s judgement of the other’s intentions and of its own capabilities. Here we might look to guidance not so much from Ernest May, but from the analytic insights of his distinguished colleague Tom Schelling. The case for U.S.-China cooperation in the past has been based on the idea of what our Chinese friends call “win-win” cooperation—that both sides will gain more from cooperation than competition. But what if one concludes that the other is determined to prevail at all costs rather than cooperate?69 In this case, the choice then becomes one of compete or acquiesce. And if both sides believe that they can prevail in the competition, both will choose competition over conciliation—even at the potential risk of war. In game theory lingo, it’s a game of chicken where each side believes the other will swerve.

To my mind, both the domestic dynamics and the increasingly gloomy assessment of each other’s true intentions, against the backdrop of China’s rise, help explain the current state of affairs. And here we need to look at something I have not yet addressed—decision making on the Chinese side, specifically the Chinese response to the Bush and Obama efforts to reshape the relationship. Although this assessment risks appearing self-serving coming from a former American policy maker, I think a good case can be made that the Chinese side bears significant responsibility for the failure to reach a new understanding. I come to this conclusion both from my own engagement as deputy secretary of state during 2009-2011 but also from conversations with Chinese interlocutors as well. Our friend and colleague Jeff Bader expressed a similar view in his book, where he identifies “a changed quality in the writing of Chinese security analysts and Chinese official statements, and in some respects Chinese behavior.”70

I would argue that two factors explain China’s reluctance to move in this direction. First, during the key period—the second term of George W. Bush and the beginning of the Obama administration—China experienced relatively weak leadership under the collective leadership style of Hu Jintao, which made any bold initiative—particularly one that involved compromise with the U.S.—difficult. The problem was compounded by a sense of hubris in some leading Chinese circles following the financial crisis of 2008-2009, which led some to believe that the U.S. was in permanent decline and China on the ascendancy.71 As a result, a promising moment passed, and the failure of the two U.S. efforts to elicit a positive response from China began to harden attitudes in the U.S.
It is possible to argue that Xi Jinping’s proposal for a new form of major power relations was a belated effort to pick up the gage dropped by Bush and Obama. For a brief period, there was evidence that the Obama administration saw this as a new opening. But that effort came to naught—in part because of skepticism in the U.S., in part because China never really made clear what Xi envisioned by this concept or whether it reflected a real Chinese willingness to make meaningful accommodations to U.S. concerns.

Even if I’m right, and there was an opportunity for a new Sino-American understanding, one might reasonably ask whether that window is now closed—as result of decisions made both in Beijing and Washington. And if the window is not closed, what form might that new understanding take? These are questions worthy of a separate lecture. For the purpose of the May lecture, I would conclude by observing that however constraining the circumstances, there are always choices available to leaders. As Graham Allison reminded us in Ernest May’s obituary in the New York Times, Ernie did not believe that China’s rise must lead to war. In reflecting on the decisions leading to the Spanish-American War and the annexation of the Philippines, Ernest May wrote, “unconcernedly and almost unthinkingly, these statesman ran the risk of precipitating Europe into a coalition against the United States.”

Our challenge in the next few days is to do better in developing a strategy to deal with China. I believe that a solid understanding of the history of Sino-American relations will allow us to do just that.

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1 Karl Marx, Theses on Feuerbach (1845), https://www.marxists.org/archive/marx/works/1845/theses/index.htm.
3 See The Harvard Gazette, February 17, 2011.
4 For an entertaining catalogue of presidential uses of this euphemism, see Mark Knoller, “‘Mistakes were Made’: A Short History,” CBS Evening News, March 14, 2007, https://www.cbsnews.com/news/mistakes-were-made-a-short-history/.
21 Marie Gottschalk, “The Failure of American Policy,” World Policy Journal 6, No. 4 (Fall 1989): 668. Gottschalk’s argument prefigures many of the subsequent critiques of U.S. policy, for example: “To enable China to project power in the Pacific more effectively, Deng’s military modernization has favored the Chinese Navy. China has built new naval bases and up to date warships and missiles. … Beijing also intends to enhance its submarine fleet … beefed up its capability for long distance troop deployments and conducted naval exercises further and further afield from China.” (p. 676)
22 David Skidmore and William Gates, “After Tiananmen: The Struggle over U.S. Policy Toward China in the Bush Administration,” Presidential Studies Quarterly 27, No. 3 (Summer 1997): 519. This view was echoed in Bush’s subsequent veto message with respect to the 1992 legislation withdrawing China’s MFN status: “my administration shares the goals and objectives of HR 2212. … My objection lies strictly with the methods proposed to achieve these aims.” “Veto Message on China MFN Status,” Congressional Quarterly, March 7, 1992, p. 582.
24 Granting China PNTR was required if the United States wanted to gain the trade benefits associated with China joining the WTO.
36 The Jackson-Vanik Amendment, Sec 401 of the Trade Act of 1974, prohibits the U.S. from granting MFN to certain countries, except by annual presidential waiver. For this reason, Congress was required to amend Sec 401 in order to grant China permanent MFN in order for the U.S. to gain the benefits associated with China’s accession to the WTO. If the U.S. had failed to grant China PNTR following China’s accession to the WTO, the WTO’s “non-application clause would allow either party to refuse to apply WTO commitments to the other.” JayEtta Z. Hecker, “China Trade: WTO Membership and Most-Favored Nation Status,” Testimony Before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIA-98-209, p. 10.
In this case, like all of the disputed sovereignty claims in the area, the United States has declined to take sides while insisting on a peaceful resolution. See, for example, Greg Poling and Eric Sayers, "Time to make Good on the U.S.-Philippine Alliance," Countering Coercion in Maritime Asia, Center for Strategic and International Studies (Lanham, Rowman and Littlefield, 2017).

Important consequence of the United States invoking WTO non-application is that if China becomes a member, it does not have to grant the United States all the trade commitments it makes to other WTO members, both in the negotiated accession package or in the underlying WTO agreements. Because U.S. businesses compete with business from other WTO members for China’s markets, this could potentially put U.S. business interests at a considerable competitive disadvantage. For example, the United States may not benefit from Chinese concessions regarding services, such as the right to establish distribution channels in China. While the United States would continue to benefit from Chinese commitments made in bilateral agreements concluded with the United States, the commitments are not as extensive as those in the WTO agreements." JayEtta Z. Hecker, "China Trade: WTO Membership and Most-Favored Nation Status," Testimony Before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIAD-98-209, p. 11.


See Joseph Fewsmith, "China and the WTO: The Politics Behind the Agreement," NBR Analysis 10, No. 5 (December 1999): 227. Fewsmith’s article provides a valuable account of the Chinese deliberations over the negotiations with the U.S. in connection with the WTO.

There is some support for the belief that China would have had to make even greater concessions if it had waited to conclude the WTO negotiations rather than agreeing in 1999. See Lai, p. 249.


For example, Lighthizer argues that the U.S. effectively gave up the option of Section 301 actions in favor of the WTO dispute resolution mechanism. "By contrast to Section 301—which was a powerful tool with which to influence our trading partners—the dispute settlement process is simply not designed to deal with a country like China," Robert E. Lighthizer, "Testimony Before the U.S.-China Economic and Security Review Commission: Evaluating China’s Role in the World Trade Organization Over the Past Decade," June 9, 2010, pp. 23-24.


The desire to accelerate reform was a major impetus for Jiang Zemin and Zhu Rongzhi’s determination to get a WTO agreement. See Lai, p. 249-250.


For a detailed account of the crisis, as well as background on the competing claims, see Michael Green et al., "Case 3: Scarborough Shoal Standoff (2012)" in Countering Coercion in Maritime Asia, Center for Strategic and International Studies (Lanham, Rowman and Littlefield, 2017).


In this case, like all of the disputed sovereignty claims in the area, the United States has declined to take sides while insisting on a peaceful resolution of the disputes and upholding freedom of navigation under applicable international law.

See J. Michael Cole, “The Third Taiwan Strait Crisis: The Forgotten Showdown Between China and America,” The National Interest, March 10, 2017. “[T]he injury to Chinese pride … convinced Beijing of the need to modernize its military. The result was an intensive program of double-digit investment, foreign acquisitions … and indigenous resourcing to turn the PLA into a force capable of imposing Beijing’s will within its immediate neighborhood and eventually beyond.”

See for example, Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Toward China*, Council on Foreign Relations Special Report No. 72, March 2015, p. 4: “a series of administrations have continued to implement policies that have actually enabled the rise of new competitors, such as China.”


U.S.-PRC Joint Communiqué, August 17, 1982: “the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution.”


Robert B. Zoellick, “Whither China: From Membership to Responsibility,” Remarks to the National Committee on U.S.-China Relations, September 21, 2005. “It is time to take our policy beyond opening doors to China’s membership in the international system: We need to urge China to become a responsible stakeholder in that system.”


During the press conference after the Sunnylands meeting, President Xi stated, “we had an in-depth, sincere and candid discussion . . . on our joint work to build a new model of major country relations.” Obama then described progress on improving U.S.-China military-to-military communication and observed “that’s an example of concrete progress that can advance this new model of relations between the United States and China.” Remarks by President Obama and President Xi Jinping of the People’s Republic of China After Bilateral Meeting,” June 8, 2013, https://obamawhitehouse.archives.gov/the-press-office/2013/06/08/remarks-president-obama-and-president-xi-jinping-peoples-republic-china-. In a subsequent speech at Georgetown, National Security Advisor Susan Rice stated, “When it comes to China, we seek to operationalize a new model of major power relationships.” Remarks as Prepared for Delivery by National Security Advisor Susan E. Rice,” November 21, 2013, https://obamawhitehouse.archives.gov/the-press-office/2013/11/21/remarks-prepared-delivery-national-security-advisor-susan-e-rice. Soon after, however, the Obama administration stopped using the phrase.

In game theory terms, the parties believe the highest “payoff” is from prevailing, and competing and losing is better than compromise.


See Minnie Chan, “We don’t want to replace U.S., says Dai Bingguo,” *South China Morning Post*, December 8, 2010, https://www.scmp.com/article/732710/we-dont-want-replace-us-says-dai-bingguo. (Dai at the time was a state councilor, the highest ranking foreign policy official.) “The notion that China wants to replace the United States and dominate the world is a myth.” The article quotes Professor Shi Yinhong, a well-connected international scholar, noting that Dai’s comments indicated that Beijing “was trying to amend some senior officials’ improper commentaries on Sino-U.S. issues.” For the full version of Dai’s remarks, see Dai Bingguo, “Stick to the Path of Peaceful Development,” *Beijing Review*, No. 51 (December 23, 2010), http://www.bjreview.com.cn/document/txt/2010-12/24/content_320851.htm.

