

Shake Hands or Punch Face: Is There a Third Option for U.S. Grand Strategy Toward China?

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Abstract

With the continuous rise of China, the U.S.-China relation has become the most important bilateral relation in the current international order. This article focuses on the important question of what an optimal U.S. grand strategy toward China would be given the current circumstances. Specifically, the article analyzes two most important strategies that the United States may implement: containment and engagement. It finds that both strategies have their inherent benefits and costs; meanwhile, the common problem is that they both fail to address the uncertainties of China's intention which could largely change the policy outcomes. In order to mitigate the costs of the two strategies and prevent potential catastrophes caused by the misinterpretation of China's intention, the article argues that a middling strategy that combines the two would be a better option for the United States. Specific approaches are proposed, working to engage with China selectively and constrain China in critical areas. The article provides two important insights into American policy-making toward China, one being the consideration of China's uncertain intentions, the other being the avoidance of pursuing extreme or black-and-white solutions.

Keywords

U.S. grand strategies; Containment; Engagement; U.S.-China relation.

1. INTRODUCTION

From Richard M. Nixon announcing the U.S.-China Joint Communiqué, George W. Bush seeking “a relationship that is candid, constructive, and cooperative” with China, Barack Obama welcoming “the rise of a peaceful, stable, and prosperous China”, to Trump criticizing China in every way possible, the U.S. grand strategy toward China has changed to a great extent [1]. Generally speaking, the grand strategy toward China can be divided into two differing logic: the containment strategy is designed to limit China's growth and expansion and thus render the United States ahead, whereas the engagement strategy targets to maintain the U.S. leading position through cooperation with China wherein the United States gains more. The question is: which strategy is better to adopt—should the United States manage to constrain China, or should it welcome and cooperate with it?

Past scholarship has paid great efforts to debate the two strategies. Supporters of the containment strategy emphasizes the necessity of using hard power to prevent China from seeking more power and undermining the U.S. primacy in Asia [2]. They accuse engagement of being a too optimistic strategy that underestimates China's aggressiveness. On the other side,

advocates of the engagement policy argue that the economic interdependence has made engagement inevitable and that containment is simply not feasible in this context [3]. Though mentioned in past literature, the intention and motives of China haven't been fully discussed as a significant factor of policy-making. In fact, based on different theories, there are optimists who view China as benign or that it could be shaped benign; there are also pessimists who believe that China's aggressiveness is unlimited [4]. The U.S. grand strategy toward China is not a one-way action and these variances and uncertainties of China's intention thus become necessary to be assigned more emphasis. Therefore, this article intends to build onto the past literature and systematically analyze the functions and potential results of containment and engagement. It then pays special attention to the uncertainties of China's intention in order to find an optimal strategy for the United States.

As is discussed in the work, both engagement and containment have their inherent benefits and costs; meanwhile, the outcome of a certain strategy is also greatly influenced by the intention and motives of China. Instead of relying on either strategy entirely, this work suggests that a middling strategy combing the two would be the best to follow, for it mitigates their inherent costs, prevents potential catastrophes caused by misinterpretation of China's intention, and leaves more flexibility for the United States. This article contributes a systematic analysis of the containment and engagement strategies to the current scholarship and signals the importance of China's uncertain intentions in American policy-making process.

The article proceeds as follows. In the second section, the containment strategy is scrutinized through its definition, feasibility, benefits, and costs and risks. The third section is a parallel analysis of the engagement strategy. The fourth section summarizes and compares the two strategies and identifies the common problem of both failing to address China's uncertain intentions. Finally, a proposal featuring the merge of the two strategies is given. Four aspects are emphasized—economy, technology, military, and global issues.

2. CONTAINMENT

This section first introduces what containment toward China looks like and discuss why it is feasible to be implemented. Then it shows why containment is advantageous for three reasons and analyzes the costs and risks of it from three aspects.

2.1. Definition

Containment toward China can be defined as a strategy with a goal to limit and prevent an increase in China's power. This would include constraining both China's economic growth and its upgrading of military capabilities [5]. To achieve the economic goal, the United States would impose economic isolation on China by posing heavy sanctions, limiting trade connections, restricting China's access to the global economic system. To achieve the military goal, the United States would keep its presence strong and active in East Asia and its military weapons upgrading, constraining China's power expansion. It would also try to forge an anti-China security coalition that integrates states threatened by China into a unified alliance system or tight bilateral security partnership to arrest China's expansion [6].

2.2. Feasibility

Such a goal to limit China's growth may seem hard to achieve at first glance, but the United States is just qualified to do so. The military budget saw a drastic decline when a truce finally got settled on the costly wars in Iraq and Afghanistan. National defense expenditure only took 3.1%-3.3% of the U.S. total GDP from 2015 to 2019 and is estimated to decline continuously to 2.8% in 2025, much less than that during wartime [7]. It could then be well argued that, since the Trump Administration can still stand strong on its containment policies and be

able to pay the bill for it even with the defense budget declining, containment policies can be maintained holding the current defense budget unchanged.

In addition, the Trump administration has done much to serve as a basis and starting point for a continuous containment strategy. The Trump administration settled its containment tendency toward China in its January 2018 National Defense Strategy, right before it signed the American AI Initiative executive order and enforced tariffs on Chinese imports that worth \$250 billion, setting up an example for carrying out economic isolation and imposing economic sanctions [8]. It also increased the number of deployable U.S. Navy ships from 273 in December 2016 to 287 in January 2019 and conducted freedom of navigation operations eleven times, more than twice the Obama administration has conducted in its eight years, building up a hard stonewall of military presence in East Asia. All these economic and military containment policies implemented toward China render a future containment strategy easier to be applied.

2.3. Benefits

First, an emerging China has already posed great threats to U.S. primacy. Containing China right now can prevent further risks of power transition. Since China's reform and opening in the 1980s, its economy has developed around 10% of the gross national product (GNP) on average annually for over three decades [9]. China has quadrupled its economy in size to become the second-largest worldwide since its entry to the WTO [10]. Due to its protectionist features in its domestic economy, governmental control of critical factors of production, and continuous acquisition of advanced technology abroad, China has gained disproportionately more than other states [11]. In certain critical high technology like 5G and artificial intelligence, China is achieving parity or even surpassing the United States. More troublesomely, China has continuously been transforming its economic size into the increase of its military capabilities [12]. Its increasing military budget, growing military modernization programs, and more frequent involvement in territorial disputes with neighboring countries have threatened the U.S. full control and freedom in East Asia.

To prevent any increasing threats China may pose in the future, containment at the current stage is an appealing choice. Brooks and Wohlforth used a model to described the necessary following procedure through which China may rise to become a superpower: China was a "great power" just like Russia or Japan; it has already advanced to an "emerging potential superpower" which already has the economic capacity but not yet the technological capacity to run for a superpower. If the United States fails to contain, China will then become a "potential superpower", which would be materially capable of matching the superpower, and sprint to finally become a "superpower" [13]. It is better, then, to throttle China when it is still an emerging potential superpower, for all would have been too late having China risen to become a potential superpower, at which level the United States would find it hopeless to achieve containment any longer.

Second, successful implementation of containment can effectively limit China's expanding economy by restricting China's access to the global economic system which has continuously boosted China's high-level economic growth. Heavy economic sanctions would limit China's capability to continue its problematic economic practices. This means that China will not be able to benefit from foreign intellectual property through an illegitimate way but need to either back down or follow the legitimate rules; nor will it be able to depend on protectionist practices and state-owned enterprises to take advantage of the free access to the global market. Thus, the U.S. service and knowledge economy can be better protected from China's economic practices. Furthermore, economic isolation will produce worse damage to the Chinese economy. Foreign investments and exports have been significantly boosting the growth of Chinese economy. If the United States together with its allies can strengthen free trade among themselves and loosen the economic ties with China, there will be fewer trade connections, less outsourcing to China,

and lower foreign investments [14]. China will then find it more difficult to sustain its desired growth rate since it has much fewer allies it can turn to as alternative partners.

In addition to dealing direct damages, the United States, by creating an unfavorable external environment for China, can wait for its internal growth to slow down or even stagnate due to domestic challenges. For example, China is currently facing an adverse demographic transition and shrinking working forces; its economy is also dragged by an over-emphasis on investments at the cost of domestic consumption [15]. Under the trade tensions with the United States, financial market volatility rose in China [16]. In the long term, domestic challenges together with external economic isolation will significantly limit China's economic growth rate.

Third, by strengthening the security alliances in East Asia, the United States and its allies can effectively defend themselves and contain China's expanding military power. With a stronger military presence and a tighter security coalition of the United States, China may be deterred to strive for more power projection capabilities. In addition, nuclear nonproliferation can be better sustained, because U.S. allies will feel safer and will not try to develop more nuclear weapons for self-defense [17]. Furthermore, as China's access to the global economy is restricted, China will find it much harder than the current "hyper-globalization" context where it can acquire various technologies through different approaches beyond direct purchasing [18].

2.4. Costs and Risks

A containment strategy toward China, although having great advantages for the United States to remain a superpower, comes also with notable costs and risks. First, it will lead to huge economic costs. For instance, if the United States intends to sway the trading partners of China within the Belt and Road Initiative to its side, it will have to counter China's staggering economic investment in the program, with \$200 billion to date and estimated \$1.2-1.3 trillion by 2020 [19]. The force to counter, known that the United States' real GDP in 2019 was \$21.43 trillion, would then be at the cost of 0.933% of U.S. GDP, a significant amount of it, not to mention that China would most likely increase its investment in the BRI further to counter the attack from the United States [20]. Moreover, China has remained the top three of the United States' trade partners, export factors, and import factors for almost two decades, and is still the biggest import factor of the United States currently [21]. If an economic containment is implemented, the United States will lose this giant market for U.S. exports which support U.S. services and agricultural industries; there will also be much fewer low-priced imports from China that have benefited American companies and citizens. It is obvious that imposing an economic containment would raise great economic costs for the United States.

In addition, because of the economic interdependence between China and its neighboring countries, the United States runs a huge risk of harming and thus losing allies' support in this region. All the countries that have economic interactions with China greatly benefit from this interdependence, despite the fact that China may gain much more from it [22]. Cutting off the economic ties with China will inevitably require these U.S. allies to sacrifice their gains from commercial intercourse. They may also fear that a unilateral decrease in trade with China will make them fall behind those countries who choose "buck-passing" [23]. Facing this dilemma, they will probably all choose "buck-passing", which will eventually result in a restoration of economic ties with China and a failed containment plan.

Furthermore, economic sanctions and intentional severance of economic ties disobey the free-market rules, which will eventually harm the American liberal values and credibility. Essentially, the United States supports the current liberal international order and globally-agreed trade rules of the WTO; and these liberal values back up the legitimacy of U.S. leadership around the globe. Even if some heavy economic sanctions and isolation produce successful outcomes, like expelling Chinese multinational companies from the U.S. market or pulling away investments in mainland China, they deny the market power and violate the established rules

[24]. The United States will thus bear a huge strategic cost of losing its credibility and liberal order caused by its own actions.

Last, the United States would drive a confrontational relationship with China through a containment strategy, deleterious to both its economic prosperity and the world's peace. When the United States is sanctioning China economically, menacing China militarily, and stifling China technologically, there is simply no need for China to maintain a friendly relationship with the United States. China will with no doubt sanction back. A distinct example was the tariffs China imposed on more than \$185 billion U.S. goods in turn for the tariffs the United States imposed on more than \$550 billions of Chinese products during the U.S.-China trade war [25]. To make matters even worse, China will consider it impossible to continue a peaceful relationship with the United States, and thus accelerate the development of its military forces and resort to forces when conflicts occur. A heavy containment against China will diminish a possible benign China and shape it into a malicious one.

The containment strategy aims at limiting China's economic growth and military expansion through economic isolation and anti-China security coalitions. Currently, enough defense budget and Trump's initiation serve as a basis so that containment is feasible to implement. Considering the continuous growth of China, containing this emerging power right now is advantageous to constrain its power expansion and prevent future threats. But at the same time, the United States will experience huge economic costs, erosion of its own credibility and free-market rules, and more tensions resulted from a more aggressive China.

3. ENGAGEMENT

This section first defines the engagement strategy toward China and then analyzes its feasibility from a two-sided perspective. Afterward, this section dives deep into the strategy by discussing its three benefits and risks respectively.

3.1. Definition

Generally, an engagement strategy toward China means to invest more in relations between the two countries and foster connection and interdependence with China. The suggested measures lie mainly in three aspects. Firstly, in the military dimension, engagement means minimum military presence in East Asia—China's sensitive area. Secondly, economic interchange without sanctions or isolation is a crucial part. Thirdly, in order to better provide global public goods, the United States should also keep China engaged in international institutions that construct world order and facilitate interdependence [26].

3.2. Feasibility

Both the United States and China have pre-existing conditions that make for the implementation of the engagement strategy. This suggests that the implementation of such a strategy will embrace mutual initiative rather than being a one-man show.

First, the United States has been well experienced in conducting engagement with China. Such a strategy that has endured decades of practice, has long been the bedrock of the U.S-China relation. The United States has developed a train of delicate policies on how to conduct such a strategy: in 1971, it allowed China to enter the United Nations by passing the UN General Assembly Resolution 2758; in 2001, it accepted China to become the 143rd member of the WTO. Though specific policies of each administration varied, the overall direction was the same. America could easily learn a lot from history and apply its experience in a new version of the engagement strategy. On the other hand, the engagement strategy is not failing yet [27]. Two key selling points of the engagement policy—involving China in international society and sharing liberalism with Chinese—has been delivered. Obviously, China has become more

involved with international affairs, it has become an active player in international society. In 2019, China held a conference with France, Russia, U.K, and the United States to maintain and support the NPT [28]. This proves that China has the willingness and ability to organize a meeting on a major topic, and gather major power around the world. Moreover, the liberal value has been widely accepted in China, in recent decades, many people belonging to the middle class are thinking about migrating to the United States, and a lot of scholars are deeply affected by American values as well.

Second, on the Chinese side, two levels of reaction have been witnessed in the process of U.S. engagement, and they are likely to proceed. On the primary level is China's willingness to benefit from engagement. Thanks to the classical philosophy passed down generations by generations, Chinese people generally believe in "mutual respect and win-win cooperation" [29]. Both official and civil claims are in favor of the U.S.- China cooperation, acknowledging it as conducive and beneficial to China's development. Hence, the policy will meet with less resistance and is prone to implementation. On the second level is China's creativity and initiative. To promote engagement, China has shown goodwill and put forward its own proposal such as a new model of major-country relationship in 2012. It is predicted that China may also be creative with activities to blaze a new trail of constructive relations if the United States maintain its engagement with China [30]. Thus, a virtuous circle will be formed between the two countries, featuring a series of productive interactions.

3.3. Benefits

Three benefits of the engagement strategy stand out. They include empowering the United States, pacifying China, and muting the security dilemma by promoting mutual trust.

First, the engagement strategy can save more money and energy for the United States to increase its own competitiveness. Militarily, the U.S. Department of Defense estimates that Japan and South Korea, two East Asian countries, ranks respectively second and third (US\$5.27 billion and US\$4.46 billion respectively) in the U.S. military deployments costs in 2020. Economically, enacting tariffs on other countries charges each American household about US\$250 on average in 2019 [31]. This indicates that both the maintenance of military bases abroad and economic sanctions are highly costly. Comparatively speaking, the engagement strategy does not need massive military force or economic sanctions, thus requiring fewer resources. This allows the United States to put more effort into keeping itself growing rapidly and its development model charming and magnetic to draw more friends and followers. The USSR's collapse taught the world an important lesson: one's own development is the most relevant factor to its success in the competition of development models. Hence, instead of pushing China down, the United States should be devoted to its own competitiveness. This will be more likely to happen if the engagement strategy is applied.

Second, the engagement strategy can give China more to lose. China's influences largely rely on its growing economy which is hard to achieve without U.S.-China trade relations. Therefore, the cost for China to disconnect is great, and it will lead to a series of consequences which might not only cost China to lose its influences, but also a potential decline in China's global influences. Aiming at making China "a responsible stakeholder", the Bush administration applied the policy of engagement that has increased trade between the United States and China and bound China into the international society [32]. It is clear that during the last decades, engagement has improved the interconnection and interdependence between China and the United States. Mutually benefiting each other, China also receives considerable gains in returns. The United States allows China to enter WTO and provides China with the identity of most-favored-countries, giving China enormous amounts of benefit and convenience in international trade. Besides, the total of U.S.-China trade has increased from 125 billion in 2001 to 700 billion in 2017 [33]. And apart from the economic gains, it also boosted the world's largest middle-class

group who essentially affected the social stability in the country, and it enabled China to have its own sphere of international influence. China's ruling party attaches great significance to social stability, economic growth, and international respectability. So, the more China is satisfied with the results brought by the engagement strategy, the less it will be willing to change the status quo and undermine the U.S.-China relations.

Third, an engagement strategy allows the United States to effectively mitigate the security dilemma with China, and furthermore stabilize East Asia. On the one hand, it will promote economic exchanges and welcome China to act in international institutions and thus send China a friendly signal by engaging. The United States would have the incentive to do so because the U.S.-China trade relation has created roughly 2.6 million jobs in the United States and the average consumer goods price in the United States has dropped by 1%-1.5% due to low labor costs in China, decreasing the unemployment rate and at the same time curbing the inflation. Consequently, China would feel safe even when the United States is clearly engaging in East Asia [34]. On the other hand, since the incentives of both countries are easier to understand, the military competition between the two will become unnecessary. A reduction of "muscle-building" all over the region will hence take place. The engagement strategy thereby enhances both the sense and the status of security on both sides in the region. Now, with a muted security dilemma, the top priorities of both nations are solved and a huge amount of budget are released. Both countries can then focus on other affairs such as economic growth and global problems, further reinforcing regional stability.

3.4. Costs and Risks

Although the engagement strategy is feasible and beneficial to U.S. national interests, three aspects of risks cannot be overlooked.

The first risk is the uncertainty of China's initial intention and how it will evolve in the interactions. If its initial intention is to kick the United States out of East Asia and become a regional hegemon, the United States will be "creating a monster" at the expense of its own interests. Even if China's initial intention is benign, the engagement strategy may change China's intention to the detriment of the United States. Since the United States seems undetermined to impose containment, China may be emboldened to convert economic power to military power, further challenging the status quo [35]. In short, the unclear intention of China is like a "volatile time bomb" which could significantly change the outcome of U.S. strategy. This problem with China's uncertain intention will be further analyzed in the next section.

The second risk is that the engagement strategy gives China more time to grow and threaten the U.S. primacy. In the 1980s, Deng Xiaoping set the tone of Chinese foreign policy: China would not take the lead in world affairs but would instead "bide its time and hide its capabilities." However, the rise of China has become an indisputable fact. With its large economic capacity and growing technological capability, China may be a more challenging opponent for the United States than the Soviet Union [36]. For one thing, since the beginning of the twenty-first century, China has been enjoying an average annual GDP growth of 9.02%—almost 4.5 times the U.S. case [37]. More recently, China's GDP was around 63% that of the United States in 2019 and peaked at 71% after the outbreak of COVID-19 pandemic, which makes it the most notable competitor of the United States in the last hundred years. For another, China's rise in the research rankings is remarkable. China has ranked second in Nature Index Share, and official reports tell that China is closing the gap between it and the United States—the current most prolific publisher of high-quality natural-sciences research [38]. Overall, China is undoubtedly rising in both economic and technological terms and shows little sign of ending this trend. Therefore, under an engagement strategy, China will be given more time to become an increasingly powerful competitor to the United States. More worryingly, China can choose to jump from a respected competitor to a deadly adversary to the United States at any time.

The third important risk that should not be ignored is an ideological and spiritual one. The greatness of China may have often obscured another label of it: an authoritarian state. During the engagement era, there were many examples of Chinese political interference on private U.S. companies, its failure to protect intellectual property rights, and its support for authoritarian movements in other parts of the world [39]. The current international order fears the resurgence of authoritarianism and its harm to liberal values, but no one knows to what extent a strategy of engagement will lead to this outcome. Of course, there is more to it than just ideology. China already has a lot of hype to capture people's hearts: the Belt and Road Initiative, the Asian Infrastructure Investment bank, and a fresh one— its faster speed on containing the COVID-19 outbreak and restoring the economy. If the United States allows China to play an active role in the international system, China will be offered the opportunity to change the current international order and give off its “aroma,” which will likely undermine U.S. competitive advantage in the competition of “model and system.”

The policy of engagement aims to create a more interconnected U.S.-China relation. It will be conducted by reducing military forces in East Asia, increasing economic exchanges, and binding China with the international community. Such a policy is feasible to be implemented because the United States has decades of valuable experience, and China will likely be more cooperative and even offer its own proposals. This policy comes with three crucial benefits: it preserves U.S. money and resources, gives China more to lose, and promotes regional stability. However, there are also three inevitable risks rooted mainly in the uncertainties about China's intentions: China can have more time to rise, propagate the China model, and challenge the United States.

4. PROPOSAL: A THIRD OPTION

This section first summarizes the above-discussed two strategies in a table and then analyzes the same problem they have when dealing with China's uncertain intentions. In order to solve this problem, a third strategy that combines the previous two is offered. In this option, the United States has two strings to its bow, which means using the two strategies to varying degrees in different areas. It should guide China's intentions to its own benefits and make China a gentle dragon with no intention to seek hegemony while keeping itself ahead.

4.1. Strategies and China'S Intention

The table below shows the basic attributes of the two strategies that have been discussed in the first and second sections. It is a graphic summary of the two sections.

From the summary above, each of the two strategies has its own logic to preserve U.S. primacy and assumption about China's intention. The containment strategy aims to remain the United States in the lead by limiting China's growth. It denies the possibility that China is benign or may turn benign by assuming the worst situation: China will ceaselessly seek to convert its economic capacity into military capability and expand its power. Under this assumption of an aggressive China, containment seems reasonable and effective. It fails to realize, however, that the heavy costs of containment discussed earlier will be all unnecessary and burdensome for the United States if China holds a benign intention or can be shaped benign through other strategies.

The engagement strategy, on the other side, aims to cooperate with China while gaining more. It assumes that China has a benign intention—not seeking hegemony—or can be shaped to have so through cooperation. However, China may also be aggressive and greedy for power. Even if China has a benign intention initially, it is still possible that China views the engagement strategy as a concession of the United States and thus becomes aggressive. In these cases, the United States will bear huge costs of conniving China's problematic economic practices and continuing to boost a strong rival.

Table 1. A Summary of the Two Strategies

Strategy	Containment	Engagement
Definition	1) Military: strong presence and forming tight security coalitions in East Asia 2) Economic: isolation and heavy sanctions	1) Military: minimum presence in East Asia 2) Economic: frequent exchange, no sanctions or isolation 3) International institutions: welcome to China’s active and supportive conducts
Feasibility	1) Enough defense budgets 2) Trump’s initiation as a basis	1) The United States: able and experienced 2) China: cooperative and initiative
Benefits	1) Prevent further threats 2) Limit China’s economic growth 3) Limit China’s military expansion	1) Save U.S. energy 2) Give China more to lose 3) Mute security dilemma
Costs and Risks	1) Economic costs for the United States and its allies 2) Harm the U.S. credibility and the liberal international order 3) Uncertain about China’s intentions	1) Uncertain about China’s intentions 2) Give China more time 3) Offer free propaganda for the China model

Hence, neither of the two strategies can well address the uncertainties of China’s intention. Without enough preparations for different scenarios, the United States may face great danger when China’s intention develops unfavorably. In order to alleviate this problem, the United States should combine the two strategies in a skillful way and prepare for all possible assumptions. It should actively engage China and guide its intention to the United States’ own benefits, while strictly preventing China from deliberately challenging the U.S. primacy in key realms. This middling strategy will then mitigate the costs and risks and render the United States more flexibility.

4.2. Proposal and Policy Recommendation

According to our proposal, the United States should engage China selectively in the America-backed international order. It should promote free trade, allow China to play an active role in the international community, and cooperate with China in critical global issues, so as to leave moderate space for China to become more benign. On the other hand, the United States should strictly constrain China’s development in critical technological or military fields and contain China’s capability to project its military power.

First of all, the United States should take advantage of its economic interdependence with China. On trade, The United States can damage China more than vice versa since it is a more important exporter to China than China is to the United States. However, its domestic consumers relying on Chinese goods that cannot be replaced easily are to be hurt in a Trade War. A cooperative, open, and rule-based trade relationship with China is therefore better than a trade decoupling. The United States may build such a relationship not only by bilateral negotiations, but also by promoting the role of WTO and other multilateral frameworks to call for vaster

collective action. In the area of Foreign Direct Investment (FDI), the bilateral flow has remained a relatively low level since the U.S.-China trade war. Worse still, mutual distrust tightens policy constraints on both sides, and existing discrimination against U.S. firms invested in China is especially severe. These are harmful to basic economic interaction. In this regard, resuming the Bilateral Investment Treaty (BIT) negotiations can be a good solution, because that encourages reciprocal investment protections and bilateral commercial ties [40]. Amid the current U.S.-China tension, BIT could set a bottom line for bilateral FDI and trade flows, improving the anti-risk capability of economic activity between the two countries. When it comes to currency markets, the two countries have no fundamental conflicts. There are not enough domestic reforms in China to build “deep and flexible convertible currency markets” and not adequate legal environment to prepare yuan as a major reserve currency [41]. And China is reluctant to make the change. Thus, the dollar’s position will continue to be solid, with both countries leaning toward the status quo.

Secondly, in terms of technology, the United States should contain China as much as possible, for that it is essential to stay technologically superior in order to restrain China as an emerging potential superpower. According to the National Science Board, “China continues to display the most vigorous R&D growth, accounting for nearly one-third of the global increase in R&D spending over the 2000–15 period” [42]. It could then be well argued that China sees its future of catching up with the United States. The United States, hence, should take the most resolute attitude to contain China in terms of its technological growth. The technological containment, nevertheless, should only be implemented to contain China’s growth in military technology. Passing executive orders to prevent Chinese firms’ development, such as the one that the Trump Administration imposed to “ban telecommunications companies in the United States from using Chinese equipment while building next-generation wireless networks,” however, would not get the job done, since they are in their nature containing China’s economic development, which the United States is most likely to fail in and by which the case is only worse for the United States as China gradually grows less dependent on the U.S. market [43].

Thirdly, in the military perspective, the United States should sustain a defensive security alliance and limit China’s military upgrading, while at the same time keep a moderate military expenditure itself and focus on incremental updates on military weapons and technology. These approaches will enable the United States to sustain its military superiority, protect its allies, and constrain China’s military expansion effectively at moderate costs.

On the one hand, the United States should follow an “active denial” strategy and support the rise of allies in East Asia. Past analyses have shown that despite China’s growing military capabilities and military modernization programs, there is little possibility that China can dominate East Asia in the next few decades [44]. Disturbing as it is to the United States, China’s A2/AD system is unable to project its power far enough to threaten most U.S. allies who are well equipped with the same A2/AD forces. Therefore, instead of offensively containing China, the United States and its allies can focus on the defensive side to combat China’s potential offensive force [45]. Moreover, the United States should pay more attention to aiding and supporting the rise of its allies so that they can have a stronger ability to balance China.

On the other hand, moderate investments and incremental updates on American military forces are needed to maintain its leading position; but there is no need to pursue a transformational change. To sustain a U.S. military superiority, investments are needed in “stealth technologies, advanced munitions, and information superiority” [46]. The America-led security alliances should construct their own A2/AD zone toward China. Fundamental changes, however, are not required. The United States should not aim to triumph by outspending China; nor should it aim to preemptively attack mainland China. In the end, East Asia will attain its balance of power where the United States and its allies feel substantially safe.

Fourthly, in the aspect of global issues, the United States should be in full cooperation with China. First of all, global issues, by definition, refer to issues that have implications to all the nations around the globe, which no country can deal with alone or step away from. These issues include climate change, global pandemic, nuclear proliferation, terrorism, inequality, etc. Some of these problems obey the laws of natural science, not political science, such as global warming and the COVID-19 outbreak. No country can be exempted from the costs brought by global catastrophes. Therefore, it would be the most rational choice for the United States to solve these problems jointly with China as soon as possible, allocating and utilizing resources from both sides. By collaboration, they are actually protecting themselves. Secondly, due to their prominence in the world, both countries have a huge amount of resources on materials level and intelligence level at hand. In this case, cooperation between China and the United States means that the issues could be resolved more effectively and faster. For instance, at the early stage of the COVID-19 pandemic, as the two academic epicenters for the studies of COVID-19, China and the United States have frequent exchange and collaboration in academia, and the level of connection was much more active back then [47]. If the two countries had not escalated their political conflicts later on, the benefits of the mutual communication and cooperation would have been unimaginable. Lastly, a collaboration between the two countries would also help improve their efficiency in coordination and produce more co-working insight. This would be beneficial to improve the U.S.-China relationship and promote long-term peace in the future.

5. CONCLUSION

The rise of China is the most important story in international relations after the Cold War, though “it remains unclear whether that story will have a happy ending” [48]. Under such circumstances, the most important bilateral relationship in the international community, the U.S.-China relationship, is particularly worthy of discussion. In this paper, the clear definitions of the containment and engagement strategies are given, after which the feasibility, benefits, costs and risks are analyzed respectively. It tries to offer readers a systematic understanding of the two strategies toward China, which is also a contribution to the current scholarship. The core point of the work is that both strategies have their intrinsic advantages and risks, and they both fail to address the problem of the uncertain intentions of China. Based on such analysis, this work puts forward a feasible proposal featuring more engagement in economy and global issues and cautious policies in restricting China’s development in R&D and military forces. This middling strategy could effectively help the United States to mitigate the costs if it implements the previous two strategies. However, whether this can be achieved requires further research. Following studies can be conducted to scrutinize how China will react to the U.S. strategy and how that will shape the outcomes of the U.S.-China relations.

Finally, two important lessons drawn from the work should be highlighted. On the one hand, China’s intention is an uncertain factor greatly influencing what the U.S. grand strategy should be. American policy-makers should always bear in mind that the U.S. China grand strategy involves a series of interactions rather than an American monodrama. They should take into consideration China’s uncertain intentions and reactions instead of focusing only on its own goal. On the other hand, the United States should not go to extremes when designing its strategy toward China. A black-and-white approach could easily magnify the shortcomings of one specific strategy while giving up the possible advantages of the alternative. An obviously smarter choice is to adopt different approaches in different areas related to national interests, and make sure that strategies are flexible enough in case of unforeseen changes. After all, the best outcome for the United States is certainly to guide China to become a partner rather than a rival or a counter-balancer.

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