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Can the US-China Relationship Be Reconstructed?



*The word “reconstruction” is normally used after a major natural disaster or war. The foundations of the US-China relationship that sustained nearly 40 years of constructive and mutually beneficial relations have been undone and shattered by events and actions of the past five years. In this stars insights, **Michael BARBALAS**, Former President of the American Chamber of Commerce in China and speaker at the upcoming [stars China symposium 2020](#) in Shenzhen, explores what will be required to reconstruct this major bilateral relationship to the point where it is both mutually beneficial and a positive contributor on major global issues.*

Reconstructing a solid foundation for the US-China relationship is one of the major global challenges for this decade. After re-establishing diplomatic relations in 1979, the US and China had almost 40 years of an expanding, mutually beneficial relationship built on a relatively consistent and stable foundation. Events and personalities of the past few years have hastened the erosion and crumbling of that foundation to the point where there is no going back to the old model. Simple patch work will not get the relationship back onto a stable path. At this point a new foundation for the relationship must be built.

The word “reconstruction” is normally used in the recovery from a war or major natural disaster. In US history it also refers to a time after the US Civil War that is not generally seen in a positive light by US historians. After the founding of the People’s Republic of China, one of the English language publications, “China Reconstructs” (since 1990 known as China Today), chronicled China’s rebuilding after its own War of Liberation. This word encapsulates the difficulty, complexity, uncertainty and challenge of rebuilding the foundations of the US-China relationship.

While it is possible to rehearse many incidents, milestones and examples in the fragmentation of the original foundation for the US-China relationship, you can see the

macro impacts in what has happened to public opinion in both countries. When the Pew Research Center began asking about US public opinion of China in 2005, the majority of Americans had a positive view of China with only 35% holding negative views. The most recent poll released April 21, 2020 showed that 66% now hold negative views. In China, this is mirrored with much more unfavourable views of the USA in recent years. The most current barometer readings for the state of the relationship are seen in the responses to the Covid-19 pandemic.

What will it take to reconstruct a new foundation and supporting rationale for this bilateral relationship? Although impressive groups of scholars, researchers and former government experts have issued calls to return to the old formulation, these have not been attractive or realistic. The world has changed and a new paradigm must be sought.

From the US side an important starting point is accepting China as it is, not as Americans hoped it would be. This means taking seriously what China says about itself, its goals and its view of the rest of the world. The reality is that China and the US have very different political, economic, social and cultural systems that do not seem to be converging. A reconstructed relationship needs to account for these differences and not be wishfully thinking that they will go away in the short term.

One positive aspect of US presidential elections every four years is the amount of work done by academics and think tanks to prepare for the next administration. A number of think tanks have already begun putting together policy agendas for either a continued Trump administration that will start focusing on its legacy (including relations with China) or a new administration that will want to try something different including with China. Given the size and extent of the intersections and overlaps between the US and China this is not a simple task. When you are trying to reconcile very different views of the world, the task becomes even more complicated. For example, China often talks about its core interests while the US side will talk about its core values. Reconstruction will require finding a way to satisfy both viewpoints.

Any successful reconstruction of this important bilateral relationship will take political leadership and political will on both sides of the Pacific Ocean. Given the disappointments, scepticism and lack of trust on both sides, it will take realistic dialogues, hard negotiations and some fortuitous timing. On both sides strongly negative public opinion limits options for political leaders. In communicating the constructive possibilities, it is hard for leaders to encapsulate complex options into 20 second sound bites or Tweet-sized expositions.

No one less than Xi Jinping himself has stated, "We have a thousand reasons to get China-US relations right, and not one reason to spoil the China-US relationship." It is easy to see that a constructive US-China relationship benefits both the US and China as well as many other countries around the world. It is much harder to articulate and move along a path to reach that optimum and mutually beneficial state.

Sooner or later leaders on both sides have to come to the conclusion that not having a stable relationship is much worse than a relationship where both sides get what they need and some of what they want while living with and managing ongoing tensions, disputes and struggles. Businesses often face similar situations. In today's world, many companies now find large overlaps between their competitors and their customers and suppliers. The term "coopetition" has been coined to describe this situation combining both cooperation

and competition. No company desires this more complicated type of relationships but competing successfully requires the skill to navigate this current reality. In the realm of international affairs, the relations within Europe or between Europe and the US provide some good models of how countries can compete as well as cooperate.

A reconstructed US-China relationship needs to have this competition reality imbedded in it. Business leaders in both countries have an important role to play. As one of the sectors with the most frequent interaction between China and the USA, there is also the opportunity for the deepest levels of understanding. Too often attempted dialogues about issues and problems degrade into statements of positions or mutual recriminations. It is easy to get discouraged when dialogue about problems and issues quickly deteriorates into a series of racial or nationalistic slurs. This is not helped when both sides are standing far apart in worldview and priorities. Forums such as those arranged by the stars Foundation allow leaders to meet and talk together about pressing priorities and, hopefully, to gain a deeper understanding of the complexity of issues and possible constructive ways to move forward.

Harkening back to the formulations of the 1970s and 1980s cannot carry the US-China relationship forward. New thinking and new approaches are needed. China has been active in formulating new proposals for international governance as seen in the Belt & Road Initiative (BRI) or the “new model of great power relations.” During this same time period, US international leadership and thinking has degenerated into an isolationist and confrontational posture. Many of the problems the US faces are internal ones and need to be dealt with internally. This is particularly true in areas of human capital development and technology investment. Many of the international challenges faced by the US would best be approached in a multilateral manner but the recent trends have favoured bilateral or isolationist approaches. Examples here include territorial disputes on land and sea as well as global trading and investment systems.

When can we expect to see the emergence of a reconstructed US-China relationship? If you are looking for a near term solution, you will likely be disappointed. There is good work being done in both countries on how to reconstruct the foundation of the US-China relationship. This is not a problem of a lack of ideas. However, there is a big gap, a leadership gap, between seeing a problem and a solution and being able to implement that solution. Like waiting for a certain alignment of the planets that only happens every few years, the opportunities to move forward also have windows of opportunity. For example, between now and the US presidential election in November, it is highly unlikely to see any substantive improvement in the US-China relationship. There is more potential for further deterioration than for constructive moves. If you map out the US political calendar and the Chinese political calendar you can begin to see that the windows of bilateral decision making are small.

The impetus for change also needs to develop in both countries at about the same time. The reconstruction road is full of tough negotiations. Neither side will get everything they want. Both sides need to have a solution they can live with that will benefit their country and their people. The driving force to reconstruct a new foundation for the US-China relationship will come from a broad awareness that the alternatives to not having a stable foundation are much worse for both sides. It will likely take one or more crises such as severe economic problems, climate change impacts or other crises to provide the impetus for both sides to reach a new formulation for reconstruction. These crises will be the ones

that are bigger than either country, negatively impact both countries and can best be handled with both countries working together.

As an investor or business leader, the next few years will be uncertain ones in the US-China relationship and will require additional attention and vigilance. Strategic agility will be an asset that every company needs to promote in its operations and planning. At the same time, the constructive voice of business leaders can be a positive force in both countries to continue to move towards a reconstructed US-China relationship that will benefit both countries, both peoples and the countries and peoples around the world that interact with the US and China on a daily basis.



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