

# **The Sources of American Conduct: U.S. Strategy, China's Rise, and International Order**

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**Zoltán Fehér**

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## **Dissertation Committee:**

**Dr. Robert L. Pfaltzgraff, Jr., Chair**  
Emeritus Shelby Cullom Davis Professor  
of International Security Studies

**Dr. Monica Duffy Toft**  
Academic Dean  
Professor of International Politics

**Dr. Jeffrey W. Taliaferro**  
Associate Professor of Political Science  
Department of Political Science, Tufts University



# Abstract

Why did the United States help China rise into a peer competitor? The United States originally designed its strategy of engagement vis-à-vis China to balance against the Soviet Union during the late Cold War. My dissertation seeks to resolve the puzzle of why Washington continued pursuing its engagement strategy in the early post-Cold War period (1989-2009) and thereby contributed to the rise of China. Following the end of the Cold War, U.S. policymakers believed that the perpetuation of U.S. engagement strategy would lead China to pursue liberalization internally and to become a “responsible stakeholder” internationally. As China began its nearly unprecedented rise in the international system, the changes in the global distribution of capabilities should have prompted U.S. decisionmakers to shift U.S. strategy toward balancing, in line with Mearsheimer’s offensive realism. I argue that, instead, American liberal strategic culture and the liberal ordering mission influenced policymakers to continue U.S. engagement strategy, including U.S. support for China’s global market access, which eventually produced a China with tremendously increased capabilities that has questioned the legitimacy of the U.S.-led liberal international order and positioned itself as a great-power challenger to Washington. In this dissertation, I test the predictive power of my theory of the liberal ordering strategy and that of Mearsheimer’s offensive realism against the actual historical record. My theory of the liberal ordering strategy, a neoclassical realist theory combining the effects of the changes in the global balance of power and of liberal strategic culture, has profound implications for a question hitherto understudied in the literature: why and how established great powers facilitate the emergence of rising states that may over time become peer competitors. This interdisciplinary research sits at the intersection of international security, international relations theory, diplomatic history, strategic studies, global political economy, and current policy challenges.

# Dedication

I dedicate my dissertation in loving memory to my mentors who have passed,  
Professor James Chace (1931–2004), my Advisor and Professor of Government and Public Law and Administration at Bard College;  
Ambassador Gyula Szelei K. (1948–2008), my first boss as the Director of the Office of International Organizations in the Hungarian Ministry of Foreign Affairs;  
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and Professor Robert L. Pfaltzgraff (1934–2023), Jr., my PhD Advisor, Professor of International Security Studies, and Chair of my Dissertation Committee at the Fletcher School of Law and Diplomacy.

Furthermore, I dedicate my dissertation in loving memory to three of the closest people to me who have passed,  
my beloved Grandma, Mamácska, Mrs. Lászlóné Fehér, born Ibolya Kornélia Mikó (1921–2013);  
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Finally, I dedicate my dissertation and my PhD to the most important people in my life, my much-adored parents, Anya and Apa, Edit Fehér and László Fehér, without whom I would not exist and without whose unconditional love, amazing upbringing, and never-ceasing support I would not have been able to achieve the things I have, including earning my doctoral degree. I love you both to the moon and back. This is for you two.

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## Remembering Robert Pfaltzgraff

Professor Robert L. Pfaltzgraff, Jr. was my champion from the time I applied to the Fletcher School's PhD Program in December 2015 to the day of my dissertation defense in September 2023. He was PhD Advisor, my professor, the director of one of my fields of studies (Political Systems and Theories), and the Chair of my Dissertation Committee. I had the distinct honor of serving as his teaching assistant for his signature course *P200 International Relations: Theory and Practice* and his GMAP course with Richard Shultz *Security Studies and Crisis Management*. When he decided to retire in September 2020, he selected me as one of three PhD candidates he would retain as advisees. Robert Pfaltzgraff chaired my dissertation defense on September 29, 2023. He died on November 17, 2023, at the age of 89. I am proud to have been his last student.

Robert Pfaltzgraff was born on June 1, 1934, in Yeadon, Pennsylvania. He attended Yeadon High School from 1948 to 1952 and went to Swarthmore College where he graduated in 1956. He subsequently attended the University of Pennsylvania, where he earned a master's in international business at the Wharton School, before earning a master's in international relations and a PhD in Political Science in 1964. After earning his doctorate, he stayed at Penn as an Assistant Professor of Political Science.

In 1971, he joined the Fletcher School of Law and Diplomacy at Tufts University, where he established the International Security Studies Program (ISSP) and the field of international security studies and taught generations of graduate students for 50 years. At Fletcher, he served as the Shelby Cullom David Professor of International Security Studies. He was also a leader of the Fletcher School's crisis management simulation program, SIMULEX, for decades. He was a visiting lecturer at the College of Europe (Bruges), National Defense College (Tokyo), and University of St. Andrews (Scotland).

Robert Pfaltzgraff was a legend in the field of International Relations, well known for his work in International Relations theory and international security studies. His co-authored book with his Penn mentor and friend James E. Dougherty, *Contending Theories of International Relations: A Comprehensive Survey*, was first published in 1971 and has seen several editions over more than five decades and is to date one of the most widely used textbooks on International Relations theories. *Contending Theories* reflects Pfaltzgraff's view that he imparted to us: every major IR theoretical school contributes something valuable to the understanding of international politics, but since none captures all truths, we should seek to find out what each individual school or theory is best at illuminating.

While he was recognized for his academic work, Dr. Pfaltzgraff's contributions were not confined to the world of academia. While at Penn, he became involved with the prominent Philadelphia-based think tank, the Foreign Policy Research Institute (FPR), and became its deputy director and subsequently its director. In 1976, he founded his own think-tank, the Institute for Foreign Policy Analysis (IFPA) in Cambridge, Massachusetts. Throughout his long career, he also advised several U.S. administrations on national security, military strategy, defense modernization, alliances, proliferation and counterproliferation, homeland security, and crisis management. He was a member of President Reagan's Defense Advisory Team and advised President George H. W. Bush, Brent Scowcroft, and Condoleezza Rice in the field of foreign policy planning.

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# 1. Chapter 1:

## Introduction: Why Do Established Great Powers Facilitate the Rise of Potential Peer Competitors?

### INTRODUCTION

*“We are the modern version of Mary Shelley’s Frankenstein, the 19th-century tale of an experimenting scientist who brought a dead body to life using that era’s technology: the electric shock. The resurrected creature became a murderous monster.”*

These are the words of the late János Kornai, the world-famous Hungarian economist, professor emeritus of Harvard, who died two years ago at the age of 93. In his 2019 *Financial Times* article,<sup>1</sup> Frankenstein stands for Western intellectuals, and the monster is none other but today’s Communist China. Kornai is one of those Western intellectuals who helped China reform and integrate into the world economy starting in the late 1970s; in fact, he is considered the Western economist having had the greatest influence on Chinese reforms. He argues that China, under its current leader Xi Jinping, has turned back time, returned to totalitarianism, and become a monster. He regrets his past involvement and calls for the containment of China. Even though Professor Kornai talks about the responsibility of Western intellectuals, it is clear whom he is implicitly taking to account: the United States of America.

Fifty years ago, the United States embarked on a journey whose end it could not foresee. The Nixon administration surprised the world by creating the opening to Mao’s

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<sup>1</sup> János Kornai, “Economists share blame for China’s monstrous turn: Western intellectuals must now contain Beijing,” *Financial Times*, July 10, 2019 <https://www.ft.com/content/f10ccb26-a16f-11e9-a282-2df48f366f7d>.



Communist China, whereby Washington and Beijing became *de facto* allies to counter the Soviet Union. Shortly after, Mao Zedong died and his successor Deng Xiaoping launched a series of bold market reforms to revive the Chinese economy. The United States actively supported these reforms and China's integration into the world economy by a long series of measures from granting China "most favored nation" status in 1980 through paving the way for China's membership in the World Trade Organization in 2001. As a result of its global integration, China produced an economic miracle in the past three decades, lifting as many as 300 million people out of poverty. However, its economic power has also propelled it to the ranks of the world's leading political and military powers, and China today is challenging the United States for primacy. As Kornai argued, "their aim is to become the hegemonic leader of the globe."<sup>2</sup> By allying with China and helping it integrate into the global economic order, the United States ended up raising a peer competitor to itself.

But how did a Hungarian economics professor get mixed up in all of this? Kornai got involved with Chinese economic reforms from the late 1970s onwards because Deng's Reform and Opening was modeled after the New Economic Mechanism of Communist Hungary, in whose preparation and development Kornai had participated in the 1960s. The New Economic Mechanism in Hungary was stopped by the Soviet leadership in Moscow after their tanks had crushed the Prague Spring in 1968 and "winter came" in the Soviet bloc.

My dissertation seeks to explain why the United States has helped China's rise and thereby raised a peer competitor to itself. I wish to solve the puzzle of why Washington continued pursuing its engagement strategy in the early post-Cold War period (1989-

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<sup>2</sup> Kornai, "Economists share blame for China's monstrous turn."

2009) and thereby contributed to China's ascendance. In order to explain this, my research explores the process of the formulation of U.S. strategy vis-à-vis China and the thinking and influences of U.S. foreign policymakers during that process. More generally, this dissertation seeks to answer the theoretical question: why and how do established great powers often facilitate the emergence of rising powers that may over time become their rivals?

## RESEARCH QUESTIONS

In recent years, scholars and practitioners have recognized China as the main rival to the United States globally, with many in the U.S. worrying over the possibility of China taking over the United States as the leading power in the world. However, U.S. strategy towards China in the past half century has had its role in facilitating China's rise. Originally designed as a partnership with China to counter the Soviet Union during the late Cold War, the United States continued its strategy of engagement after the end of the Cold War in the hope of seeing China liberalize. Successive U.S. administrations "perpetuated" the strategy of engagement despite limited progress on liberalization and China's becoming more of a strategic competitor than a partner. In the past decade, as the United States has begun partially balancing against China, the mixed record of the U.S. engagement strategy has come to light. My dissertation seeks to resolve the puzzle of why Washington continued pursuing its engagement strategy in the early post-Cold War period (1989-2009) and thereby contributed to the rise of China.

In theoretical terms, my dissertation seeks to answer a question hitherto understudied in the literature: why and how established great powers often facilitate the emergence of rising states that may over time become peer competitors. Most traditional

theories have not only neglected this question, but their logics cannot provide a feasible explanation, either. My *theory of the liberal ordering strategy* offers an explanation to this puzzle, which builds on both power politics and strategic culture. This interdisciplinary research sits at the intersection of international security, International Relations theory, international political economy, diplomatic history, and current policy challenges.

## EXISTING LITERATURES

This dissertation seeks to find the theoretical explanation for why and how an established great power would facilitate the emergence of a rising power that may over time become its peer competitor. In my case studies, I will examine U.S. strategy vis-à-vis China in the early post-Cold War period in order to explain why and how the United States ended up facilitating China's rise, thereby raising a rival. Exploring the existing literatures, in this section I will present two types of potential theoretical explanations for why an established great power would behave this way toward a rising power: external and internal explanations.

### **Power-based explanations: defensive realism and offensive realism**

First, I propose to look at potential *power-based* or *external* explanations for great-power behavior. Two good candidates for this are two branches of the leading systemic theoretical school, structural realism. The two branches of structural realism, defensive realism and offensive realism have been developed mostly by the disciples of Kenneth Waltz. Even though both defensive and offensive realists diverge from Waltz's structural realist theory in several ways, they follow Waltz on the basic tenets of his theory. According to Waltz, the international system is anarchic, i.e. there is no world

government or any other authority over the units of the system (states). The international system's main organizing principle is the distribution of capabilities, which means that the position of a given state is determined by the power (capabilities) it possesses. It is a self-help system where states that do not help themselves hurt themselves. The theory mostly cares about major powers. Every major power competes with the other major powers. If a major power attempts to seek hegemony, the other major powers tend to form a balance of power to prevent it from achieving hegemony. The structure of the international system is also expressed in the form of its polarity, which is determined by how many major powers there are in the system. Bipolar systems are more stable than either unipolar or multipolar systems.<sup>3</sup>

When it comes to defining what exactly it is that states seek, Waltz's formulations are ambiguous and left much room to interpretation. Therefore it should not be surprising that it was exactly this question on which Waltz's disciples ended up diverging. At one point, Waltz defines survival as the main goal of states: "In anarchy, security is the highest end. Only if survival is assured can states safely seek such other goals as tranquility, profit, and power."<sup>4</sup> Elsewhere, however, he argues that states "are unitary actors who, at a minimum, seek their own preservation and, at a maximum, drive for universal domination."<sup>5</sup> It was on the basis of this ambiguity that two different strands of structural realism, defensive realism and offensive realism, developed. On the one hand, defensive realists interpreted Waltz as arguing that states mostly seek survival (minimum security) and that power maximization harms their trajectories. This might be the more faithful interpretation of Waltz's theory. On the other hand, offensive realists

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<sup>3</sup> Kenneth N. Waltz, *Theory of International Politics* (Long Grove, Ill.: Waveland Press, 2010).

<sup>4</sup> Waltz, *Theory of International Politics*, 126.

<sup>5</sup> Waltz, *Theory of International Politics*, 118.

rely on Waltz's words that states "drive for universal domination" and believe that states (major powers) want to maximize their power and therefore seek hegemony (maximum security).

Defensive realists argue that states only seek survival and security because the international system does not provide them with incentives for more ambitious goals. In defensive realism, a major power cannot achieve or maintain hegemony because the other major powers would form a balance of power to prevent it. If no major power can achieve or maintain hegemony, there cannot arise a situation when the hegemon (established great power) ends up facilitating the rise of a peer competitor. *Per definitionem*, defensive realism cannot foresee such a development since it expects that balances of power will always form to prevent the hegemony of any one state. Defensive realism therefore cannot provide a suitable answer to our research question. In fact, defensive realists have not provided relevant answers to the challenge of China's rise and the role of the United States in facilitating it in the past three decades. Most defensive realists have not even considered China's rise a threat to the United States.

While defensive realists argue that states seek only survival, offensive realists express the opposite view and posit that states seek hegemony because the structure of the international system makes them feel like the only way to be secure is to be on top.<sup>6</sup> Offensive realists argue that most states do not feel secure because there are other states in the system that are as powerful as they (or even more) and those other states can always threaten the state's survival.<sup>7</sup> After all, states exist in anarchy and there is no

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<sup>6</sup> John J. Mearsheimer, *The Tragedy of Great Power Politics (Updated Edition)* (W. W. Norton & Company, 2014), 21.

<sup>7</sup> Robert Gilpin, *War and Change in World Politics* (Cambridge University Press, 1981); Eric J. Labs, "Beyond Victory: Offensive Realism and the Expansion of War Aims," *Security Studies* 6, no. 4 (June 1, 1997): 1–49, <https://doi.org/10.1080/09636419708429321>; Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role* (Princeton University Press, 1999); Mearsheimer, *Tragedy of Great Power Politics*.

world government to stop one from attacking another. In order to ensure that a state has no rivals that are more powerful, the state needs to become the most powerful state in the system. This means every state (every major power) must drive for hegemony. Robert Gilpin's hegemonic stability theory argues that when hegemonic international orders enter into a state of disequilibrium, rising powers may overthrow the ruling hegemon and its international order through peaceful hegemonic transition or (more often) through hegemonic war.<sup>8</sup> John Mearsheimer posits that "great powers behave aggressively not because they want to... but because they have to seek more power if they want to maximize their odds of survival."<sup>9</sup> And this is exactly the tragedy of great power politics: even though no great power would want to act aggressively, the structure of international politics pits great powers against each other.

Can offensive realism explain why an established great power would facilitate a potential peer competitor? Offensive realists argue that great powers maximize their security by becoming the most powerful state in the system. Once a great power achieves dominance in the system, they become the hegemon or established great power. An established great power (hegemon) that faces the threat of being overthrown by a rising power will do everything in its power to prevent such an outcome. It will adopt a balancing or containment strategy against the rising power to slow or stop its emergence. Under offensive realism, an established great power would never knowingly contribute to the rise of a potential rival because it would be against its interests to do so. As a result, offensive realism cannot explain why an established great power would facilitate the emergence of a rising power that could become its peer competitor.

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<sup>8</sup> Gilpin, *War and Change*.

<sup>9</sup> Mearsheimer, *Tragedy of Great Power Politics*, 21.

What would offensive realism have predicted about the behavior of the United States vis-à-vis China in the early post-Cold War era? It would have predicted that Washington contain or balance against China's rise. In fact, offensive realism *did* predict this. As Mearsheimer wrote in 2001: "Unfortunately, a policy of engagement is doomed to fail. If China becomes an economic powerhouse it will almost certainly translate its economic might into military might and make a run at dominating Northeast Asia... Of course, neither its neighbors nor the United States would stand idly by while China gained increasing increments of power. Instead, they would seek to contain China."<sup>10</sup> Offensive realism predicted that Washington contain China's rise.

However, this is the opposite of what happened. As a hegemon in the international system, the United States actually helped the growth of China into a potential rival for hegemony through its strategy of engagement. Through the active support of the United States, China has now risen powerful enough to challenge the United States for global hegemony. Offensive realism failed to predict this. Mearsheimer indirectly acknowledged his theory's misprediction when in 2022 he described U.S. strategy toward China in recent decades as a complete failure: "Three decades ago, the Cold War ended, and the United States had won... Since a mightier China would surely challenge the U.S. position in Asia and possibly beyond, the logical choice for the United States was clear: slow China's rise. Instead, it encouraged it."<sup>11</sup> Offensive realism failed to predict that U.S. would facilitate China's rise and it cannot explain it. Offensive realism cannot account for why an established great power would facilitate the rise of an emerging power that would over time become its peer competitor.

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<sup>10</sup> Mearsheimer, *The Tragedy of Great Power Politics*, 4.

<sup>11</sup> John J. Mearsheimer, "The Inevitable Rivalry," *Foreign Affairs*, November/December 2021, <https://www.foreignaffairs.com/articles/china/2021-10-19/inevitable-rivalry-cold-war>.

As powerful as offensive realism is as a theory in explaining the incentives of the international system for great powers, it cannot account for why an established great power would facilitate the rise of a potential rival. What offensive realism is missing is an explanation for why the hegemon's decisionmakers do not respond efficiently to the pressures of the international system, according to which they should try to balance against and slow the rise of the emerging power. If the missing piece for which offensive realism cannot account is the considerations and motivations of the hegemon's decisionmakers, which are to be found at the unit-level, maybe we need to explore theories with domestic political explanations.

### **Domestic explanations: *Innenpolitik* and strategic culture theories**

In this section, I will explore two potential *domestic* or *internal* explanations for our theoretical puzzle, *Innenpolitik* and strategic culture theories.

*Innenpolitik* theories argue that it is domestic political interests and processes that are dominant in determining the foreign policies or grand strategies of states. The origins of the *Innenpolitik* tradition go back to 19<sup>th</sup> and 20<sup>th</sup> century German and British historiography focusing on imperialism as well as British and German foreign policy. The tradition has been continued in international relations theory in recent decades. While the logic of *Innenpolitik* suggests that most of these theories be identified as unit-level theories and belonging to the family of liberal theories, we also find (defensive) realists make similar arguments.<sup>12</sup>

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<sup>12</sup> Fareed Zakaria, "Realism and Domestic Politics: A Review Essay," *International Security* 17, no. 1 (1992): 180-181, <https://doi.org/10.2307/2539162>.



The more recent iterations of liberal *Innenpolitik* approaches have been put forth explicitly as criticisms of (structural) realist theories of recent decades. These *Innenpolitik* works argue that scholars of foreign policy and grand strategy need to focus on the unit-level, or second image, of international politics because domestic political factors, including economic structure, special interests, domestic politics, institutions, ideas, and ideologies play important roles in shaping state behavior. They emphasize the importance of domestic variables in shaping international behavior and international outcomes and deny the dominance of the international system. This theoretical approach stands in stark contrast with realist theories, including offensive realism, that concentrate on the systemic level or the first image.<sup>13</sup>

Can *Innenpolitik* theories explain why an established great power would facilitate the rise of a potential peer competitor? *Innenpolitik* theories can shed light on some of the important factors that may be responsible for skewing an “efficient” response by the established great power’s decisionmakers to the international systemic pressures of the rise of a potential rival, e.g. domestic coalitions, economic interests, or ideologies. These factors have often played a role when hegemons ended up contributing to the rise of their future challengers. *Innenpolitik* theories, however, place excessive focus on these domestic factors at the expense of structural-systemic factors. They overlook the crucial roles that the changes in the distribution of capabilities and power politics play in shaping the strategies of great powers and the competition between them.

When it comes to account for U.S. engagement strategy vis-à-vis China, analysts often turn to *Innenpolitik* domestic coalition explanations. Steven I. Levine argues that it

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<sup>13</sup> Richard Rosecrance and Arthur Stein, "Beyond Realism: The Study of Grand Strategy," in *The Domestic Bases of Grand Strategy*, ed.s Richard Rosecrance and Arthur Stein (Cornell University Press, 1993), 3-21.

was business groups and human rights groups struggling for the soul of U.S. strategy.<sup>14</sup> James Mann believes that the main motivation behind U.S. engagement strategy toward China in the early post-Cold War period is to be found in American business interests: “By the mid-1990s, the United States was once again courting the leadership in Beijing... The new American policy toward China was driven largely by commercial interests.”<sup>15</sup> These explanations, however, focus solely on one factor within the second image, even neglecting other second-image factors like the ideological-ideational aspects of U.S. strategy, but their main deficiency is that they ignore the first image: the structural-systemic realities of China’s rise in the distribution of capabilities and the resulting structural competition between Washington and Beijing. *Innenpolitik* theories, therefore, cannot fully account for why established great powers often facilitate the rise of their future peer competitors.

The search for the role of ideas in the development of foreign policy and strategy ushered in waves of new scholarship focused on *strategic culture* in the 1990s and 2000s.<sup>16</sup> The pioneering work in strategic culture approaches came as early as 1977 with Jack Snyder’s RAND-commissioned study of Soviet strategic culture and nuclear weapons for the U.S. Air Force.<sup>17</sup> Scholars of strategic culture argue that each country has its own

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<sup>14</sup> Steven I. Levine, “The United States and China: Managing a Stormy Relationship,” in *China Briefing: The Contradictions of Change*, ed. William A. Joseph (Armonk, NY and London: M.E. Sharpe, 1997), 223-247.

<sup>15</sup> James Mann, *About Face: A History of America’s Curious Relationship with China, from Nixon to Clinton* (New York: Vintage Books, 2000), 371.

<sup>16</sup> Peter J. Katzenstein, *The Culture of National Security: Norms and Identity in World Politics* (Columbia University Press, 1996); Elizabeth Kier, “Culture and Military Doctrine: France between the Wars,” *International Security* 19, no. 4 (Spring 1995): 65-93; Michael C. Desch, “Culture Clash: Assessing the Importance of Ideas in Security Studies,” *International Security* 23, no. 1 (Summer 1998): 141-170.; Alastair Iain Johnston, “Thinking about Strategic Culture,” *International Security* 19, no. 4 (Spring 1995): 32-64.; Jeffrey W. Legro, *Rethinking the World: Great Power Strategies and International Order* (Ithaca: Cornell University Press, 2005); Richard Shultz, “Strategic Culture and Strategic Studies: An Alternative Framework for Assessing al-Qaeda and the Global Jihad Movement,” *JSOU Report 12-4* (May 2012), Joint Special Operations University.

<sup>17</sup> Jack L. Snyder, *The Soviet Strategic Culture: Implications for Limited Nuclear Operations*, Rand Corporation, September 1977, [www.rand.org/pubs/reports/2005/R2154.pdf](http://www.rand.org/pubs/reports/2005/R2154.pdf).

idiosyncratic modes and preferences in strategic affairs, which are based on their culture, geography, and history.

Strategic culture has been defined in various ways during the evolution of the concept and approach in international relations theory in the past four and a half decades. The pioneer of the strategic cultural approach, Jack Snyder defined it specifically for his application in studying Soviet nuclear strategy: “As a result of [a] socialization process, a set of general beliefs, attitudes, and behavior patterns with regard to nuclear strategy has achieved a state of semi-permanence that places them on the level of ‘cultural’ rather than mere policy.”<sup>18</sup> Jeannie Johnson writes that “strategic culture is that set of shared beliefs, assumptions, and modes of behavior, derived from common experiences and accepted narratives (both oral and written), that shape collective identity and relationships to other groups, and which determine appropriate ends and means for achieving security objectives.”<sup>19</sup> In Colin Dueck’s formulation, “cultural theorists of grand strategy posit the existence of an interlocking set of values and beliefs held by the politically interested people of each nation-state that relate to strategic affairs; a set of beliefs that can be referred to as a nation’s “strategic culture.””<sup>20</sup>

A major theoretical debate regarding the role of strategic culture took place in the 1990s between Colin Gray, a representative of the “first generation” of strategic culture scholarship, and Alastair Iain Johnston, a scholar in the “second generation.” The essence of the debate concerns the meaning and operationalization of strategic culture and the scientific rigor in studying it. For Gray, strategic culture as context has two meanings and

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Snyder, *The Soviet Strategic Culture*, 8.

<sup>19</sup> Jeannie L. Johnson, “Strategic Culture: Refining the Theoretical Construct,” in *Comparative Strategic Culture Curriculum Project*, ed. Jeffrey A. Larsen (Fort Belvoir, VA: Defense Threat Reduction Agency, 2006), 5.

<sup>20</sup> Colin Dueck, *Reluctant Crusaders: Power, Culture, and Change in American Grand Strategy* (Princeton University Press, 2008), 15.

two roles: (i) strategic culture as context as ‘that which surrounds’: strategic culture as being ‘out there,’ as a source of influence which might cause behavior; and (ii) strategic culture as context as ‘that which weaves together’: strategic culture as socially constructed by people and institutions, which proceed to behave to some degree culturally.<sup>21</sup> For Johnston as a representative of the second generation, strategic culture is “an ideational milieu which limits behavioral choices.”<sup>22</sup> In his view, strategic culture is “an integrated system of symbols... which acts to establish pervasive and long-lasting strategic preferences by formulating concepts of the role and efficacy of military force in interstate political affairs.”<sup>23</sup>

Can strategic culture theories explain why an established great power would facilitate the rise of a potential peer competitor? While strategic culture theories illuminate important differences in how different countries approach the making of foreign policy and strategy, much of the third-generation strategic culture literature uses strategic culture as a causal (independent) variable, neglecting the impact of the international system on national strategies. Elizabeth Kier, for example, claims in her study on French military doctrine that “culture has (relative) causal autonomy.”<sup>24</sup> Strategic culture cannot by itself explain state behavior. If strategic culture is a milieu that mostly delimits strategic options available to decisionmakers, then it cannot serve as an independent variable.<sup>25</sup>

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<sup>21</sup> Colin S. Gray, “Strategic Culture as Context: The First Generation of Theory Strikes Back,” *Review of International Studies* 25, no. 1 (1999): 49-69.

<sup>22</sup> Johnston, “Thinking about Strategic Culture,” 46.

<sup>23</sup> Johnston, “Thinking about Strategic Culture,” 46.

<sup>24</sup> Elizabeth Kier, “Culture and French Military Doctrine before World War II,” in *The Culture of National Security: Norms and Identity in World Politics*, ed. Peter J. Katzenstein (Columbia University Press, 1996), 187.

<sup>25</sup> Desch, “Culture Clash,” 169-170; Alastair Iain Johnston, “Thinking about Strategic Culture,” 42-43.

Strategic culture approaches, therefore, cannot explain our puzzle by themselves and as a result cannot replace traditional theories. However, they can supplement existing theories, especially by shedding light on some deeply seated beliefs in strategic communities and on national modes of strategy-making. Strategic culture variables can explain “the lag between structural change and alterations in state behavior... and may account for why some states behave irrationally and suffer the consequences of failing to adapt to the constraints of the international system.”<sup>26</sup> These two contributions are especially salient for our tasks of explaining, in general, why an established great power would facilitate the rise of a potential peer competitor and, more specifically, why the United States facilitated China’s rise in the early post-Cold War period. Strategic culture explanations cannot supplant realist theories but could be particularly well-suited to supplement them.<sup>27</sup> This is why my *theory of the liberal ordering strategy* builds significantly on the supplementary role of strategic culture in explaining why a great power would irrationally facilitate the emergence of another great power and suffer its consequences.

As this section has demonstrated, I am launching into uncharted territory when seeking to explain theoretically why an established great power would contribute to the rise of a potential peer competitor. International relations theories have hitherto understudied this research question. Defensive realism cannot even foresee such a development since it expects that balances of power will always form to prevent the hegemony of any one state. Offensive realism can foresee competition between an established and a rising great power but cannot explain why the former would facilitate the emergence of the latter. *Innenpolitik* theories often focus solely on one domestic variable at the expense of all other domestic variables and, most importantly, neglecting

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<sup>26</sup> Desch, “Culture Clash,” 166.

<sup>27</sup> Desch, “Culture Clash,” 170.

the causal role of the international system. So do strategic culture approaches, but they may help account for why a hegemon would fail adapt to international systemic pressures of a competitor's rise or why it would take the hegemon too long to make a strategic adjustment. Overall, no traditional theoretical approaches can fully resolve our puzzle. This makes this project a "black hole" dissertation. My *theory of the liberal ordering strategy* seeks to fill this crucial gap in IR theory.

## MY ARGUMENT IN BRIEF

Why and how do established great powers often facilitate the rise of an emerging power that may over time become their peer competitor? My *theory of the liberal ordering strategy* argues that when an established great power ends up facilitating the emergence of a potential rival, it is the established power's idiosyncratic strategic culture that skews the "efficient" response of its policymakers to international systemic pressures. The signals of the international system about the rise of the emerging power in the distribution of capabilities as well as the negative/hostile behavior of the emerging power (independent variable) would normally push the established great power's decisionmakers to shift its strategy vis-à-vis the emerging power (dependent variable) from engagement toward balancing. However, the established power's strategic culture (intervening variable) significantly moderates the effect of the international systemic signals, and therefore the decisionmakers settle on the continuation of the engagement strategy. By pursuing a highly cooperative strategy, the established great power inadvertently but significantly facilitates the rise of the emerging power, thereby raising a great power peer competitor to itself.

Why did the United States help China rise to a peer competitor? My theory argues

that it was American liberal strategic culture and the *liberal ordering mission* that influenced America's China strategy for several decades and moderated the impact of international systemic pressures about China's rise. U.S. engagement strategy and its focus on supporting China's integration into the world economy advanced U.S. strategic interests during the late Cold War when the U.S.-China *de facto* alliance served to balance against the Soviet Union. In the early post-Cold War period, China began its unprecedented rise in the international system with the real potential that one day it could grow to be a great power and challenge the United States for primacy. The systemic changes in the distribution of capabilities should have prompted U.S. decisionmakers to shift U.S. strategy toward balancing. Instead, American liberal strategic culture and the *liberal ordering mission* skewed the "efficient" response of U.S. policymakers to international systemic pressures in the early post-Cold War period. Under the influence of the *liberal ordering mission*, the U.S. foreign policy leadership expected that continued support for China's access to the world economy will lead to Beijing's internal and external liberalization (both politically and economically) and its full integration into the U.S.-led liberal international order. As we have seen in recent decades, the opposite has happened. U.S. engagement strategy and its focus on supporting China's global market access produced a China with tremendously increased capabilities that has questioned the legitimacy of the U.S.-led order and positioned itself as a great-power challenger to Washington in the beginning of the 21<sup>st</sup> century.

## METHODOLOGY AND METHODS

Fifty years ago, a revolution took place in the philosophy of science that has had major implications for social science research. Hungarian-born Imre Lakatos laid the foundations of what he termed “sophisticated methodological falsificationism,” by extending and reinterpreting Karl Popper’s philosophy of science (falsificationism). According to Lakatos, “only those theories... which may be ‘falsified’ and rejected, are scientific” theories.”<sup>28</sup> On the other hand, “a theory with substantial deductive power that has survived many anterior observations might not be rejected simply because it is inconsistent with recent observations.”<sup>29</sup> Among others, Kenneth Waltz also based his *Theory of International Politics* on this “new” formulation of social science theories. Lakatos’ work effectively launched an era of great progress in social science research.

For this dissertation, I have chosen to use the theoretical and methodological guidance of neoclassical realist theory, as specified by Ripsman, Taliaferro, and Lobell in *Neoclassical Realist Theory of International Politics*, in great part because I agree with their epistemological position. Even though they admit that theory testing in the social sciences is more difficult than in the natural sciences, they still deem theory testing an important part of research. I subscribe to their soft positivist epistemology, “where we search for law-like generalizations across cases and test these generalizations with rigorous case-study analysis based on well-selected cases. The essence of this approach is that we can identify elements of comparability across at least somewhat similar cases.”<sup>30</sup> This soft

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<sup>28</sup> Imre Lakatos, “Falsification and the Methodology of Scientific Research Programs,” in *Criticism and the Growth of Knowledge*, ed. Imre Lakatos and Alan Musgrave (Cambridge: Cambridge University Press, 1970), 108.

<sup>29</sup> Peter A. Hall, “Aligning Ontology and Methodology in Comparative Politics,” in *Comparative Historical Analysis in the Social Sciences*, ed. James Mahoney and Dietrich Rueschemeyer (New York: Cambridge University Press, 2003), 373-404.

<sup>30</sup> Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics* (Oxford University Press, 2016), 105.



positivism, however, runs partly counter to Lakatos' axioms, as neoclassical realists construct probabilistic theories that are not falsifiable: "A probabilistic theory seeks to explain as much of the DV's variance as possible with the IVs and IVVs it identifies but does not claim to explain 100 percent of that variance. Therefore, it posits that the theory should hold *ceteris paribus* but that other factors not enumerated in the theory may also affect outcomes."<sup>31</sup> I am constructing the *theory of the liberal ordering strategy* as a probabilistic theory.

Determining causality in the making of foreign policy and strategy is a difficult endeavor. In terms of my methodology, I have chosen to combine historiography, qualitative case studies, and within-case analysis through process tracing for my investigation. I conduct historical-archival research and process-tracing for developing in-depth case studies on which to test/construct theory. Process-tracing helps me identify the steps of the decision-making process and the factors affecting such a process leading to the strategic adjustment in each case. Through this, I will be able to discern what were the roles of the international systemic and unit-level factors (strategic culture) shaping the strategic adjustment.

Since Lakatos, much progress has been made in the philosophy of science, in social science research, and in qualitative research methodologies. For my case studies, I will rely on a book that signals such progress, Alexander George's and Andrew Bennett's book *Case Studies and Theory Development in the Social Sciences*. In their definition, the case study approach is "the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events."<sup>32</sup> In the

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<sup>31</sup> Ripsman, Taliaferro, and Lobell, *Neoclassical Realist Theory*, 107.

<sup>32</sup> Alexander George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA, and London: MIT Press, 2005), 5.

same work, George and Bennett defined my chosen methodology of process tracing as examining “histories, archival documents, interview transcripts, and other sources to see whether the causal process a theory hypothesizes or implies in a case is in fact evident in the sequence and values of the intervening variables in that case.”<sup>33</sup> They furthermore add that “the process tracing method attempts to identify the intervening causal process – the causal chain and the causal mechanism – between an independent variable (or variables) and the outcome of the dependent variable.”<sup>34</sup>

While these definitions of process-tracing are useful, it is a testament to the aforementioned significant (and seemingly continuous) progress made in qualitative social science methodologies that a more recent book by Andrew Bennett and Jeffrey T. Checkel amends the earlier definitions. In their updated definition, process tracing is “the analysis of evidence on processes, sequences, and conjectures of events within a case for the purposes of either developing or testing hypotheses about casual mechanisms that might causally explain the case.”<sup>35</sup> My dissertation is both a theory-testing and a theory-developing endeavor. Causal mechanisms are “ontological entities and processes in the world... Such mechanisms are ultimately unobservable, but our hypotheses about them generate observable and testable implications.”<sup>36</sup> The ultimately unobservable and theoretical causal mechanisms produce causal processes and testable implications, both of which are observable. Finally, the observable and testable implications of the causal processes need to be tested against the evidence.

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<sup>33</sup> George and Bennett, *Case Studies and Theory Development*, 6.

<sup>34</sup> George and Bennett, *Case Studies and Theory Development*, 206.

<sup>35</sup> Andrew Bennett and Jeffrey T. Checkel, “Process tracing: from philosophical roots to best practices,” in *Process Tracing: From Metaphor to Analytic Tool*, ed.s Andrew Bennett and Jeffrey T. Checkel (Cambridge University Press, 2015), 7.

<sup>36</sup> Bennett and Checkel, “Process tracing,” 12.

## DATA COLLECTION AND SOURCES

To investigate the formulation of U.S. strategy vis-à-vis China in the early post-Cold War period, I will follow Bennett and Checkel's advice that "when assessing alternative explanations of a case, process tracers should be relentless in tracking down primary sources or seeking interviews with participants."<sup>37</sup> Therefor I collected data from as diverse of a set of sources as possible. I relied on extensive archival research, policymaker interviews, public speeches, press conferences, National Security Strategies, government documents, Congressional testimonies, memoirs, oral histories, scholarly literatures, think-tank reports, and news media reports.

In search of primary documentary evidence about the formulation of U.S. strategy vis-à-vis China in the period under investigation with special focus on the work of the National Security Council, I conducted archival research in the following archives:

- George H. W. Bush Presidential Library (College Station, Texas),
- Bill Clinton Presidential Library (Little Rock, Arkansas), and
- George W. Bush Presidential Library (Dallas, Texas).

For this dissertation, I conducted in-depth, focused interviews with the following policymakers involved in formulating U.S. strategy toward China in the George H. W. Bush, Bill Clinton, and George W. Bush administrations:

- Kurt Campbell: Director of the Democracy Office, National Security Council (1994-1995); Deputy Assistant Secretary of Defense for Asia and the Pacific (1995-2000)

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<sup>37</sup> Bennett and Checkel, "Process tracing," 27.

- William Inboden: Member of the Policy Planning Staff and Special Advisor in the Office of International Religious Freedom, State Department (2003-2005); Senior Director for Strategic Planning and Institutional Reform, National Security Council (2005-2007)
- Rebecca Friedman Lissner: Acting Senior Director for Strategic Planning, National Security Council (2021-2022), Special Assistant to the President and Principal Deputy National Security Advisor to the Vice President (2022-)
- Winston Lord: Ambassador to China (1985-1989); Assistant Secretary of State for Pacific and East Asian Affairs (1993–97)
- Joseph A. Nye: Chairman, National Intelligence Council (1993-94); Assistant Secretary of Defense for International Security Affairs (1994-95)
- Douglas Paal: Director for Asian Affairs, National Security Council (1986-1991); Senior Director for Asian Affairs and Special Assistant to the President, National Security Council (1991-1993); Director, American Institute in Taiwan (2002-2006)
- Thomas Pickering: Ambassador to the UN (1989-92); Ambassador to India (1992-93); Undersecretary of State for Political Affairs (1997-2000)
- Philip Zelikow: Senior Staffer, National Security Council (1989-1991); Member of George W. Bush's Presidential Transition Team (2000-2001); Member, President's Foreign Intelligence Advisory Board (2001-2003); Executive Director, 9/11 Commission (2003-2004); Counselor of the State Department (2005-2007)

- Robert Zoellick: Under Secretary of State for Economic and Agricultural Affairs (1991-92); White House Deputy Chief of Staff (1992-93); U.S. Trade Representative (2001-2005); Deputy Secretary of State (2005-06)

I also relied heavily on a number of other primary sources about the formulation of U.S. strategy vis-à-vis China. Public statements, speeches, and press conferences given by Presidents Bush Sr., Clinton, and Bush Jr. as well as their cabinet secretaries and top advisors provided crucial information about the trajectory of official U.S. strategy toward China and the embeddedness of American liberal strategic culture in the minds of the foreign policy executive. Furthermore, top policymakers' memoirs and oral histories supplemented my elite interviews in providing insights about their thinking processes, considerations, and dilemmas during the formulation of strategy.

Finally, I have conducted extensive research in the vast secondary literature about U.S.-China relations and U.S. foreign policy, including monographs, edited volumes, academic journal articles, and policy journal articles. Moreover, reports by think-tanks, research centers, and international organizations provided useful information about both the policy environment of U.S.-China relations and the changing global balance of power. News reports, analysis, and commentary in broadcast, print, and online media also supplemented my evidence.

## **SIGNIFICANCE**

Theoretically, this dissertation and my theory provide new answers to the question of why established great powers often facilitate the emergence of rising powers that may over time become their peer competitors. This question has hitherto not only been understudied in the literature, but existing IR theoretical lenses (from defensive

realism and offensive realism to *Innenpolitik* and strategic culture approaches) cannot fully explain this puzzle. My *theory of the liberal ordering strategy* explains it by combining the insights of systemic-structural lenses with the contributions of strategic culture. The theory-testing endeavor of this research also sheds light on both the considerable strengths and the obvious shortcomings of John Mearsheimer's offensive realist theory in explaining great power behavior. My theory furthermore has the potential to renew interest in strategic culture and to show that structural and cultural explanations can be combined to improve our comprehension of the complexities of strategy-making.

My theoretical and analytical frameworks are based on the conceptualization of power and strategy in terms of military, political, and economic capabilities. Much of the literature in international security studies and especially on grand strategy has put an exclusive emphasis on military power as the main point of focus in the competition among major powers. Even many of the works I rely on in my dissertation, from Mearsheimer to Dueck to Layne, concentrate on only the military element of power. My starting point is the fungibility of power, i.e. that one source of power may be translated into another one and that what matters for the distribution of capabilities is each state's aggregate power consisting of military, political, and economic capabilities. While I agree with Waltz that power is highly fungible and all power resources need to be accounted for when determining the distribution of capabilities,<sup>38</sup> I also agree with Keohane and Nye that we need "a much more highly differentiated view of the world... in which military force, although still important, is no longer assumed to be at the top of the

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<sup>38</sup> Waltz, *Theory of International Politics*, 131; Kenneth N. Waltz, "Reflections on *Theory of International Politics*: A Response to My Critics," in *Neorealism and Its Critics*, ed. Robert Owen Keohane (Columbia University Press, 1986), 333.

hierarchy of power resources,”<sup>39</sup> or, in my conception, it is at least on par with economic and political power.

Importantly, this is the first comprehensive academic work to investigate why the United States chose to essentially continue its Cold War strategy of engagement vis-à-vis China after the end of the Cold War in spite of systemic pressures and thereby facilitated China’s rise. While books and articles about U.S.-China relations and U.S. strategy vis-à-vis China abound, never before has any scholarly work attempted to explain America’s China strategy following the Cold War relying on original archival research in recently declassified documents, policymaker interviews, and IR theorizing.

My theoretical and analytical framework combines the insights of *theory, history, and policy*, in order to help our understanding of our recent past, to draw conclusions about recurring patterns, and to strengthen our capacity to shape the future. At the dawn of the Cold War, it was diplomat-scholar George Kennan who first formulated the strategy of containment in his famous “X Article” in *Foreign Affairs*. “Mr. X” stood for the author, since Kennan had to remain anonymous due to his government service. The real title of the article was “The Sources of Soviet Conduct.” As the architect of the containment strategy, Kennan subsequently became a legend. So much so that when the Cold War was over and a new U.S. strategy was needed, Clinton’s national security advisor called for the “Kennan Sweepstakes” to find “the new Kennan” and the new U.S. strategy.

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<sup>39</sup> Robert O. Keohane, “Theory of World Politics: Structural Realism and Beyond,” in *Neorealism and Its Critics*, ed. Robert Owen Keohane (Columbia University Press, 1986), 184. Keohane is referencing here Nye and his theory laid out in Robert Owen Keohane and Joseph S. Nye, *Power and Interdependence* (Little, Brown, 1977), chapters 3 & 6.

Nearly thirty years later, I believe we are once again at a similar juncture. A new “Kennan Sweepstakes,” if you will. China’s rise presents a new and complex challenge to the United States. As a result, America is facing the daunting task of crafting a new and more effective grand strategy to address this and other challenges of the 21<sup>st</sup> century. We cannot craft the new strategy without understanding what led to the current situation, i.e. what were *the sources of American conduct*. The findings of this dissertation will help uncover the considerations and motivations in the formulation of U.S. strategy vis-à-vis China in the early post-Cold War era and thereby contribute to a better understanding of the origins of U.S.-China strategic competition and to the formulation of a new U.S. grand strategy for the remainder of the 21<sup>st</sup> century.

## ORGANIZATION OF THE DISSERTATION

This dissertation will be structured as follows. This current Chapter 1 has introduced the research question, the extant literature, my argument in brief, the methodology and methods, data collection and sources, and the significance of this project. Chapter 2 presents my *theory of the liberal ordering strategy* as well as the theory’s hypotheses, causal mechanisms, and observable implications.

Chapters 3-5 will present my empirical case studied about the China strategies of three U.S. administrations in the early post-Cold War period from 1989 to 2009. Chapter 3 covers the China strategy of the George H. W. Bush administration, which oversaw the transition from the end of the Cold War to the post-Cold War period. Chapter 4 covers the Clinton administration, which launched the era of “engagement and enlargement” and led the United States into the 21<sup>st</sup> century. Chapter 5 covers the George W. Bush



administration, whose tenure began with the September 11 terrorist attacks and ended with the global financial crisis.

Chapter 6 presents my Conclusions, in which I summarize my findings from the focused case studies, assess the predictive value of the two contending theories, present the theoretical implications of this research, provide an overall assessment of the efficacy of U.S. strategy vis-à-vis China in the early post-Cold War period, and finally close with the implications of this dissertation for policy.

## 2. Chapter 2:

# The Theory of the Liberal Ordering Strategy

*„Interessen (materielle und ideelle), nicht: Ideen, beherrschen unmittelbar das Handeln der Menschen. Aber: die »Weltbilder«, welche durch »Ideen« geschaffen würden, haben sehr oft als Weichensteller die Bahnen bestimmt, in denen die Dynamik der Interessen das Handeln fortbewegte.“*

Max Weber, 1922<sup>1</sup>

*„Adjustment failure... [may involve] overly cooperative behavior and results in strategic exposure... States are overly cooperative when they fail to take reasonable steps to balance against rising threats... Inasmuch as strategic culture shapes the boundaries of politically legitimate behavior in... foreign policy and affects how elites conceive of the national interest... it plays a crucial role in shaping grand strategy... Great powers pursue self-defeating behavior because vulnerability causes elites to become entrapped in a strategic culture of their own making.“*

Charles Kupchan, 1994<sup>2</sup>

## INTRODUCTION

This dissertation seeks to resolve the puzzle of why established great powers often facilitate the emergence of rising states that may over time become their peer competitors. More specifically, I try to explain why the United States contributed to the rise of China into a great power rival through pursuing the engagement strategy in the early post-Cold War period. My theoretical premise is that it is in the interest of no established great power to facilitate the ascendance of a potential peer competitor.

Great powers rise and fall in history. Most often, an established great power or hegemon will do everything in its capability to prevent another state from rising into great power status and challenge the established great power's position and its

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<sup>1</sup> “Interests (material and ideal), not ideas, directly determine people's actions. But: the “world views” created by “ideas” have, like a switchboard operator, often set the future course according to which the dynamics of interests have conditioned action.” Max Weber, *Gesammelte Aufsätze zur Religionssoziologie*, Vol. 1, (Tübingen: J. C. B. Mohr, 1922), 252. [Max Weber, *The Sociology of Religion*, translated by Fischeff E, with an introduction by Parsons T, 15<sup>th</sup> ed., (Boston: Beacon Press, 1993).]

<sup>2</sup> Charles Kupchan, *The Vulnerability of Empire* (Cornell University Press, 1994), 3-4, 6, 15.

international order. At other times, however, established great powers partner with an emerging state and, mostly inadvertently, contribute to its rise into a rival. The United States partnered with Communist China during the late Cold War to balance against the Soviet Union. At the same time, it supported China's economic reform and opening to world markets through its engagement strategy. When the Soviet Union fell, the United States did not change course and continued pursuing the engagement strategy even though international circumstances had changed. By continuing engagement and support for China's global economic integration, the United States ended up facilitating China's meteoric rise in the international system. By the early 21<sup>st</sup> century, Washington found itself facing China as a great power challenger that threatened to overturn the U.S.-led liberal world order.

Chapter 1 presented the theoretical landscape when it comes to explaining such puzzling behavior. It showed that major IR theories do not have a satisfying answer to this phenomenon. External, power-based theories emphasize the role of the global distribution of capabilities in shaping state behavior. One of the major power-based theories, defensive realism, argues that the main goal of major powers is security and not hegemony, therefore defensive realism might completely "miss" the rise of a rival power, as in reality it has missed the rise of China. The other power-based theory, offensive realism, argues that an established great power would do its best to prevent the rise of a competitor, and therefore it cannot explain why a hegemonic great power would ever contribute to the emergence of a potential rival. Neither do internal theories a better job. *Innenpolitik* theories often point to the role of domestic coalitions and could argue that a domestic coalition favoring cooperation with the rising state would swing the preferences of the established great power so that it facilitates the emergence of the rising state. On the other hand, *Innenpolitik* theories do not account for the power competition that arises

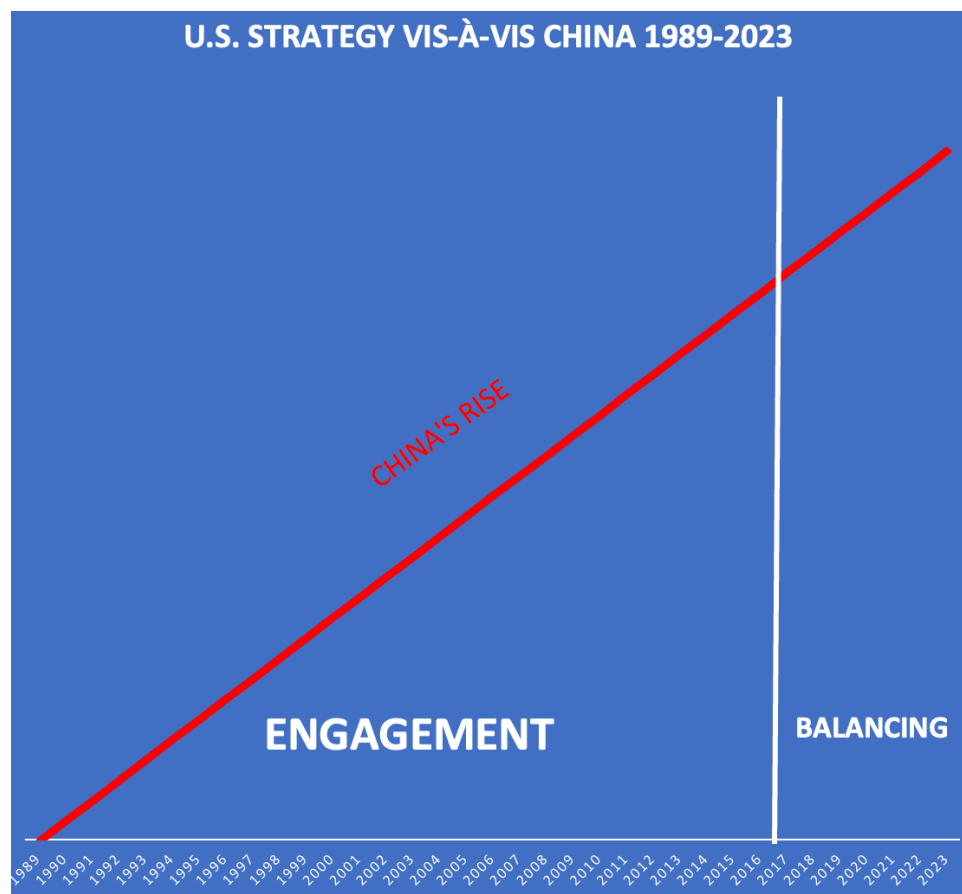
between the established great power and the emerging power. Nor do strategic culture approaches, which may explain the cultural preferences of the established great power's foreign policy leadership for supporting the rising power and seeking to integrate it in the international order, but as these theories often attribute an independent, causal role to strategic culture, they tend to ignore the substantial role and impact of the distribution of capabilities and systemic-structural pressures in shaping great power strategy.

The current chapter presents the *theory of the liberal ordering strategy* (TELOS), a neoclassical realist approach that explains why and how an established great power may end up facilitating the rise of a state that may over time become its peer competitor. It demonstrates that while international systemic pressures significantly shape an established great power's strategy toward an emerging power, the idiosyncratic strategic culture of the established great power underpinning its international order may strongly influence the formulation of its strategy vis-à-vis the emerging power. If its ingrained strategic culture is idealistic and has a strong influence on its policymakers, the established great power may end up facilitating the rise of the emerging power expecting that it will be able to integrate the rising state into its international order and value system. This is a crucial modification to existing power-based theoretical understandings of how directly systemic-structural pressures shape a great power's strategy, and it elevates the prominence of cultural factors in the study of strategy and statecraft.

## TOWARDS A THEORY OF THE LIBERAL ORDERING STRATEGY

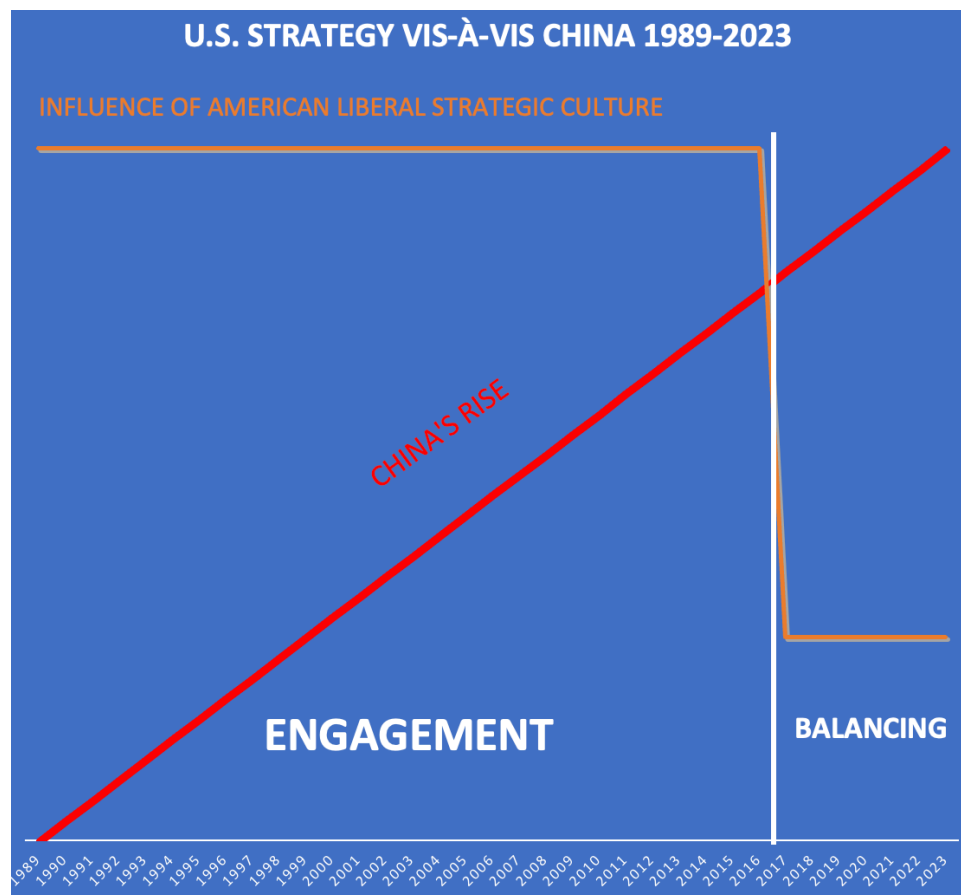
The main puzzle that this dissertation seeks to resolve is this: While China has been rising throughout the post-Cold War period since 1989, and its emergence as well as its lack of liberalization would have called for a shift in U.S. strategy toward balancing, the United States kept pursuing the engagement strategy in this period and the shift to balancing only occurred very late (only in 2017) (Figure 2.1). Why did it take Washington so long to change its China strategy from engagement to balancing? Why did the United States pursue a cooperative strategy while China was rising into a peer competitor and a challenger of the U.S.-led liberal international order?

**Figure 2.1** The main puzzle: why did it take Washington so long to alter its China strategy even though China was rising into a rival?



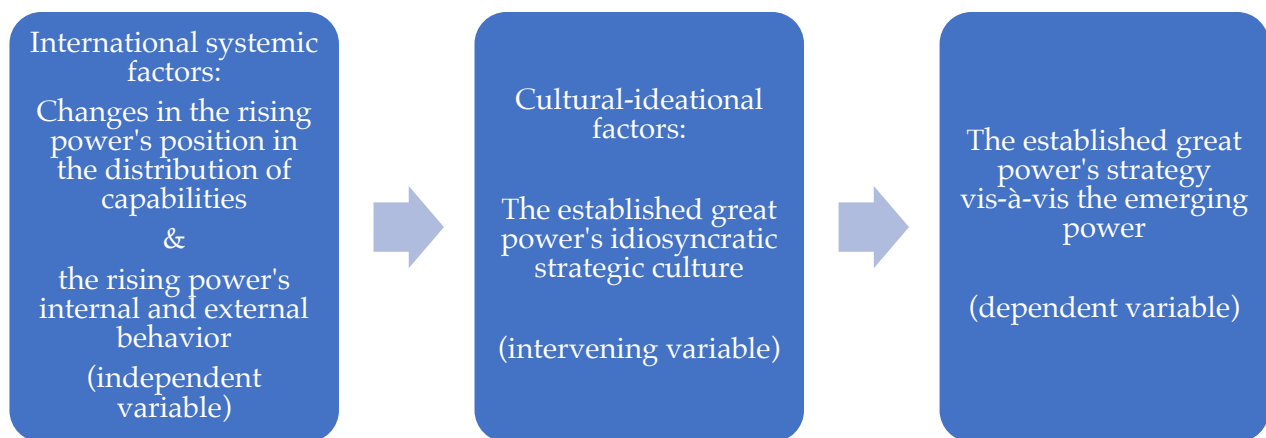
The *theory of the liberal ordering strategy* can explain why the United States pursued the engagement strategy while China was rising into its increasingly illiberal peer competitor or, more generally, why any established great power would facilitate the emergence of a potential rival. The question in theoretical terms is why the United States did not produce an “efficient” response to the international systemic pressures of China’s rise (and China’s lack of liberalization). TELOS explains this puzzle by pointing to the influence of cultural pressures, more specifically the impact of American liberal strategic culture and the *liberal ordering mission* inspired by this strategic culture (Figure 2.2).

**Figure 2.1.2** The explanation of TELOS for the main puzzle: American liberal strategic culture interfered in Washington’s formulation of its response to the systemic pressures of China’s rise



TELOS is a neoclassical realist theory of foreign policy / strategy. As it is a systemic theory, it considers the international system as its independent variable. More precisely, there are two kinds of international systemic factors making up the independent variable. The first part is changes in the global distribution of capabilities, which mostly involves changes in the rising power's position in the distribution of capabilities, but it also factors in the overall changes affecting the position of the established great power. The second part of the independent variable are the systemic signals about the rising power's internal and external behavior (whether the emerging power is hostile to the established great power, its international order, and the values underpinning both). The dependent variable is the established great power's strategy vis-à-vis the emerging power. It can take the values of *engagement* and *balancing*. Finally, the intervening variable is the established great power's idiosyncratic strategic culture. The influence of this strategic culture can significantly moderate the effect of international systemic pressure on the shaping of the established power's strategy.

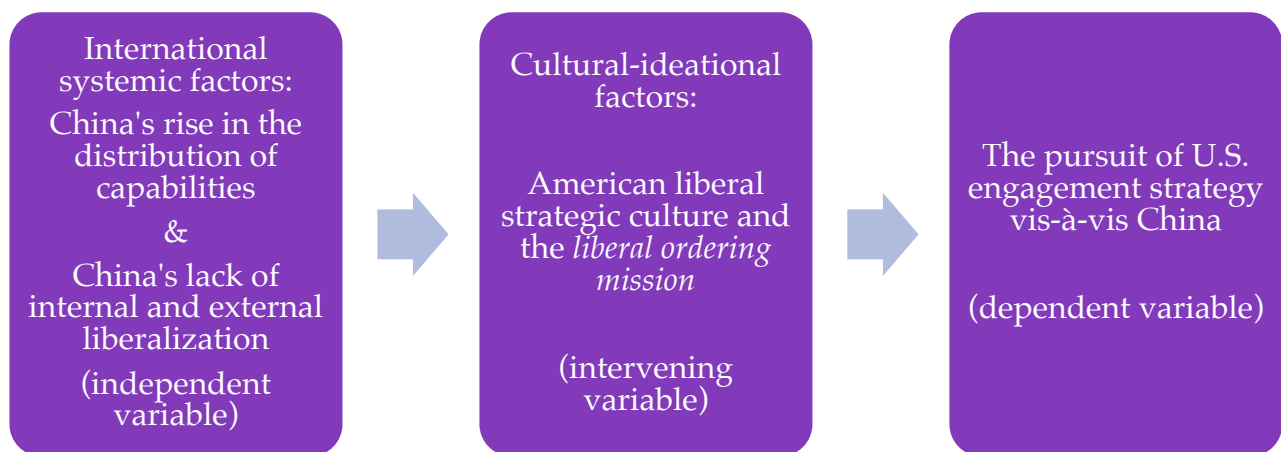
**Figure 2.2** The general form of the research design of the *theory of the liberal ordering strategy*



When TELOS is applied to our focused case studies on U.S. strategy vis-à-vis China in the early post-Cold War period, the independent variable consists of two international systemic factors, the changes in the distribution of capabilities and China's

behavior. The changes in the distribution of capabilities focus primarily on China's rise, but it also includes the overall changes affecting the position of the United States, e.g. the decline of Soviet power in the beginning of the period and the United States becoming a unipolar hegemon. The second part of the independent variable are the systemic signals about China's behavior, more specifically about China's internal and external liberalization or lack thereof. This is a crucial factor shaping U.S. strategy as the United States wishes to integrate China into its liberal international order and whether China is truly making progress on this integration and whether China is becoming hostile to the United States and American liberal values matter greatly for the formulation of strategy. The dependent variable is U.S. strategy vis-à-vis China. It can take the values of *engagement* and *balancing*. Finally, the intervening variable is American liberal strategic culture and the *liberal ordering mission*. The influence of cultural pressures of American liberal strategic culture and the *liberal ordering mission* can significantly moderate the effect of the international systemic pressures of China's rise and China's lack of liberalization on the shaping of U.S. strategy vis-à-vis China.

**Figure 2.3** The specific form of the research design of the *theory of the liberal ordering strategy* as applied to U.S. strategy vis-à-vis China in the early post-Cold War period





## U.S. strategy vis-à-vis China

My dependent variable is U.S. strategy toward China in the early post-Cold War period (1989-2009), which I examine administration by administration. Neoclassical realist research is categorized according to the scope and timeframe of the dependent variable explored in a given research. My dependent variable falls somewhere between Type II and Type III neoclassical realism. Type II neoclassical realism focuses on strategic planning or the construction of grand strategy “in the short-to-medium term—defined in terms of months and years, but not decades,” when “policy making is more forward-looking and less responsive to fixed conditions and imperatives.”<sup>3</sup> Finally, Type III neoclassical realism extends “the time frame further to the medium-to-longer term, defined in terms of years and decades,” to focus on how “the strategic choices of the different great powers... interact and... have an impact on international systemic outcomes.”<sup>4</sup> It is closer to the former because it looks at state behavior (U.S. strategy) and examines it by administration, the case studies covering four to eight years of each administration. On the other hand, I am also investigating how and why U.S. strategy remained essentially unchanged throughout the twenty years of the early post-Cold War period, thus also looking at its development on the medium-to-long term. Furthermore, U.S. strategy toward China during this period is also a partial cause of an international outcome that is highly important to this study, China’s rise.

What is strategy? My concept of strategy that I employ in this dissertation builds on a long evolution of the meaning of the term *strategy*. Prussian general and military thinker Carl von Clausewitz famously defined war as “the continuation of politics by

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<sup>3</sup> Ripsman, Taliaferro, and Lobell, *Neoclassical Realist Theory*, 83.

<sup>4</sup> Ripsman, Taliaferro, and Lobell, *Neoclassical Realist Theory*, 85.

other means,” thereby laying the groundwork for the study of strategy. In his framework, strategy is “the use of engagement for the object of the war.”<sup>5</sup> British soldier and military theorist Basil Liddell Hart further refined the definition of strategy as “the art of distributing and applying military means to fulfil the ends of policy.”<sup>6</sup> Liddell Hart then takes it a step further when he broadens the scope of strategy to include non-military means and thereby creates the concept of *grand strategy*: “The term ‘grand strategy’ serves to bring out the sense of ‘policy in execution’. For the role of grand strategy—higher strategy—is to co-ordinate and direct all the resources of a nation, or band of nations, towards the attainment of the political object of the war—the goal defined by fundamental policy.”<sup>7</sup> Paul Kennedy took the next leap in this definitional evolution when, interpreting Liddell Hart’s concept of grand strategy, he argued that “a true grand strategy was now concerned with peace as much as (perhaps even more than) with war. It was about the evolution and integration of policies that should operate for decades, or even for centuries. It did not cease at a war’s end, nor commence at its beginning.”<sup>8</sup>

It is from Kennedy’s definition of *grand strategy* that I derive my concept of *strategy*—it is “concerned with peace as much as (perhaps even more than) with war” and it is “about the evolution and integration of policies that should operate for decades.” While my concept of strategy is part of the overall grand strategy, it is however *not* grand strategy but only a segment of grand strategy—it is a country’s plan for achieving its aims in its relationship with another country. Still, as this dissertation will demonstrate, strategy in this sense can be closely connected to grand strategy.

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<sup>5</sup> Carl von Clausewitz, *On War*, translated by Peter Paret and Michael Howard (Princeton University Press, 1989), 128.

<sup>6</sup> Sir Basil Henry Liddell Hart, *Strategy* (Praeger, 1954), 335.

<sup>7</sup> Sir Basil Henry Liddell Hart, *Strategy* (Praeger, 1954), 335-336.

<sup>8</sup> Paul Kennedy, “Grand Strategy in War and Peace: Toward a Broader Definition,” in *Grand Strategies in War and Peace*, ed. Paul Kennedy (New Haven: Yale University Press, 1991), 4.

In focusing on my dependent variable, I seek to understand both the process and the end result of the formulation of U.S. strategy toward China. In terms of the process, I seek to uncover how the U.S. foreign policy executive perceived and interpreted international systemic signals for the formulation of U.S. strategy and what characterized the thinking of the foreign policy executive and the influences upon it during the process of strategy formulation. When referring to those who formulate U.S. strategy, I will interchangeably use the terms “foreign policy executive,” “foreign policy leadership,” “policymakers,” “decisionmakers,” and “Washington.”

Who are the members of the foreign policy executive? For the purposes of this research, the foreign policy executive includes the following as laid out in Table 2.1.

**Table 2.1** The members of the foreign policy executive

|                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>President</b>                                   |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Vice President</b>                              |                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Principals of the National Security Council</b> | National Security Advisor<br>Secretary of State<br>Secretary of the Treasury<br>Secretary of Defense<br>Attorney General<br>Secretary of Energy<br>Secretary of Homeland Security<br>White House Chief of Staff<br>Director of National Intelligence<br>Chairman of the Joint Chiefs of Staff<br>Director of the Central Intelligence Agency<br>Homeland Security Advisor<br>United States Ambassador to the United Nations |

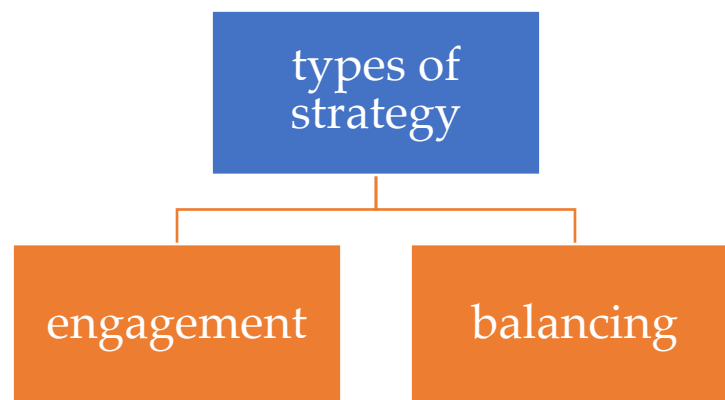
|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deputies of the National Security Council             | Deputy National Security Advisor<br>Deputy Homeland Security Advisor<br>Deputy National Security Advisor for Strategy<br>Deputy Secretary of State<br>Deputy Secretary of the Treasury<br>Deputy Secretary of Defense<br>Deputy Attorney General<br>Deputy Secretary of Energy<br>Deputy Secretary of Homeland Security<br>Deputy Director of the Office of Management and Budget<br>Deputy Director of National Intelligence<br>Vice Chairman of the Joint Chiefs of Staff<br>National Security Advisor to the Vice President<br>Administrator of the United States Agency for International Development<br>Deputy Director of the Central Intelligence Agency |
| Senior economic cabinet members and advisors          | Secretary of Commerce<br>United States Trade Representative<br>Assistant to the President for Economic Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Senior members of the National Security Council Staff | Deputy National Security Advisors<br>Coordinators<br>Senior Directors<br>Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

### ***Engagement vs. balancing***

I seek to operationalize my dependent variable, U.S. strategy toward China, by creating two main values it can take. Granted, U.S. strategy toward China, or any country's strategy toward another country for that matter, usually takes a complex form combining different types of strategies in different compartments. Therefore, my model is a simplification of real-world strategies for the sake of highlighting the dominant character of U.S. strategy at different points in time. U.S. strategy toward China in my theoretical design can be the pursuit of *engagement* or *balancing* or some kind of mixture between the two. In fact, as will become clear in my empirical chapters, U.S. strategy toward China has always been a mixture of engagement and balancing. However, what

that mixture looks like matters a great deal. In fact, the very reason why offensive realism would have been wrong in predicting U.S. strategy vis-à-vis China in this period was that international systemic pressures would have dictated a much clearer shift toward balancing than what actually took place (and offensive realism would have predicted such a clear shift toward balancing). As a result, what I argue in this dissertation is essentially that, while offensive realism would have expected U.S. strategy to gradually shift towards balancing in the early post-Cold War period, actual U.S. strategy made only slight shifts, if any, toward balancing at certain times. A decisive shift toward balancing, as it will become clear in my empirical chapters, failed under each administration. Consequently, I need to juxtapose the strategies of *engagement* and *balancing* in order to highlight the differences between the two stark choices for U.S. strategy. My *theory of the liberal ordering strategy* is the explanation for why an efficient response by U.S. decisionmakers to international systemic pressures was skewed and, as a result, why they ended up choosing strategies that were dominated by elements of engagement instead of elements of balancing.

**Figure 2.4** The ideal types of an established great power's strategy vis-à-vis a rising power



What are the strategies of engagement and balancing? As David Edelstein argues, "In the logic of engagement, cooperation is a strategy for shaping the interests of a rising

power such that over time it chooses a more peaceful path... Cooperation in the short term is thought to beneficially shape intentions over the long term.”<sup>9</sup> In my concept, **engagement refers to the strategy of an established great power that is aimed at supporting the rising state’s international goals and cooperating with a rising state in the economic, military, and diplomatic realms of statecraft, expecting the rising state to behave externally and internally in line with the interests of the established great power and of its international order in the future.**

My concept of balancing builds significantly on the work of Kenneth Waltz, Joseph Parent and Sebastian Rosato, and Nina Silove. Waltz distinguishes between internal and external balancing. Internal balancing refers to a state’s efforts to increase its own capabilities in order to prevail in a competition or conflict with another state. External balancing refers to a state’s efforts to make allies in order to jointly prevail in a competition or conflict with another state (or a group of states).<sup>10</sup> Building on Waltz, Joseph Parent and Sebastian Rosato define internal and external balancing in strictly military terms: “Internal balancing occurs when states increase their military might. Great powers balance externally when they form alliances—firm military commitments to deter or defend against common rivals.”<sup>11</sup> While Waltz focused on the military means of competition among great powers, he also considered all forms of power relevant in measuring the distribution of capabilities: “The economic, military, and other capabilities of nations cannot be sectorized and separately weighed.”<sup>12</sup> In line with this formulation, I define internal and external balancing in terms of the use of all major forms of power at

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<sup>9</sup> David M. Edelstein, *Over the Horizon: Time, Uncertainty, and the Rise of Great Powers* (Cornell University Press, 2020), 32.

<sup>10</sup> Waltz, *Theory of International Politics*, 168.

<sup>11</sup> Joseph M. Parent and Sebastian Rosato, “Balancing in Neorealism,” *International Security* 40, no. 2 (October 1, 2015): 56, [https://doi.org/10.1162/ISEC\\_a\\_00216](https://doi.org/10.1162/ISEC_a_00216).

<sup>12</sup> Waltz, *Theory of International Politics*, 131.

the disposal of states: military, economic, diplomatic-political, and to a lesser extent informational, technological, and soft power—all of these make up a state's capabilities relevant in international politics.

There are two strategies available when an established great power seeks to balance against a rising state's capabilities: balancing and containment. Both balancing and containment aim to preserve the balance of power between the established great power and the rising state. Balancing *in the narrower sense* is the strategy of an established great power that is aimed at preserving the balance of power with a rising state by matching the rate of growth of the rising state through increasing the established great power's own internal capabilities (internal balancing) and expanding or strengthening its alliances (external balancing). On the other hand, containment is the strategy of an established great power that is aimed at maintaining the balance of power by slowing the growth of the rising state and containing its expansion. The two strategies are similar in their aim but different in that balancing is a strategy focused on increasing the capabilities of the established great power and its allies, while containment is focused on preventing the rising state from increasing its own capabilities.<sup>13</sup> That said, I do not see balancing and containment as distinct and different as some scholars describe them to be. In fact, I argue that balancing and containment are two sides of the same coin. If an established great power wishes to balance against a rising state, both of these strategies are salient, and it is necessary to combine them. As a result, this dissertation's concept of balancing *in the broader sense* includes both balancing (in the narrower sense) and containment. Therefore, I define **balancing** as **the strategy of an established great power that is aimed at preserving the balance of power with a rising state, both (i) by matching the rate of**

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<sup>13</sup> Nina Silove, "The Pivot before the Pivot: U.S. Strategy to Preserve the Power Balance in Asia," *International Security* 40, no. 4 (April 1, 2016): 66, [https://doi.org/10.1162/ISEC\\_a\\_00238](https://doi.org/10.1162/ISEC_a_00238).

**growth of the rising state through increasing the established great power's own internal capabilities and through expanding or strengthening its alliances, and (ii) by slowing the growth of the rising state and containing its expansion.**

As mentioned above, both engagement and balancing make use of all the forms of power available to states. As Sir Michael Howard argued, "The objective of most states most of the time is always to maintain their independence, often to extend their influence, and sometimes to extend their dominion. The classical tools at their disposal have been three: armed force, wealth, and allies."<sup>14</sup> The major realms of strategy are military, economic, and diplomatic-political. Based on this, I will further operationalize my dependent variable, U.S. strategy vis-à-vis China by compartmentalizing it into three parts: (i) military, (ii) economic, and (iii) diplomatic. While analyzing what kind of strategy the United States pursued toward China in the early Cold War period, I will investigate U.S. efforts and posture in the military, economic, and diplomatic realms (Figure 2.7).

**Figure 2.5** The compartmentalization of strategy into three functional realms



Having laid out the concepts of strategy, engagement, and balancing and having compartmentalized the concept of strategy, the next task is to enumerate the different

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<sup>14</sup> Michael Howard, "Grand Strategy in the Twentieth Century," *Defence Studies* 1, no. 1 (September 2010): 6.



tools that an established great power may wield in the military, economic, and political realms if it chooses to pursue a strategy of engagement or a strategy of balancing vis-à-vis a rising power. Table 2.8 details these different tools.

**Table 2.2** The different tools of engagement or balancing by an established great power in the three functional realms of statecraft

| Type of strategy/<br>Strategic realm | engagement                                                                                                                                                                                                                                                                                                                                                                                                          | balancing                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| military                             | <ul style="list-style-type: none"> <li>• Military alliance/ partnership with the rising power</li> <li>• Sales of weapons &amp; weapon systems to the rising power</li> <li>• Transfer of military or dual technology to the rising power</li> <li>• Joint military exercises with the rising power</li> </ul>                                                                                                      | <ul style="list-style-type: none"> <li>• Military modernization targeting the rising power</li> <li>• Military alliances/ partnerships in the region</li> <li>• Ban on weapons sales to the rising power</li> <li>• Ban on transfer of military/ dual technology to the rising power</li> </ul>                                                    |
| economic                             | <ul style="list-style-type: none"> <li>• Support for the rising power's market access/ economic expansion</li> <li>• Free trade agreement</li> <li>• Advising the rising power on market reforms/ economic expansion</li> <li>• Encouraging investment in and trade with the rising power</li> <li>• Encouraging the rising power's corporations to invest in and trade with the established great power</li> </ul> | <ul style="list-style-type: none"> <li>• Regional economic agreements or free trade agreements to counter the rising power's influence</li> <li>• Tariffs and other trade barriers to keep the rising power out of the market</li> <li>• Launching disputes against the rising power's unfair practices in the World Trade Organization</li> </ul> |
| political                            | <ul style="list-style-type: none"> <li>• Alliance/ partnership with the rising power</li> <li>• Supporting the rising power's membership in regional/ multilateral organizations</li> <li>• Voting in favor of the rising power's interests in</li> </ul>                                                                                                                                                           | <ul style="list-style-type: none"> <li>• Solidifying diplomatic alliances/ partnerships against the rising power</li> <li>• Keeping the rising power out of regional/ multilateral organizations</li> <li>• Voting against the rising power's interests in</li> </ul>                                                                              |

|  |                                      |                                                                                                                                                                                      |
|--|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | regional/ multilateral organizations | regional/ multilateral organizations <ul style="list-style-type: none"> <li>Initiating resolutions, etc. against the rising power in regional/ multilateral organizations</li> </ul> |
|--|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### *Conceptualizing the shift toward balancing*

How does variance occur in the dependent variable and how do we measure it? How do we recognize a shift toward balancing? International systemic variables will cause certain shifts in the established great power's strategy. Since engagement is chosen as the starting point for the hegemon's strategy, it can shift from engagement toward balancing as a result of systemic pressures (moderated by cultural pressures). Such a shift can take four values: (i) no shift (the engagement strategy remains in effect), (ii) slight shift, (iii) medium shift (producing an *engage-and-balance* strategy), and (iv) full shift (producing a balancing strategy). Figure 2.7 shows how TELOS conceptualizes such shifts.

**Figure 2.6** The nature and composition of the different levels of shifts in the established power's strategy from engagement to balancing

| no shift toward balancing                                                                                                                                            | slight shift toward balancing                                                                                                                                                  | medium shift toward balancing                                                                                                                                                            | full shift toward balancing                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>no shift in any realms or only a slight shift in one realm</li> <li>engagement strategy remains essentially intact</li> </ul> | <ul style="list-style-type: none"> <li>strategy in one of the three realms is shifted toward balancing or</li> <li>slight shifts in at least two realms of strategy</li> </ul> | <ul style="list-style-type: none"> <li>medium shifts toward balancing in at least two realms or</li> <li>full shift in one realm and slight or medium shifts in the other two</li> </ul> | <ul style="list-style-type: none"> <li>full shift toward balancing in at least two realms and at least a medium shift in the third realm</li> </ul> |

How can we measure and recognize such shifts in the three realms of strategy? Generally, a strategy in any of the three realms aligns with engagement if it facilitates the

rise of the emerging power in the given compartment of capabilities. It constitutes a balancing strategy if it seeks to preserve the balance of capabilities with the emerging power in the given compartment. This can happen by matching the rate of growth of the rising state through increasing the established great power's own internal capabilities (internal balancing) and through expanding or strengthening its alliances (external balancing), or by slowing the growth of the rising state (containment). Figures 2.8-2.10 demonstrate some of the primary ways in which the established great power (hegemon) may shift its strategy in the different realms.

**Figure 2.7** The primary ways in which the established great power (hegemon) can produce shifts in its **economic** strategy vis-à-vis the rising power

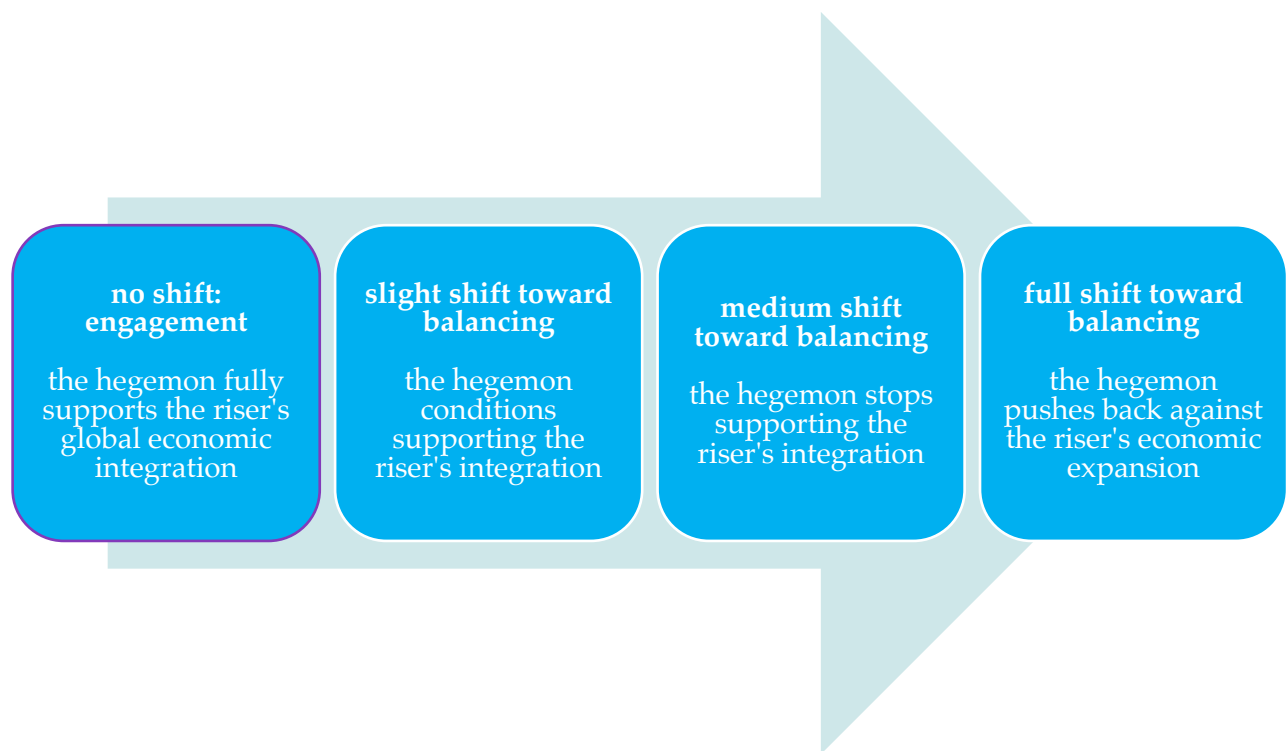


**Figure 2.8** The primary ways in which the established great power (hegemon) can produce different volumes of shifts in its **military** strategy vis-à-vis the rising power

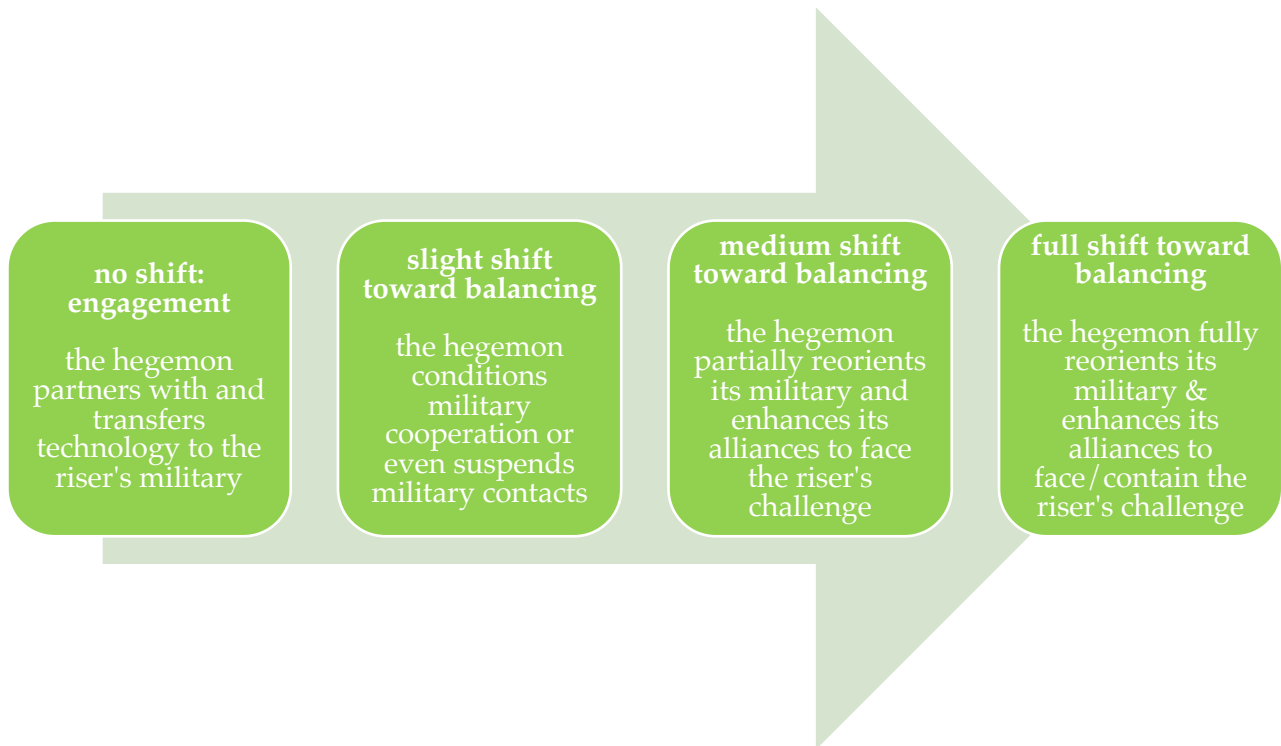
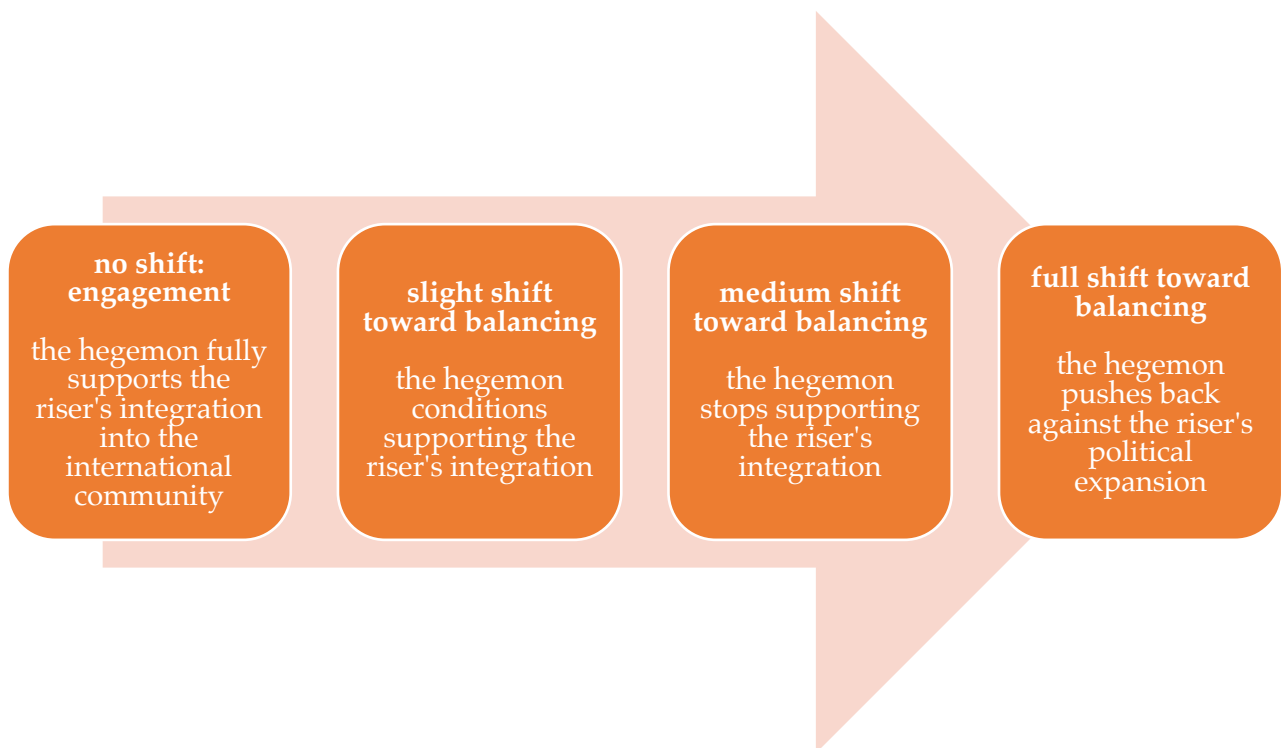


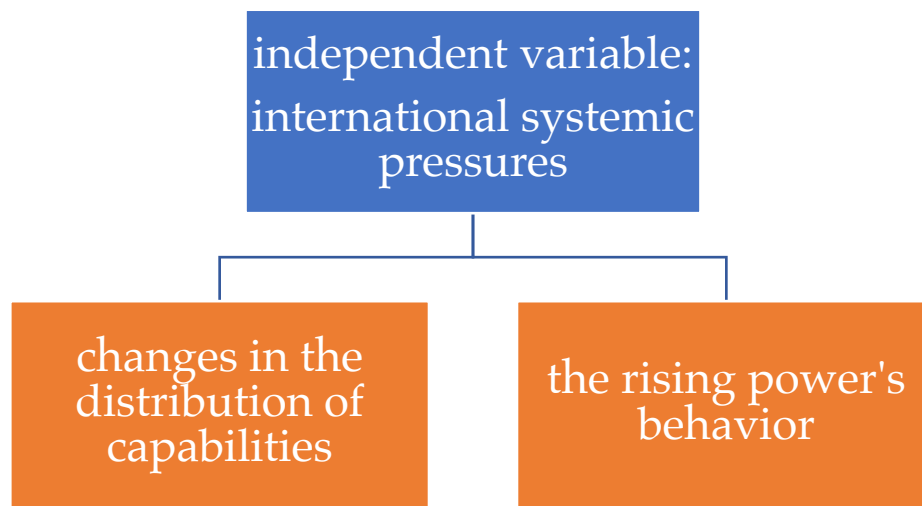
**Figure 2.9** The primary ways in which the established great power (hegemon) can produce different volumes of shifts in its **political-diplomatic** strategy vis-à-vis the rising power



## International systemic pressures

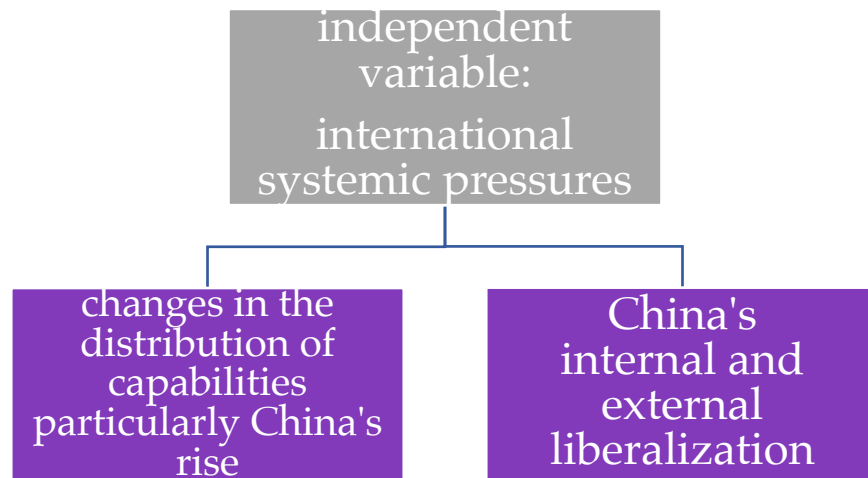
The *theory of the liberal ordering strategy* that I am constructing is a systemic realist theory, therefore my independent variable is necessarily the international system. My independent variable is made up of two kinds of international systemic pressures: changes in the global distribution of capabilities (primarily the emergence of the rising power) and the behavior of the rising power.

**Figure 2.10** The general form of the independent variable under the *theory of the liberal ordering strategy*



When applied to the examination of U.S. strategy vis-à-vis China's rise in the early post-Cold War period, our independent variable is international systemic pressures consisting of changes in the distribution of capabilities (particularly China's rise) and China's internal and external liberalization (or the lack thereof).

**Figure 2.11** The specific form of the independent variable for examining U.S. strategy vis-à-vis China under the *theory of the liberal ordering strategy*



My conception of the structure of the international system is based on Waltz's structural realism. The international system is defined by three characteristics: (i) its ordering principle is anarchy, i.e. the units act on the principle of self-help, (ii) the system is made up by like units, i.e. they are not differentiated functionally, and (iii) the distribution of capabilities, i.e. the units are differentiated by their power capabilities. The functions each state performs aim at self-preservation as each unit can only count on itself. Since there is no world government and each state needs to ensure its own survival, states are easily pitted against one another (hence the international system is prone to creating conflict).<sup>15</sup>

### ***Changes in the global distribution of capabilities***

The most important element of the structure of the international system is the distribution of capabilities or, in other words, the global balance of power. The distribution of capabilities defines each state's position in the system. This view has been

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<sup>15</sup> Waltz, *Theory of International Politics*.

one of the lynchpins of realist theory over generations of scholars: “Realists writers... have attributed the dynamics of international relations to the fact that the distribution of power in an international system shifts over a period of time; this shift results in profound changes in the relationships among states and eventually changes in the nature of the international system itself.”<sup>16</sup> It is primarily their positions in the distribution of capabilities that make one state an established great power and another a rising power. The established great power holds the top position in the international system as it possesses the greatest power capabilities of any state. The rising power is a state that is increasing its capabilities that may over time reach the level of the capabilities of the established great power.

The anarchic structure of the international system, the principle of self-help, and the importance of the distribution of capabilities create certain imperatives for major states. The main such imperative is what Mearsheimer calls “the unrelenting pursuit of power,” i.e. major states constantly seek ways to increase their power and to change the distribution of capabilities.<sup>17</sup> Major states will search for opportunities to add to their power and, if possible, take away from other states’ power. The international system “stimulates, and may compel, a state to increase its power; at the least, it necessitates that the prudent state prevent relative increases in the powers of competitor states.”<sup>18</sup> Great powers maximize their security by becoming the most powerful state in the system and therefore seek hegemony. Once a great power achieves dominance in the system, they become the hegemon or an established great power. An established great power needs to ensure that it maintains its advantage in capabilities ahead of every other major power,

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<sup>16</sup> Gilpin, *War and Change in World Politics*, 94.

<sup>17</sup> Mearsheimer, *Tragedy of Great Power Politics*, 3.

<sup>18</sup> Gilpin, *War and Change*, 86-88.

lest it may lose its status as the hegemon or even as a great power. All major powers strive for hegemony, therefore any rising power must be considered a potential threat to the established great power's primacy and hegemony. Established great powers (hegemons) that face the threat of being overthrown by rising powers will want to do everything in their power to prevent such an outcome. Therefore, an established great power must prevent any other major power from growing its capabilities sufficiently to be able challenge the established great power for primacy. In line with this, it is in the interest of no established great power to actively facilitate the rise of another state that may over time become its great power competitor.<sup>19</sup>

Furthermore, an established great power must not only worry about challenges to its primacy, but also about challenges to its international order. While the international system is by nature anarchic, the hegemony of a great power brings some kind of order into the system. The hegemon will establish an international order according to its interests. E. H. Carr argues that "power is a necessary ingredient of every political order" and that every international order in history "has been the product of the ascendancy of a single Power."<sup>20</sup> The hegemon may create the international order based on its own interests and preferences, but the order must satisfy most major powers if it is to hold. When a rising power is emerging in the distribution of capabilities, this creates a disequilibrium in the system. The rising power then attempts to change the international order according to its own interests and preferences. In response, the established great power "counters this challenge through changes in its policies that attempt to restore

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<sup>19</sup> Gilpin, *War and Change in World Politics*; Mearsheimer, *Tragedy of Great Power Politics*.

<sup>20</sup> E. H. Carr, *The Twenty Years' Crisis, 1919-1939: An Introduction to the Study of International Relations* (Palgrave Macmillan UK, 2001, originally published 1939), 213.



equilibrium in the system.”<sup>21</sup> The hegemon pushes back against the rising state in order to maintain its international order.

In the case of our particular subject, U.S. strategy vis-à-vis China in the early post-Cold War period, the international order being contested by a rising China is the so-called U.S.-led liberal international order. The origins of this order go back to the end of World War II, when the United States had just won a hegemonic war and “stood at the apex of the international hierarchy of power and prestige,” and thus supreme “American economic and military power... provided the basis for an American-centered world economic and political order,” essentially “a liberal world order.”<sup>22</sup> As Mearsheimer points out, however, the Cold War order was a bounded (not global) order and was much more of a realist order than a liberal order.<sup>23</sup> Nevertheless, it was based on the extension and reorganization of this order that the post-Cold War U.S.-led liberal international order was established. This order is built on the liberal values of freedom, democracy, free trade, open markets, cooperation, and diplomacy. In the early post-Cold War period, the United States sought to integrate China into this post-Cold War liberal order in the framework of the engagement strategy. However, China would ultimately come to challenge this very order in the early 21<sup>st</sup> century.

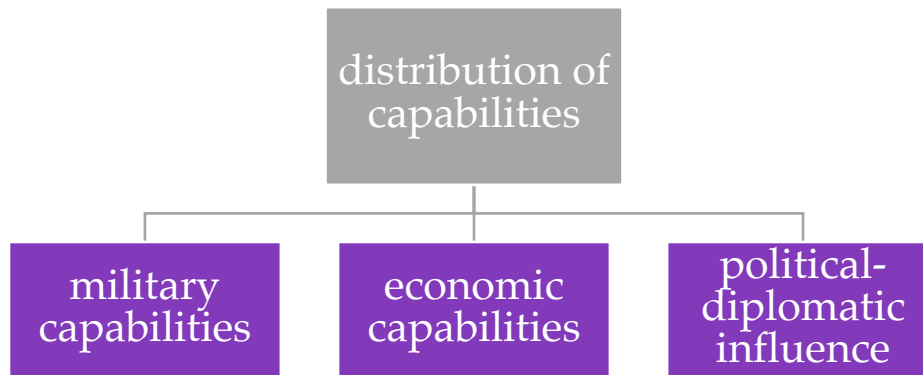
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<sup>21</sup> Gilpin, *War and Change*, 187.

<sup>22</sup> Gilpin, *War and Change*, 204, 231.

<sup>23</sup> John J. Mearsheimer, “Bound to Fail: The Rise and Fall of the Liberal International Order,” *International Security* 43, no. 4 (April 1, 2019): 8, [https://doi.org/10.1162/isec\\_a\\_00342](https://doi.org/10.1162/isec_a_00342).

**Figure 2.12** The main components of the rising power's capabilities



Both the fate of the established great power and its international order depends on its position in the global distribution of capabilities. What kind of capabilities matter for the distribution? I agree with Waltz that what matters for the global distribution of capabilities is the aggregate power of each state, encompassing a wide range of sources of power.<sup>24</sup> In spite of this, for decades most structural realist works focused solely on the military capabilities of major powers in their analyses of great power relations, probably under the impact of the Cold War, which was first and foremost a military rivalry.<sup>25</sup> My theory seeks to bring together the traditional focus of structural realism on military capabilities and the (also rather one-sided) focus of neoliberal and interdependence theories on economic capabilities, and to embrace the focus of classical realism, hegemonic stability theory, and neoclassical realism on a wider range of capabilities in the study of great power competition and strategy. Therefore, as Figure 2.15 shows, I will examine China's rise in capabilities for my independent variable in three major domains:

<sup>24</sup> Waltz, *Theory of International Politics*, 131.

<sup>25</sup> John H. Herz, "Idealist Internationalism and the Security Dilemma," *World Politics* 2, no. 2 (1950): 157–80, <https://doi.org/10.2307/2009187>; Barry Posen, *The Sources of Military Doctrine: France, Britain, and Germany Between the World Wars* (Cornell University Press, 1984); Stephen M. Walt, *The Origins of Alliances* (Cornell University Press, 1990); Stephen van Evera, "Offense, Defense, and the Causes of War," *International Security* 22, no. 4 (1998): 5–43, <https://doi.org/10.2307/2539239>.

(i) military capabilities, (ii) economic capabilities, and political-diplomatic capabilities (influence).

As with the emergence of many great powers in history, China's rise has primarily taken place economically. In fact, it has been China's economic rise that has enabled Beijing's military rise and political-diplomatic rise. As a scholar of international political economy argues, "even considerations of values/norms/ideas and military capabilities and objectives are at least linked to China's extraordinary economic transformation – it might not just be about economics alone, but economics is usually there somewhere."<sup>26</sup> China's economic rise is the major component of our independent variable, the international systemic pressures shaping the formulation of U.S. strategy vis-à-vis China. As captured by the field of international political economy (IPE), its implications go even beyond enabling Beijing's military rise and political-diplomatic rise. The economic reform process that made China's rise possible "was justified and legitimated by the need to build a strong China that could resist (and even oppose) the existing global order."<sup>27</sup> Other IPE scholars have argued that China's economic rise "has contributed to the revitalization as well as reordering of global capitalism"<sup>28</sup> and it "threatens to reconfigure the global political economy around Chinese interests."<sup>29</sup> China's economic rise is the most consequential international systemic factor for U.S. strategy toward China with far-reaching implications for the overall global order and the global economy, and therefore

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<sup>26</sup> Shaun Breslin, *China and the Global Political Economy* (Springer, 2007), 2.

<sup>27</sup> Breslin, *China and the Global Political Economy*, 3; Christopher R. Hughes, *Chinese Nationalism in the Global Era*, 1st ed. (Routledge, 2006), <https://doi.org/10.4324/9780203482001>.

<sup>28</sup> Xing Li and Timothy M. Shaw, "'Same Bed, Different Dreams' and 'Riding Tiger' Dilemmas: China's Rise and International Relations/Political Economy," *Journal of Chinese Political Science* 19, no. 1 (March 1, 2014): 70, <https://doi.org/10.1007/s11366-013-9276-9>.

<sup>29</sup> Breslin, *China and the Global Political Economy*, 3.

this dissertation, building on the insights of international political economy, will place particularly focus on China's economic rise within our independent variable.<sup>30</sup>

How do we measure the rising power's capabilities? It is important to remember that "power in international life... is measured in relative terms."<sup>31</sup> Accordingly, I will measure changes in economic power in the size and growth rate of the state's gross domestic product (GDP) and by its ranking among the other economies of the world (as measured both in nominal GDP and in purchasing power parity), which together will show how changes in economic capabilities affected the rising power's position relative to other states (Table 2.3).<sup>32</sup> I will measure changes in military power by looking at defense spending and at the level of military modernization (both in quality and quantity), which together will show how changes in military might affected the position of the state relative to other states. Military modernization will be examined in terms of the enhancement of troop levels, the technological advancement of the arms forces (whether they are adopting the latest technologies), the purchase and/or production of weapons and weapons systems, and the transformation of military doctrine and strategy (Figure 2.14). Finally, I will measure political power in terms of alliances and strategic partnerships as well as membership and influence in regional and multilateral organizations, which together demonstrate how changes in combined political power affected the position of the state relative to other states.

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<sup>30</sup> Robert Gilpin and Jean M. Gilpin, *Global Political Economy: Understanding the International Economic Order* (Orient Longman, 2003); André Broome, *Issues and Actors in the Global Political Economy* (Bloomsbury Publishing, 2014); Breslin, *China and the Global Political Economy*; Li and Shaw, "'Same Bed, Different Dreams' and 'Riding Tiger' Dilemmas"; Ming Wan, *The China Model and Global Political Economy: Comparison, Impact, and Interaction* (Routledge, 2014); Mark W. Frazier, "China's Domestic Policy Fragmentation and 'Grand' Strategy in Global Politics," *Asia Policy*, no. 10 (2010): 87–102, <https://www.jstor.org/stable/24905003>.

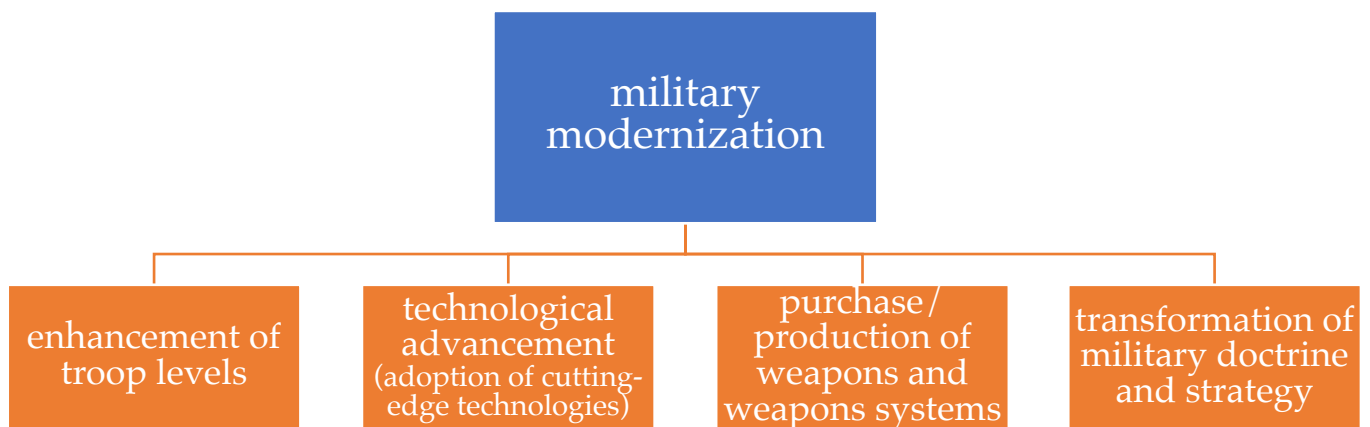
<sup>31</sup> Zakaria, *From Wealth to Power*, 46.

<sup>32</sup> Breslin, *China and the Global Political Economy*, 3; Li and Shaw, "'Same Bed, Different Dreams' and 'Riding Tiger' Dilemmas," 70.

**Table 2.3** The elements of measuring the rising power's military, economic, and political capabilities

| Source of power capabilities | Measure 1                            | Measure 2                                                           |
|------------------------------|--------------------------------------|---------------------------------------------------------------------|
| military                     | defense spending                     | military modernization                                              |
| economic                     | GDP size and rate of growth          | ranking among world economies                                       |
| political                    | alliances and strategic partnerships | membership and influence in regional and multilateral organizations |

**Figure 2.13** The sub-elements of measuring the rising power's military modernization



### *The rising power's behavior*

While the most important signals from the international system for the formulation of an established great power's strategy are without doubt the structural information about the changing distribution of capabilities, i.e. whether the established great power and other states are rising or declining in the system, the international system also provides signals about other states' (including a rising power's) behavior and intentions. When an established great power formulates its strategy toward another power in the system, in order to assess whether the other power is a friend or a foe, it will

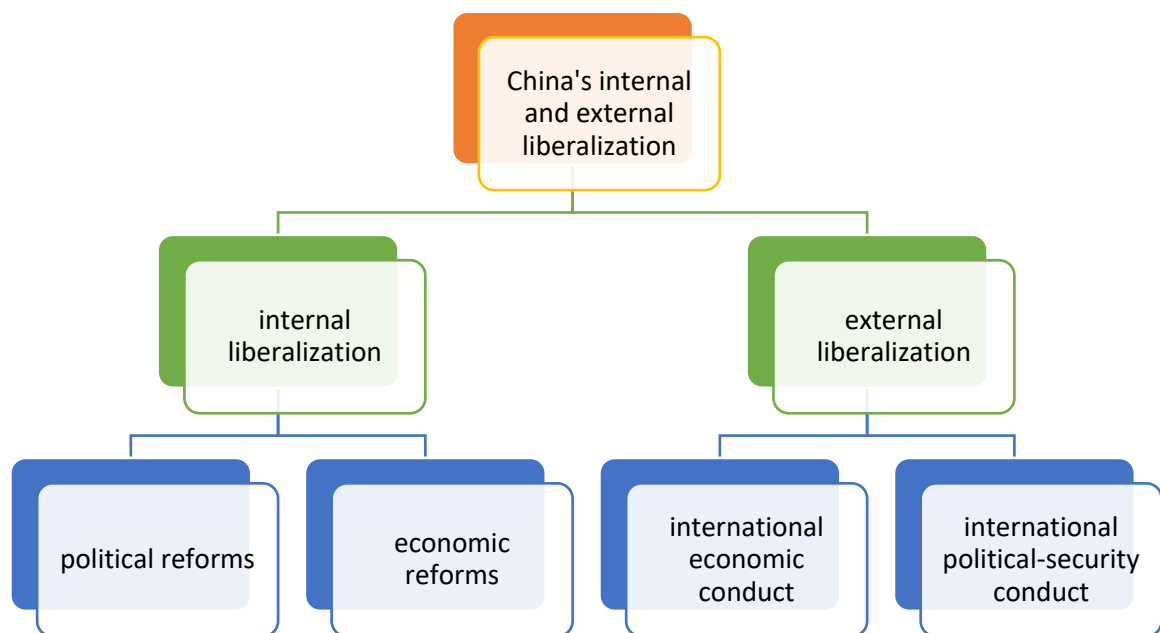
look at whether the other power's position is changing (rising) in the distribution of capabilities and whether such rise constitutes a threat to the major power or not. If the other state is rising in capabilities, the established great power will also examine whether the behavior of the rising power constitutes friendly activity or a clear threat to the established great power. The established great power (hegemon) will also watch out for how the rising power relates to its international order, i.e. whether the rising power integrates into it or threatens to overthrow it.

Crucially, the United States built its partnership with China from the Nixon-Kissinger opening in 1972 with two goals in mind. It sought to balance externally against the Soviet Union and, in close connection with the first goal, it also sought to integrate China into the liberal international order. In Washington's thinking, China's integration into the liberal order would be manifested in Beijing's embrace of liberal values underpinning the order and therefore in Beijing's internal and external liberalization. As a result, while the changing distribution of capabilities and China's rise within it are the central concerns for the United States' formulation of its strategy vis-à-vis China, its strategy also needs to be calibrated to China's internal and external behavior (its liberalization or the lack thereof). If China rises in the distribution of capabilities AND if China's behavior is increasingly out of line with the liberal values underpinning the U.S.-led order, Beijing's posture and trajectory must be deemed threatening and it is not in the interest of the United States to cooperate with and support China; to the contrary, it is in Washington's interest to balance against Beijing.

Therefore, when analyzing the formulation of U.S. strategy vis-à-vis China (dependent variable) and the factors shaping it, it is imperative that we examine China's approach to the liberal international order (broadly speaking) and to the United States, or in other words, China's internal and external behavior, in 1989-1993 as *international*

*systemic signals* (part of the independent variable). In this section I outline China's internal and external behavior during this period in four parts: (i) China's internal political reforms (liberalization), (ii) internal economic reforms (marketization), (iii) external political conduct, and (iv) external economic conduct (China's adherence to the rules of the international economy).

**Figure 2.14** China's approach to the liberal international order: the components of China's internal and external liberalization



## American liberal strategic culture and the *liberal ordering mission*

In TELOS, the variable that intervenes between the independent variable (international systemic pressures) and the dependent variable (U.S. strategy vis-à-vis China) is American liberal strategic culture. While the U.S. foreign policy executive may have responded to international systemic signals about China's rise efficiently, Washington's liberal strategic culture skewed its response and the engagement strategy ended up facilitating China's emergence as a peer competitor.

How does strategic culture intervene between international systemic pressures and the formulation of strategy? While changes in the global distribution of power would require strategic adjustment from a great power, decisionmakers are swayed by strategic culture toward keeping the status quo strategy. Strategic culture influences policymakers “through formal and/or informal institutionalization” and makes it “difficult to discuss or even conceive, much less to consider, strategic alternatives that are not culturally sanctioned.”<sup>33</sup> Charles Kupchan calls this *adjustment failure*. One type of adjustment failure is when a great power fails to balance against a rising challenger and adopts an overly cooperative approach to it. This happens because strategic culture makes foreign policymakers not correctly perceive the threat or not correctly identify the national interest and/or the necessary strategy for facing the challenge. Such adjustment failure leads to *strategic exposure*.<sup>34</sup>

In the early post-Cold War period, China began its unprecedented rise in the international system with the real potential that one day it could grow to be a great power and challenge the United States for primacy. These structural changes in the international environment should have given pause to U.S. decisionmakers who ought to have considered how the United States may balance against a rising China in order to prevent it from overtaking Washington at the top of the international system. Instead, American liberal strategic culture influenced decisionmakers to believe that if the United States continued its engagement strategy and supporting China’s integration in the global economy, this would eventually lead China to liberalize domestically and become a responsible stakeholder internationally, thus making it impossible that China’s rise in

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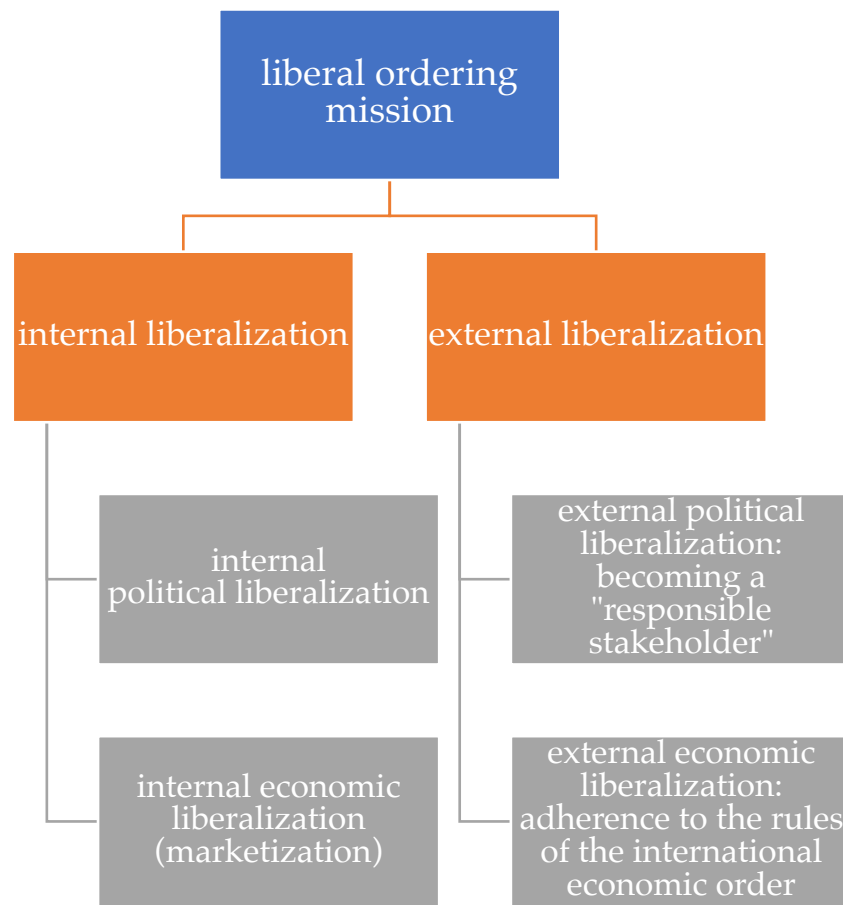
<sup>33</sup> Dueck, *Reluctant Crusaders*, 15-16.

<sup>34</sup> Charles Kupchan, *The Vulnerability of Empire* (Cornell University Press, 1994), 3-4, 6, 15.



capabilities would result in not only a powerful but also an aggressive and hostile China challenging the United States and the international order.

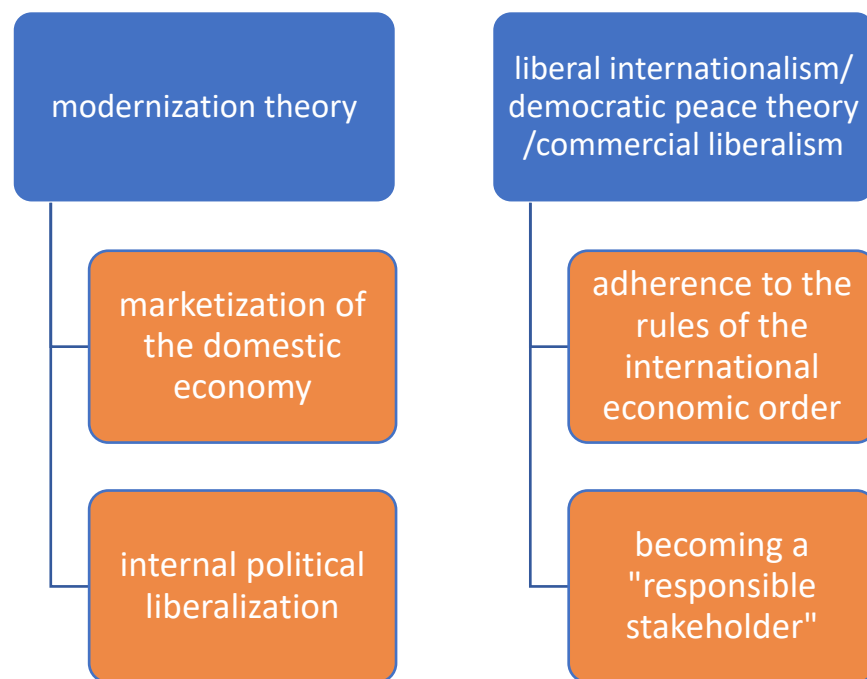
**Figure 2.15** The main components (assumptions) of the *liberal ordering mission*



I call this set of beliefs held by the U.S. foreign policy executive and based on American liberal strategic culture: the *liberal ordering mission*. This ideational commitment contains several parts, which are interconnected. First of all, it includes the expectation that the United States' continued engagement with China will lead to the liberalization of Chinese society and the political system of the People's Republic and to the guaranteeing of fundamental human rights and individual liberties. Secondly, it also contains the expectation that China will continue liberalizing its economic system and

will take part in the international economy as a market-oriented player. Thirdly, it entails the expectation that China will be integrating into the multilateral institutional framework that the United States and its allies launched after World War II and continued building in the following decades. This also means that China will not build a parallel international order. I argue that these views represent several parts of the same “package.” What connects them is the hope that U.S. engagement will lead to China’s integration into the U.S.-led liberal international order, which is based on the values of democracy, human rights, free markets, and multilateralism.

**Figure 2.16** The intellectual sources (in blue boxes) behind the hypothesized / desired policy outcomes vis-à-vis China as components of the *liberal ordering mission* (in orange boxes)



What are the intellectual sources of the *liberal ordering mission*? The first two, interrelated components of the *liberal ordering mission*, i.e. the expectations that the United States’ continued engagement with China will lead to its internal political *and* economic

liberalization, are based on modernization theory<sup>35</sup> and rooted in the works of Max Weber, Emile Durkheim, Talcott Parsons, Seymour Martin Lipset, and Joseph Schumpeter.<sup>36</sup> The basic premise of modernization theory with relevance to our research is that industrialization leads to economic growth, which in turn leads to the creation of middle classes, while the creation of middle classes leads to their higher level of education, which finally leads to their demands of more freedoms and eventually to democracy (Figure 2.17). In Lipset's words: "All the various aspects of economic development—industrialization, urbanization, wealth and education—are so closely interrelated as to form one major factor which has the political correlate of democracy."<sup>37</sup> Translated more specifically for our subject, modernization theory is behind the notion that if U.S. support for China's integration in the world economy leads to China's economic growth, it will indirectly help the creation of a new Chinese middle class, which through its higher standard of living will be more educated, and a more prosperous and better educated middle class will demand the rule of law, individual freedoms, and eventually democracy.

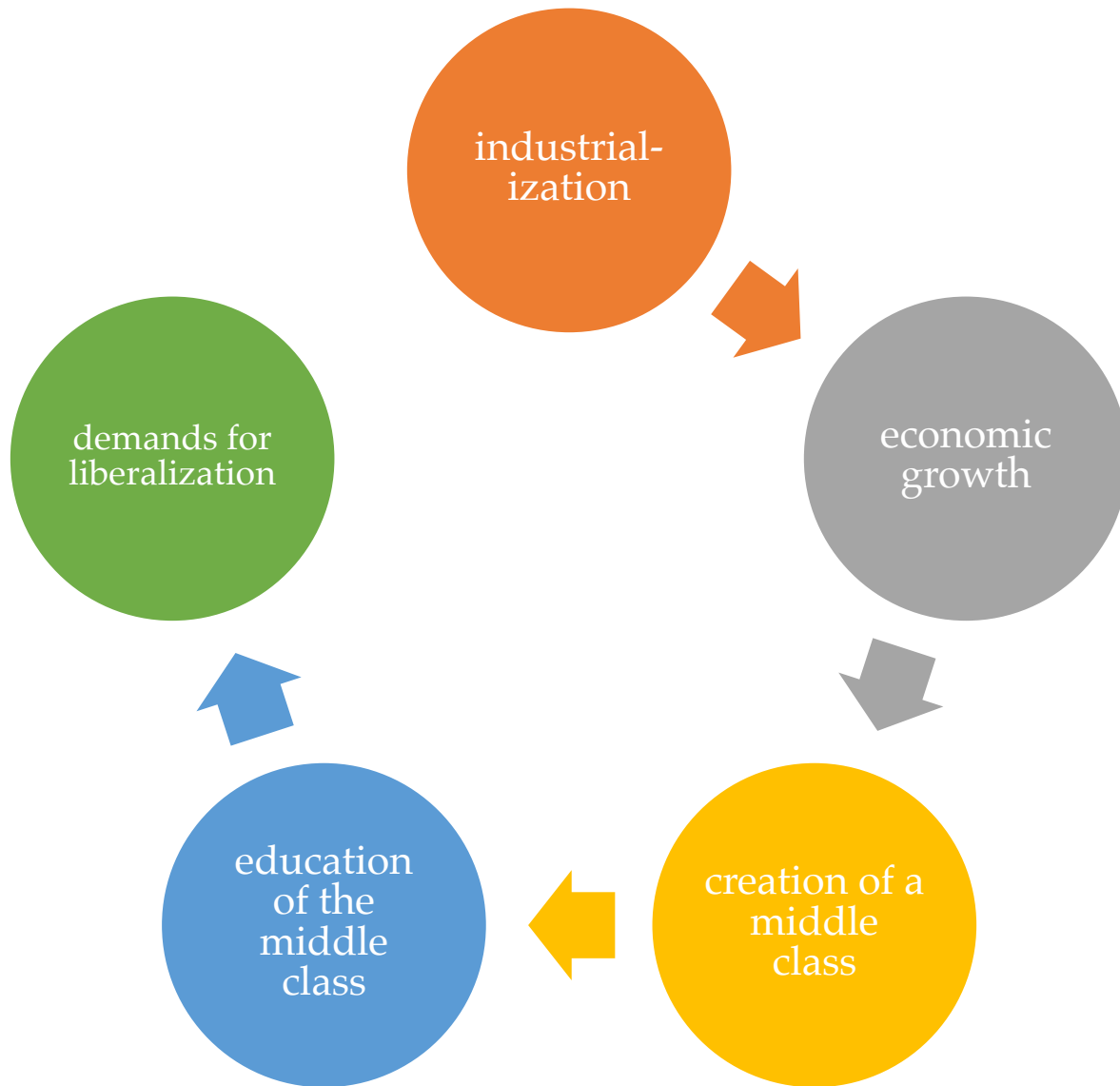
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<sup>35</sup> Thank you to Joseph Nye for directing my attention to modernization theory as an intellectual source of the *liberal ordering mission* (specifically the source of the expectations of domestic reforms).

<sup>36</sup> Max Weber, *The Protestant Ethic and the Spirit of Capitalism: And Other Writings* (Penguin, 1905); Max Weber, *From Max Weber: Essays in Sociology* (Routledge & Kegan Paul, 1948); Emile Durkheim, *The Rules of Sociological Method* (Free Press, 1964); Emile Durkheim, *The Division of Labor in Society* (Simon and Schuster, 1893); Emile Durkheim, *Professional Ethics and Civic Morals* (Routledge, 1957); Talcott Parsons, *The Structure of Social Action: A Study in Social Theory with Special Reference to a Group of Recent European Writers* (McGraw-Hill Book Company, Incorporated, 1937); Talcott Parsons, *Societies: Evolutionary and Comparative Perspectives* (Prentice-Hall, 1966); Seymour Martin Lipset, *Political Man: The Social Bases of Politics* (Doubleday, 1959); Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review* 53, no. 1 (March 1959): 69–105, <https://doi.org/10.2307/1951731>; Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (Routledge, 1942).

<sup>37</sup> Lipset, *Political Man*, 41.

**Figure 2.17** The cycle of the assumptions of modernization theory



The third and fourth components of the *liberal ordering mission*, i.e. the expectation that United States' continued engagement with China will lead to China's adherence to the rules of the international economic order and its transformation into a "responsible stakeholder" in international politics, are both deeply rooted in liberal internationalist

theory. Within this tradition, both are closely related to democratic peace theory and commercial liberalism. Based on Immanuel Kant's *Perpetual Peace*, liberal internationalists assume that liberal republics pursue peaceful relations among one another, including visiting and trading with each other. Liberal, Republican governments respect individual rights and avoid the aggressive foreign policies of despotic rulers. International law creates understanding and "a guarantee of respect" among nations. The international economic division of labor and free trade facilitate cosmopolitan connections, according to liberal economic theory. From "the cosmopolitan right to hospitality" springs "the spirit of commerce," making states want to live in peace with one another. Trade and diplomacy create interdependences among countries, serving as further pressures for continued peace and cooperation.<sup>38</sup>

According to liberal internationalist theory, if a state like China internally liberalizes politically and economically, it will likely behave peacefully and constructively in the international system, including adhering to the rules of international economic and political life. More specifically, this component of our variable also assumes that the integration of China into the world economy, through U.S. engagement strategy, will ensure China's seamless integration into the U.S.-led liberal international order. One of the leading voices of liberal internationalism, John Ikenberry argues that, among other emerging powers, China has "become more prosperous and capable by operating inside the existing international order—benefiting from its rules, practices, and institutions, including the World Trade Organization (wto)... Their economic success and growing influence are tied to the liberal internationalist organization of world politics, and they

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<sup>38</sup> Michael W. Doyle, "Politics and Grand Strategy," in *The Domestic Bases of Grand Strategy*, eds. Richard Rosecrance and Arthur Stein, (Ithaca, NY: Cornell University Press, 1993), 22-47.

have deep interests in preserving that system.”<sup>39</sup> The top policymakers of successive U.S. administrations embraced the ideas of liberal internationalism, democratic peace theory, and commercial liberalism. They believed that if the United States helps China integrate into the global economy and the international community, China will liberalize externally in both political and economic terms, becoming a responsible stakeholder and a market-oriented economic player. In turn, this transformation will make long-term cooperation and peace between Washington and Beijing not just possible, but almost certain.

What connects the components and the sources of the *liberal ordering mission* is that they all stem from American liberal strategic culture. American strategic culture is based on a historical-cultural commitment to classical liberal ideas, including individual rights, free markets, representative government, cooperation among nations, and an end to behind-closed-doors diplomacy as well as to power politics. The pursuit of such ideals has characterized American foreign policy since the founding of the United States, but increasingly since Woodrow Wilson’s presidency and his liberal-idealist agenda. From a theoretical point of view, it embraces the tenets of liberal international relations theories from liberal institutionalism to commercial liberalism to democratic peace theory. The embeddedness of classical liberal values in American national identity is deeper than in any other major democracy and this forms the basis of the influence of American liberal strategic culture.<sup>40</sup> The liberal strategic beliefs underpinning post-Cold War U.S. foreign policy appeal “to Americans’ self-regard and [tap] into powerful elements in America’s political DNA.”<sup>41</sup>

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<sup>39</sup> G. John Ikenberry, “The Future of the Liberal World Order: Internationalism After America,” *Foreign Affairs* May/June 2011, 57-58.

<sup>40</sup> Dueck, *Reluctant Crusaders*, 21.

<sup>41</sup> Stephen M. Walt, *The Hell of Good Intentions: America’s Foreign Policy Elite and the Decline of U.S. Primacy* (Farrar, Straus and Giroux, 2018), 61.

Stemming from American liberal identity, American liberal strategic culture envisions a world where more and more countries increasingly adopt representative/ democratic forms of government, and such a trend lays the foundation for more cooperation and less conflict in international affairs. This aligns with the central ideas of *democratic peace theory* that (i) citizens have the right to liberty, (ii) countries have the right to be free of external intervention, (iii) liberal internationalism requires mutual respect for these rights, (iv) the provision of such mutual respect has created cooperative ties among liberal democracies, (v) liberal democracies do not fight wars with one another.<sup>42</sup> The United States plays a central role in facilitating the spread of democracy and thus democratic peace. In the American liberal convention, international affairs do not need to be a *perpetuum mobile* of backroom diplomacy, power politics, and war. The founders established the United States to create a new and more liberal international order. The sacred mission of the United States is the global promotion of classical liberal values, which will bring about an open international order made up by liberal democracies and free markets. American liberal strategic culture rests on these ideas and expectations.<sup>43</sup>

These notions of the United States as a beacon of liberal values that spreads them globally have served as more than ideals: over time they became the building blocks of U.S. grand strategy. The United States has from the beginning aimed at building a liberal world order. U.S. decisionmakers see the creation of a liberal order made up of liberal countries and free markets as a noble goal by itself, but they also consider it as advancing U.S. national interests.<sup>44</sup>

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<sup>42</sup> Michael Doyle, "Kant, Liberal Legacies, and Foreign Affairs," in *Debating the Democratic Peace*, ed. Michael E. Brown, Sean M. Lynn-Jones, and Steven E. Miller (MIT Press, 1996), 10.

<sup>43</sup> Dueck, *Reluctant Crusaders*, 22.

<sup>44</sup> Dueck, *Reluctant Crusaders*, 22-23.

The ideas of American liberal strategic culture have been the central focus of the Open Door or Wisconsin school of diplomatic history, especially the works of William Appleman Williams and Walter LaFeber.<sup>45</sup> In their conceptualization, U.S. grand strategy has set out to create an “Open Door world,” an international order consisting of liberal states that are “open to U.S. economic penetration.” The Open Door world assumes openness in both political and economic terms, meaning the global promotion of liberalism and an open global economic order. As Christopher Layne aptly argues, while the Wisconsin school has been most criticized for focusing on the economic causes behind U.S. grand strategy and the building of the U.S. “empire,” their concept of the Open Door has placed the “American system,” i.e. ideas of American liberal strategic culture, front and center. Far from having economic expansion dictate the political or ideational aspects of U.S. grand strategy, the concept of the Open Door posits that the economic capabilities of the United States ought to be employed for building an international order in line with the ideology of the “American system.” That ideology precisely meshes with what I have described above as American liberal strategic culture.<sup>46</sup>

American liberal strategic culture has had a prominent influence on U.S. foreign policy in the post-Cold War era. Under the influence of American liberal strategic culture, U.S. foreign policy after 1989 has striven to maintain U.S. primacy and the U.S.-led liberal international order through facilitating the global spread of liberal democracy, market economy, and the rule of law, strengthening the institutional framework of regional and

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<sup>45</sup> William Appleman Williams, *The Tragedy of American Diplomacy* (W. W. Norton & Company, 1988); Walter LaFeber, *The Cambridge History of American Foreign Relations, Vol. 2: The American Search for Opportunity, 1865-1913* (Cambridge University Press, 1993); Wayne S. Cole, *An Interpretive History of American Foreign Relations* (Dorsey Press, 1968); David Healy, *US Expansionism: The Imperialist Urge in the 1890s* (University of Wisconsin Press, 2011).

<sup>46</sup> Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (Cornell University Press, 2006), 30-33.



multilateral cooperation, and integrating former adversaries (Russia, China, the countries of the former Soviet bloc) into the world order. Different post-Cold War administrations framed their grand strategies in different rhetorical ways, from President George H. W. Bush vowing to create a “new world order” to President Clinton’s “Engagement and Enlargement” strategy to George W. Bush’s “Freedom Agenda,” but their main grand strategic goals remained the same: maintaining U.S. preponderance and spreading U.S. core values (democracy, free markets, the rule of law) around the world. As Stephen Walt argues, American liberal strategic culture has had a major influence on post-Cold War U.S. foreign policy, as the United States’ behavior has been characterized by a “commitment to a grand strategy of “liberal hegemony”: an ambitious effort to use American power to reshape the world according to U.S. preferences and political values.”<sup>47</sup> John Mearsheimer emphasizes how America’s liberal strategic culture and the Soviet Union’s collapse combined to provide a great opportunity for a liberal hegemonic strategy, which the U.S. foreign policy leadership enthusiastically adopted and kept on pursuing throughout the early post-Cold War period.<sup>48</sup>

Similarly, Colin Dueck points to the influence of American liberal strategic culture in shaping the grand strategies of post-Cold War administrations. Structural realism is unable to account for the choice of pursuing (continuing) a strategy of liberal internationalism after the end of the Cold War. Such a strategy “cannot be fully explained without reference to certain cultural legacies that continued to influence U.S. foreign policy behavior during the 1990s... These liberal, globalist assumptions continued to shape the thinking of U.S. foreign policymakers.”<sup>49</sup> George H. W. Bush’s “new world

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<sup>47</sup> Walt, *The Hell of Good Intentions*, 53.

<sup>48</sup> John J. Mearsheimer, *Great Delusion: Liberal Dreams and International Realities* (Yale University Press, 2018), 4.

<sup>49</sup> Dueck, *Reluctant Crusaders*, 145-146.

order” was the product of liberal strategic culture. Bill Clinton vowed in his campaign to stop “coddling dictators” and initially adopted a realist balancing strategy toward China, but his administration settled on the liberal grand strategy of “Engagement and Enlargement,” under the influence of liberal strategic culture. George W. Bush came into the presidency with a realist agenda, “determined to tone down the liberal internationalism of the Clinton era,” but after 9/11 ended up adopting a liberal-idealist grand strategy, again under the influence of American liberal strategic culture. It was not international systemic-structural pressures that created these turnabouts; instead, they occurred due to the pressures of American liberal strategic culture. All of this shows that there is a distinctly American liberal strategic culture significantly shaping U.S. grand strategy and foreign policy, even if its impact waxes and wanes depending on the composition of the U.S. foreign policy executive and international systemic pressures.<sup>50</sup>

The way American liberal strategic culture shapes U.S. grand strategy is not only through pressure toward choosing more liberal postures and goals, but also through excluding or eliminating realist or *Realpolitik* grand strategic options, e.g. those in line with offensive realism, from consideration. This means that even if international pressures were to require a *Realpolitik* response from the United States, often American policymakers would still tend to favor liberal grand strategies since realist options are considered unsavory according to American strategic culture. U.S. foreign policymakers as well as the American public tend to favor liberal strategies and disfavor *Realpolitik* strategies, even if systemic pressures pointed in the direction of the latter, attesting to the enduring and broad impact of American liberal strategic culture (even if its impact waxes and wanes depending on different international and domestic factors). This strongly

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<sup>50</sup> Dueck, *Reluctant Crusaders*, 162-163.

applies to the early post-Cold War period when U.S. decisionmakers often criticized their opponents over their liberal strategies and contemplated adopting *Realpolitik* strategies, but they usually ended up falling back on pursuing liberal internationalist postures they had previously disavowed.<sup>51</sup>

These effects of American liberal strategic culture had a significant influence on the China strategies of early post-Cold War U.S. administrations. Liberal strategic culture inspired the adoption of the *liberal ordering mission*, i.e. the set of beliefs and expectations that U.S. support for China's global economic integration will lead Beijing to liberalize internally and externally. American liberal strategic culture shaped the China strategies of early post-Cold War U.S. administrations toward seeking to integrate China into the "Open Door world" consisting of liberal states embracing American liberal ideas and open for American business.<sup>52</sup> Decisionmakers in post-Cold War U.S. administrations believed that, in order to help China adopt American liberal ideology and open its markets, Washington would have to essentially continue (in a slightly updated version) its Cold War strategy of engagement in the changed international environment.

It is important to remember that the collapse of the Soviet bloc in 1989 and the Soviet Union in 1991 meant that the international system, in which U.S. engagement strategy toward China had been born as a way to counter the Soviet Union, completely changed with the end of the Cold War. The changing of the international system and its distribution of capabilities, including the lack of the need to balance against the Soviet Union and the initially incipient but soon robust rise of China, would have dictated the formulation of a new U.S. strategy toward China and not the adaptation of the old liberal strategy of engagement. A new strategy would have been based on *Realpolitik*

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<sup>51</sup> Dueck, *Reluctant Crusaders*, 26-115.

<sup>52</sup> Layne, *The Peace of Illusions*, 30.

considerations and would have shifted U.S. behavior gradually toward balancing against China. American liberal strategic culture, however, completely disclosed any *Realpolitik* strategic options and pushed decisionmakers toward adopting a liberal strategy, essentially continuing the Cold War strategy of engagement, of course with some adaptation to post-Cold War circumstances. This old-new engagement strategy vis-à-vis China completely fit into the larger post-Cold War U.S. grand strategic framework of “liberal internationalism” or “liberal hegemony,” which sought to facilitate “engagement and enlargement” and a “freedom agenda” to make the United States more prosperous and secure. However, U.S. engagement strategy ended up eventually doing just the opposite. It helped facilitate the rise of a peer competitor that would soon challenge U.S. primacy and the U.S.-led liberal international order while making the United States less prosperous (due to the “China Shock”) and less secure (due to Beijing’s rising capabilities and growing challenge to Washington regionally and globally). All of this was the result of the strong and unrelenting influence of traditional American liberal strategic culture on U.S. decisionmakers.

While the strength and ubiquity of American liberal strategic culture has been demonstrated above and it could sufficiently explain the adoption of the post-Cold War engagement strategy in the early 1990s, the question remains: why did accumulating evidence that this China strategy was not working well not alter policymakers’ views over the next two decades? An important part of the resilience of American liberal strategic culture in general and of the continuation of U.S. engagement toward China in particular is the *modus operandi* of the U.S. foreign policy leadership and the Washington foreign policy community. Ben Rhodes, President Obama’s deputy national security advisor, described in a 2017 *New York Times Magazine* interview the foreign policy establishment as the “blob” and argued that their formulation of foreign policy

advice has been characterized by inertia, lack of creativity, herd mentality, and groupthink.<sup>53</sup> A strong critic of the “blob,” Stephen Walt argues that, since the end of the Cold War, the foreign policy establishment “has been characterized... by a set of pathologies that have undermined its ability to set realistic goals and pursue them effectively... Today’s foreign policy elite is a dysfunctional caste of privileged insiders who are frequently disdainful of alternative perspectives and insulated both professionally and personally from the consequences of the policies they promote.”<sup>54</sup> Even if that critique is too harsh, it is hard to deny that the conduct of the foreign policy establishment in the early post-Cold War era has demonstrated bureaucratic inertia, lack of creativity, exclusion of alternative perspectives, and groupthink. U.S. engagement strategy vis-à-vis China was “perpetuated” by the foreign policy community in the early post-Cold War period because it was the status quo strategy and required no innovation or creative thinking and because changing it would have necessitated questioning the assumptions of American liberal strategic culture deeply ingrained in the minds of the groupthink-oriented Washington foreign policy elite.

As deeply embedded in the foreign policy establishment as it has been, our intervening variable, American liberal strategic culture, cannot remain constant since it could not explain variation in state strategy then.<sup>55</sup> In reality, American liberal strategic culture as a variable does vary. Its influence waxes and wanes in different periods, depending on both international and domestic factors. However, there two primary ways that our intervening variable, American liberal strategic culture, shows variance. The first

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<sup>53</sup> David Samuels, “The Aspiring Novelist Who Became Obama’s Foreign-Policy Guru,” *The New York Times*, May 5, 2016, sec. Magazine, <https://www.nytimes.com/2016/05/08/magazine/the-aspiring-novelist-who-became-obamas-foreign-policy-guru.html>.

<sup>54</sup> Walt, *The Hell of Good Intentions*, 95.

<sup>55</sup> Dueck, *Reluctant Crusaders*, 24.

reason why the influence of the *liberal ordering mission* varies is the changing composition of the U.S. foreign policy leadership. There are decisionmakers who are ideationally more committed to the values of American liberal strategic culture, and there are others who are influenced more by power (realist) considerations.

There is another important way in which the influence of the *liberal ordering mission* varies. Earlier, we have defined the different components of the *liberal ordering mission*: marketization of the domestic economy, internal political liberalization, adherence to the rules of the international economic order, and becoming a “responsible stakeholder.” These different components of the *liberal ordering mission* share the same intellectual origins and are closely interconnected, as established previously, yet at different points in time and under different circumstances one features in decisionmakers’ thinking more prominently than another.

Table 2.4 shows how different components of the *liberal ordering mission* come to the fore under different international circumstances. The expectation that the established great power’s engagement strategy will lead to the rising power’s marketization of its domestic economy becomes more prominent in times when the rising power’s *other* area of domestic liberalization, internal political liberalization, suffers significant setbacks, because the established great power’s decisionmakers shift their emphasis from political liberalization to economic liberalization (partially because this is how they can “sell” the results of the cooperative strategy to their public). The expectation that engagement will lead to internal political liberalization may also come to the fore when bilateral relations between the established great power and the rising power are at their highest point, because the established great power’s decisionmakers will believe that the closeness of the relationship will bring about progress in the rising power’s political liberalization and also because this is how the established great power’s decisionmakers will wish to

reassure their public that such progress will further justify the strengthening of the relationship. Additionally, the expectation that engagement will lead to internal political liberalization may also become more prominent when the rising power significantly expands its economy, since this gives the established great power's decisionmakers higher hopes that the cycle of modernization theory will transpire and economic prosperity will eventually lead to political liberalization and democratization.

Adherence to the rules and norms of the international economic order may also gain prominence during times when the rising power significantly expands economically, because in such circumstances the established great power's policymakers will work hard for bringing the rising power into the international economic fold, emphasizing (and believing) that such integration will bring with it the rising power's greater compliance with the norms of the global economy. Finally, the expectation that the rising power will gradually become a "responsible stakeholder," upholding the values and rules of the international political order, may land higher on the agenda of the established great power's policymakers when it is facing new or increased international threats and is in need of the rising power's help and support. The rationale behind this is that if the established great power's decisionmakers make this expectation a higher priority, this will communicate to the rising power's decisionmakers a request for their more extensive cooperation on the global stage, but it will also communicate to the established great power's public that this is part of the "profit" that can materialize from the established great power's support for the rising power (besides the rising power's help in addressing the new or increased threats).

**Table 2.4** The circumstances and contexts when the different components of the *liberal ordering mission* will feature more or less prominently in U.S. decisionmakers' thinking

| Component of the <i>liberal ordering mission</i>           | The rising power back-slides on political liberalization | The rising power significantly expands economically | Bilateral relations are at their peak | The established great power faces new or increased international threats |
|------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------|
| marketization of the domestic economy                      | Most prominent                                           | Less prominent                                      | Less prominent                        | Less prominent                                                           |
| internal political liberalization                          | Less prominent                                           | More prominent                                      | Most prominent                        | Less prominent                                                           |
| adherence to the rules of the international economic order | More prominent                                           | Most prominent                                      | Less prominent                        | More prominent                                                           |
| becoming a "responsible stakeholder"                       | Less prominent                                           | More prominent                                      | More prominent                        | Most prominent                                                           |



## RESEARCH STRATEGY: CONTENDING THEORIES, THEORETICAL EXPECTATIONS, AND TESTABLE HYPOTHESES

Having laid out the dependent variable, the independent variable, and the intervening variable, and their variations in this research, I now turn to explaining my research strategy and whether this is a theory-testing or theory-developing endeavor.

My chosen methodology, within-case process tracing, is “the analysis of evidence on processes, sequences, and conjectures of events within a case for the purposes of either developing or testing hypotheses about casual mechanisms that might causally explain the case.”<sup>56</sup> My dissertation is both a theory-testing and a theory-developing endeavor. Causal mechanisms are “ontological entities and processes in the world... Such mechanisms are ultimately unobservable, but our hypotheses about them generate observable and testable implications.”<sup>57</sup> The ultimately unobservable and theoretical causal mechanisms produce causal processes and testable implications, both of which are observable. Finally, the observable and testable implications of the causal processes need to be tested against the evidence.

When constructing my *theory of the liberal ordering strategy*, I intend to test this theory against Mearsheimer’s offensive realism. A structural realist theory (in this case, Mearsheimer’s offensive realist theory) as baseline enables the researcher in neoclassical realism to ask the question: “How much of the variance in the dependent variable could a structural realist theory explain if the intervening variables posited by a neoclassical realist theory were not present?”<sup>58</sup> In my case, I will ask: How much of the variance in

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<sup>56</sup> Andrew Bennett and Jeffrey T. Checkel, “Process tracing: from philosophical roots to best practices,” in *Process Tracing: From Metaphor to Analytic Tool*, ed.s Andrew Bennett and Jeffrey T. Checkel (Cambridge University Press, 2015), 7.

<sup>57</sup> Bennett and Checkel, 12.

<sup>58</sup> Ripsman, Taliaferro, and Lobell, *Neoclassical Realist Theory*, 114.

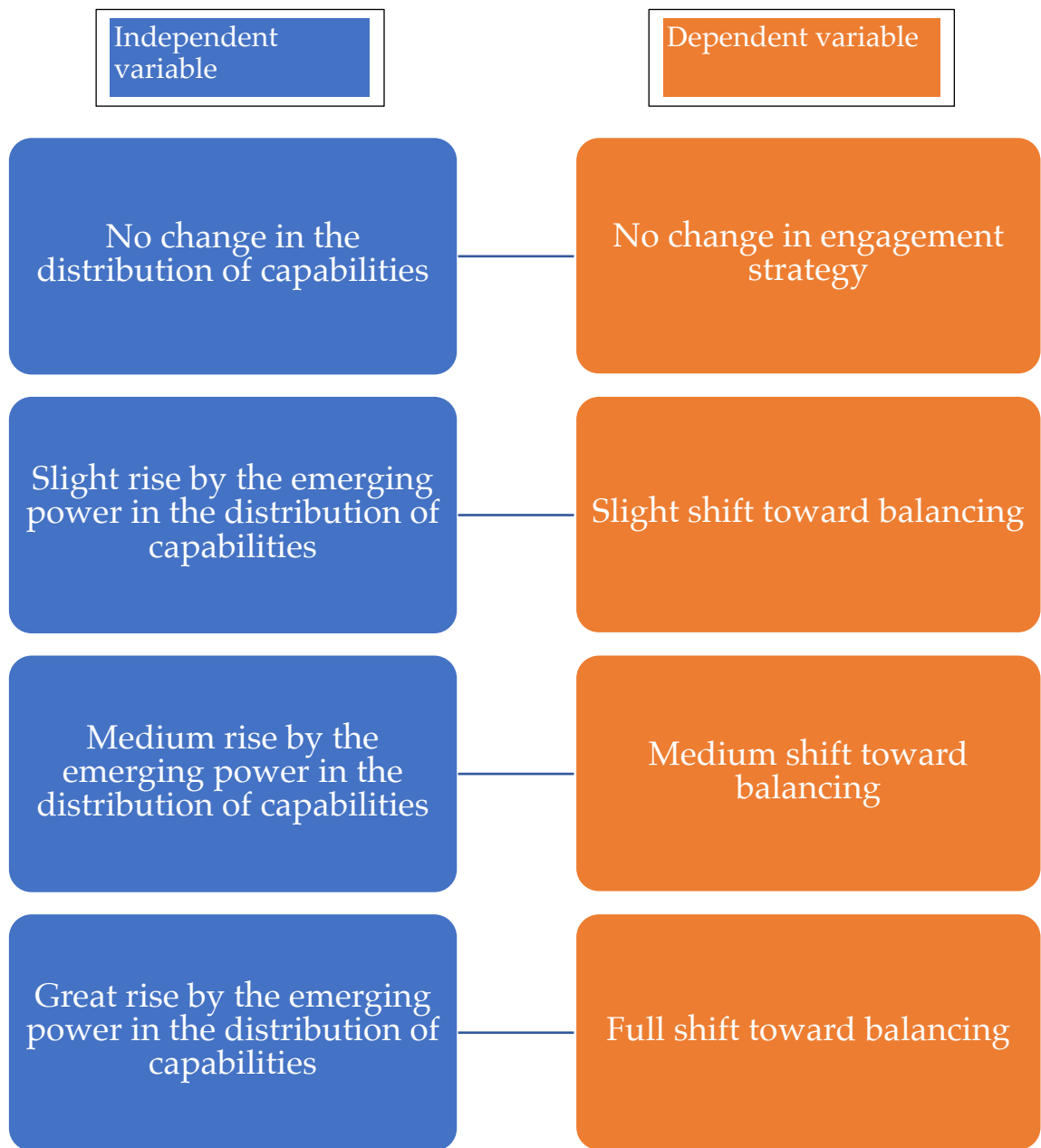
U.S. strategy towards China could Mearsheimer's offensive realist theory explain if American liberal strategic culture and the *liberal ordering mission* as the intervening variable (posited by my *theory of the liberal ordering strategy*) were not present?

This dissertation will therefore test Mearsheimer's offensive realist theory and my *theory of the liberal ordering strategy* to see which one of them explains U.S. strategy toward China in the early post-Cold War era best. I will test these competing theories on the U.S. strategy toward China in three focused case studies covering three post-Cold War U. S. administrations: (i) the China strategy of the George H. W. Bush administration (1989-1993), (ii) the China strategy of the Bill Clinton administration (1993-2001), and (iii) the China strategy of the George W. Bush administration (2001-2009).

The next question to be answered is about the causal mechanism between the independent variable and the dependent variable under offensive realism and the *theory of the liberal ordering strategy*. What kind of shifts in the distribution of capabilities are likely to trigger shifts in decisionmakers' views about the established great power's strategy? More specifically, what kind of changes in the rising power's position in the distribution of capabilities are likely to trigger shifts in the established great power's strategy? If the "transmission belt" between international systemic pressures and state strategy is clear and direct, as offensive realism would expect, then the extent of the changes in the distribution of capabilities (and the rising power's position in them) would translate into a similar extent of changes in the established great power's decisionmakers' views and therefore in the established great power's strategy.

Figure 2.18 demonstrates this relationship under offensive realism (assuming that the starting point in the established great power's strategy is engagement).

**Figure 2.18** The relationship between the independent variable (changes in the distribution of capabilities) and the dependent variable (the strategy of the established great power) under offensive realism



As Table 2.19 shows, under offensive realism there is a clear transmission belt between the independent variable (changes in the distribution of capabilities) and the dependent variable (state strategy). Notwithstanding the lack of clarity as an important limitation on the reading of systemic signals on the part of the states, offensive realism assumes that once systemic signals are clearly communicated, the foreign policy leadership will efficiently respond to the pressures and opportunities of the international system. In all fairness, the systemic signals about China's rise in capabilities were not readily readable in the very beginning of the early post-Cold War period. Yet, as I will demonstrate it throughout my empirical chapters, they were becoming clearer and clearer from the early 1990s onward. If offensive realism's assumption was true, then U.S. decisionmakers would have responded to the pressures that came in the form of China's rise in the international system once such signals became clearer. We know today that they did not. Offensive realism, therefore, cannot explain U.S. behavior toward China in the early post-Cold War period. On the other hand, its prescriptions for U.S. policy make sense in terms of serving the U.S. national interest. If offensive realism would have charted an efficient response to systemic pressures, why did U.S. decisionmakers not pursue such a strategy? In other words, if offensive realism cannot account for U.S. behavior, what is the factor that skewed the United States' efficient response to systemic signals? This factor is my intervening variable, American liberal strategic culture, which I will discuss in the next section.

Table 2.20 shows the causal mechanism between the independent variable, the intervening variable, and the dependent variable under the *theory of the liberal ordering strategy*. The main component of the independent variable is changes in the distribution of capabilities (as with offensive realism), but another component is the emerging power's behavior. The rising power's behavior is taken to be negative (e.g. not aligning

with the hegemon's values and/or interests), because if the emerging power's behavior is positive, that does not by itself pose a problem to the established great power. However, as we have discussed this previously, our basic assumption (borrowed from hegemonic stability theory and offensive realism and validated by the historic record) is that the emerging power's aim is to reach a level of superiority in capabilities to the hegemon and then to overthrow the hegemon as well as its international order. The rise of the emerging power and its negative behavior combine to make the emerging power a "double" threat to the established great power. The rise of a potential peer competitor is a threat to the established great power. The hostile behavior of another state toward the hegemon and its international order can also be a threat. The two combined, a rising peer competitor with negative/hostile behavior, is a significant threat to the established power. In fact, an emerging power's negative behavior may serve as a crucial indication to the hegemon that its rise in capabilities is dangerous.

However, in the framework of the *theory of the liberal ordering strategy*, all these systemic signals will be moderated by the impact of American liberal strategic culture. Table 2.20 demonstrates that whether the influence of strategic culture is weak or strong may have a significant impact on the relationship between the independent and dependent variables. Weak influence of strategic culture means that it does not retard the effect of international systemic pressures (the emerging power's rise and behavior) on the established great power's policymakers and thus on its strategy, i.e. international systemic factors have a more direct "transmission belt" to shape strategy. Strong influence of strategic culture means, on the other hand, that the intervening variable significantly retards the effect of international systemic pressures on policymakers' views and thus on the established great power's strategy, i.e. the "transmission belt" between international systemic factors and strategy is less clear and direct.

**Figure 2.19** The relationship between the independent variable (changes in the distribution of capabilities & the emerging power's behavior), the intervening variable (strategic culture), and the dependent variable (the strategy of the established great power) under the *theory of the liberal ordering strategy*



When testing these theories, I plan to look for specific empirical implications to help differentiate between the theories and evaluate which of these theories has greater predictive power. If Mearsheimer's offensive realism has better explanatory power, we should find a clear and direct relationship (transmission belt) between changes in the distribution of capabilities and U.S. strategy toward China. However, if we find that U.S. policymakers do not change China strategy in line with changes in the distribution of capabilities, that may signal that my theory can better explain U.S. strategy.

**Table 2.5** Causal process and observable implications for H1 under offensive realism

| H1: Changes in the relative distribution of capabilities between the United States and China will result in changes in U.S. strategy vis-à-vis China.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------|
| Causal Process: China's Rise Causes U.S. Shift toward Balancing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |
| China rises in the global distribution of capabilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | → | The U.S. foreign policy leadership recognizes the extent and nature of China's rise in the global distribution of capabilities. | → | As a response to China's rise, the U.S. foreign policy leadership decides to shift U.S. engagement strategy vis-à-vis China toward balancing. | → | Implementation of U.S. strategy vis-à-vis China shifted toward balancing. |
| Observable indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |
| <ul style="list-style-type: none"><li>• China significantly increases its share of the global distribution of capabilities in terms of economic and/or military and/or diplomatic power.</li><li>• U.S. support plays a role in China's growth in capabilities.</li><li>• China's internal and external behavior contradicts U.S. expectations of China's liberalization and partnership.</li><li>• U.S. foreign policymakers recognize China's growth the global distribution of capabilities and/or China's negative internal and external behavior.</li><li>• U.S. foreign policymakers contemplate responding to China's growth the global distribution of capabilities and/or China's negative internal and external behavior.</li><li>• U.S. foreign policymakers decide to shift U.S. engagement strategy vis-à-vis China toward balancing as a response to China's rise and to China's negative internal and external behavior.</li><li>• The U.S. government implements U.S. strategy vis-à-vis China shifted toward balancing.</li></ul> |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |

The main hypothesis for Mearsheimer's offensive realism is that changes in the international system and its distribution of capabilities will result in changes in U.S. strategy vis-à-vis China. If China's relative position in the distribution of capabilities increased significantly, U.S. policymakers would consider shifting U.S. strategy toward China toward balancing. Table 2.5 summarizes how the hypothesis translates into the causal process "China's rise causes U.S. shift toward balancing" and the observable implications of the causal mechanism that will be tested against the evidence.

The main hypothesis for my *theory of the liberal ordering strategy* is that changes in the international system and its distribution of capabilities, mediated by American liberal strategic culture, will result in changes in U.S. strategy vis-à-vis China. If China's relative position in the distribution of capabilities increased significantly, U.S. policymakers would consider shifting U.S. strategy toward China toward balancing, but American liberal strategic culture would influence them to constrain the extent of such a shift. The result would be a change in strategy that would not be commensurate with the changes in the distribution of capabilities (or sufficient to respond to those changes). Table 2.6 summarizes how the hypothesis translates into the causal process "China's rise causes U.S. shift toward incommensurate balancing" and the observable implications of the causal mechanism that will be tested against the evidence.



**Table 2.6** Causal process and observable implications for H1 under the *theory of the liberal ordering strategy*

**H1:** Changes in the international system, including changes in the relative distribution of capabilities between the United States and China and changes in China's internal and external behavior, mediated by American liberal strategic culture, will result in changes in U.S. strategy vis-à-vis China.

**Causal Process: China's Rise Causes Incommensurate U.S. Shift toward a Balancing Strategy**



**Observable indicators**

- China significantly increases its share in the global distribution of capabilities in terms of economic, military, and/or political power.
- U.S. support plays a role in China's growth in capabilities.
- China's internal and external behavior contradicts U.S. expectations of China's liberalization and partnership and China's support for the liberal international order.
- U.S. foreign policymakers recognize China's growth in the global distribution of capabilities and China's negative internal and external behavior (lack of liberalization).
- U.S. foreign policymakers contemplate responding to China's growth in the global distribution of capabilities and China's negative internal and external behavior by shifting U.S. engagement strategy vis-à-vis China toward balancing.
- U.S. foreign policymakers are heavily influenced by American liberal strategic culture and the *liberal ordering mission* in their considerations.
- Under the influence of American liberal strategic culture and the *liberal ordering mission*, the U.S. foreign policy leadership decides to moderate their intention to shift the China strategy toward balancing.
- The U.S. foreign policy leadership does not shift or *incommensurately* shifts U.S. engagement strategy vis-à-vis China toward balancing in response to China's rise and to China's negative internal and external behavior.
- The U.S. government implements the decided strategy vis-à-vis China.

### **3. Chapter 3: The George H. W. Bush Administration's China Strategy: From the Tiananmen Square Massacre to Most Favored Nation Status**

#### **INTRODUCTION**

Over the past decades, Communist China has risen to become a global great power. The United States now considers it a peer competitor.

<sup>1</sup> Ironically, U.S. strategy towards China in the early post-Cold War period had its role in facilitating the rise of China. Originally designed as a partnership with China to counter the Soviet Union during the late Cold War, the United States continued its strategy of engagement after the end of the Cold War in the hope of seeing China liberalize. Consecutive U.S. administrations perpetuated the strategy of engagement despite limited progress on liberalization and while China became more of a strategic competitor than a partner. In the past few years, the mixed record of the U.S. engagement strategy has come to light and the United States has begun partially balancing against China. Today, as the United States is facing a great-power challenger in China, the need to resolve the puzzle of why Washington continued its engagement strategy and thereby contributed to the rise of China in the early post-Cold War period is more pressing than ever.

The George H. W. Bush administration's strategic decision-making is the first key period in this history. The administration was in its first months when it was presented with an unprecedented crisis, as China's leaders decided to crush the peaceful student

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<sup>1</sup> The White House, *The National Security Strategy of the United States of America*, 2017, Donald J. Trump.

demonstrations in Tiananmen Square with violent force in June 1989. From the perspective of the global balance of power, the United States was also entering an era when it did not need to ally with China to counter the Soviet Union, as Moscow's power and influence were rapidly declining. It is surprising that neither the bloody massacre, nor the changed geopolitical context prevented Washington from relentlessly "courting" Beijing in the next three years with a view to restore their earlier cooperative relationship. The Bush administration did everything from setting up a secret diplomatic mission to fighting with Congress to granting Most Favored Nation to Beijing to gradually ending its post-Tiananmen sanctions and China's international isolation in order to *appease* a Chinese leadership that was blaming Washington (!) for Tiananmen. While international systemic pressures, including changes in the global balance of power and China's repressive internal and hostile external behavior, pointed to a necessary shift in U.S. strategy toward balancing, as offensive realism would predict, the Bush administration did the opposite. Offensive realism and international pressures cannot explain U.S. strategy during this period.

The insight of my *theory of the liberal ordering strategy*, a neoclassical realist approach, is that cultural-ideational factors made a strong impact on the formulation of the Bush administration's China strategy. President Bush's and his foreign policy team's deep identification with *American liberal strategic culture* and their embrace of the *liberal ordering mission* meant that they genuinely believed, even against all evidence of international systemic signals to the contrary, that continued engagement with China would eventually bring about Beijing's liberalization and integration into the U.S.-led liberal international order. President Bush's personal history with China and his attachment to the achievements of U.S.-China cooperation further reinforced these views and helped skew the formulation of China strategy in 1989-1993. The expectations that

U.S. engagement would lead to China's internal and external liberalization did not materialize, however.

In this chapter, I first present the international and cultural-ideational pressures relevant for the formulation of the Bush administration's strategy vis-à-vis China. I begin with international systemic conditions, specifically China's budding rise in the global distribution of power and China's negative behavior (lack of liberalization) internally and externally. I outline the predictions of offensive realism, a theory building on these international pressures, for the Bush administration's China strategy. I then move on to describe the cultural-ideational pressures upon the formulation of America's China strategy, particularly American liberal strategic culture and the *liberal ordering mission*, and how President Bush's leader images reinforced these pressures. Integrating international pressures with cultural-ideational pressures, I outline the predictions of my *theory of the liberal ordering strategy* (TELOS) for U.S. strategy toward China during this period.

In the second part of the chapter, I present the evolution of U.S. strategy vis-à-vis China during the George H. W. Bush administration. I focus on key events that represented turning points in the relationship and are key to understanding the development of the administration's strategy. I divide the term of the Bush administration along key events into six different periods. In five of these six "mini-cases," I outline the predictions of the two competing theories, lay out the actual historical record of the evolution of U.S. strategy, and draw my conclusions about the predictive/explanatory value of the two theories. The six mini-cases are:

1. The Tiananmen Square massacre and its aftermath
2. Freeze in relations – re-enter Nixon and Kissinger
3. The second Scowcroft mission and its fallout

4. The impact of the revolutions in Central and Eastern Europe
5. The first fight over China's Most Favored Nation status
6. The Gulf War and Baker's last visit: the relationship stays frozen

Finally, in the third part of this chapter, I present the analysis of my findings by discussing the efficacy of U.S. strategy and assessing the strength of the two alternative theoretical explanations for the choice of U.S. strategy.

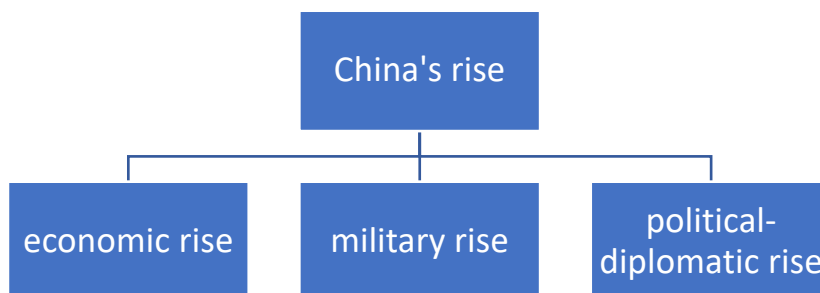
## **BACKGROUND: INTERNATIONAL AND CULTURAL PRESSURES 1989-1993**

### **International pressures**

#### *The changing global balance of power and China's budding rise*

During the tenure of the George H. W. Bush administration, fundamental changes were under way in the global distribution of capabilities and in the overall international system. The positions of the major powers in the international system were changing in 1989-1993. Soviet power was declining and the Soviet Union was collapsing as a superpower, while the United States' position was growing stronger and China was gradually rising into a major power, on its way to overtake the Soviet Union as the second most powerful actor.

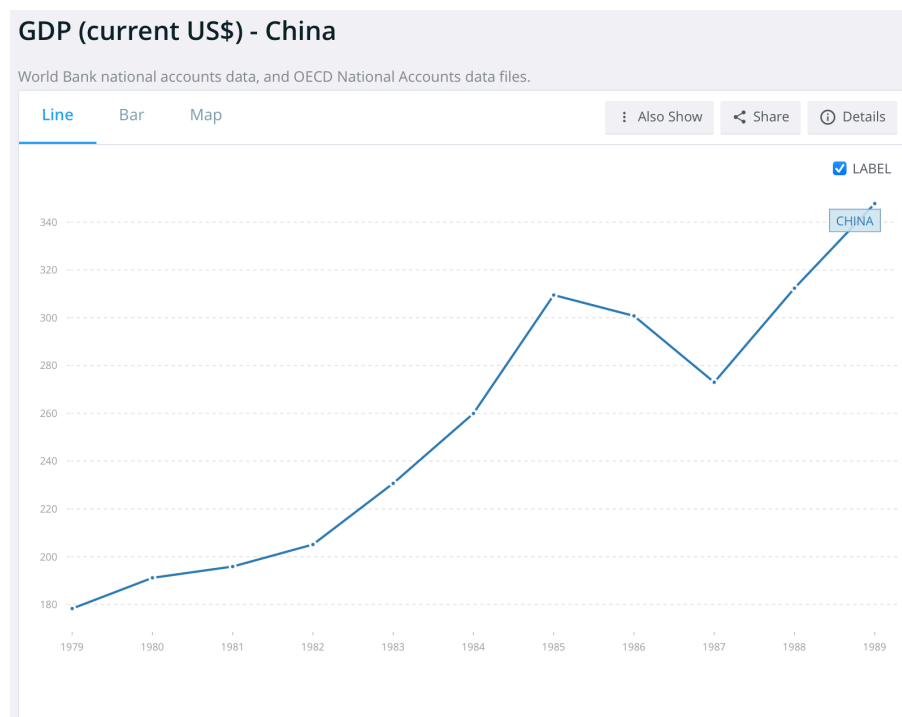
**Figure 3.1** The compartments of China's rise



## *China's economic rise*

Paramount leader Deng Xiaoping's economic reforms and the Western market opening (actively supported by the United States) in the 1980s produced previously unimaginable results. Even by the time the Bush administration took office in January 1989, China's growth in economic power had already been already significant. Between 1979 and 1989, China's GDP practically doubled from \$178 billion to \$348 billion (Figure 2.5).

**Figure 3.2** The growth of China's GDP between 1979 and 1989<sup>2</sup>

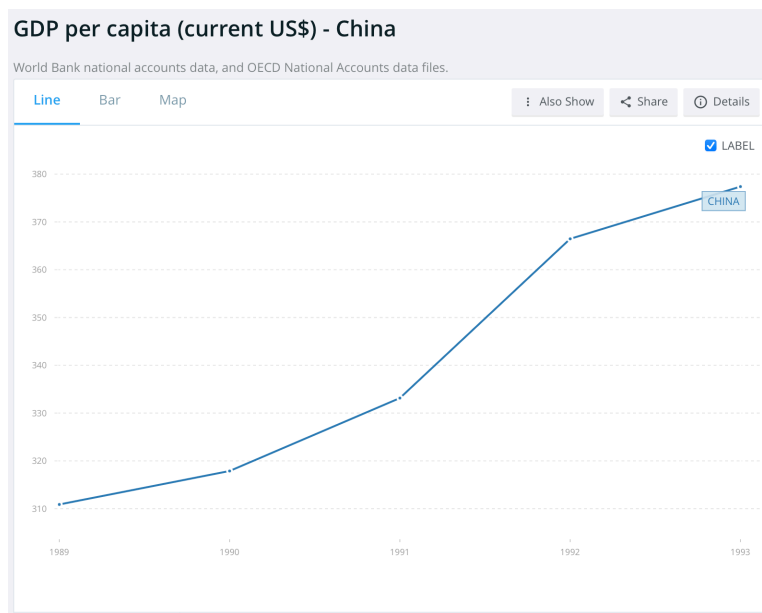


When the Bush administration took office, China's budding economic rise had already been an ongoing process, and this trend continued during their tenure. Between 1981 and 1994, China's gross national product (GNP) grew at an annual rate of 10.2

<sup>2</sup> "World Bank Open Data | Data," accessed September 10, 2022, <https://data.worldbank.org/>.

percent. China's growth in output, investment, and trade was particularly extraordinary in the 1980s and early 1990s. Fixed-capital investment grew at a whopping 25.5 percent in 1981-1994, and fixed-capital investment as percentage of GNP increased from 19.77 percent in 1981 to 37.8 percent in 1993. The value of foreign trade increased 26-fold between 1978 and 1992. These numbers also suggest that investment and foreign trade played an outsized role in China's economic rise in the 1980s and 1990s.<sup>3</sup>

**Figure 3.3** The growth of China's GDP per capita between 1989 and 1993<sup>4</sup>



Finally, if we only consider the tenure of the Bush administration, China's continued economic rise is also born out by the numbers. Between 1989 and 1993, China's GDP grew from \$348 billion to \$445 billion (Figure 2.9). China's annual GDP growth rate shot up from 4.2 percent in 1989 to nearly 13 percent in 1992 and 1993 (Figure 2.10).

<sup>3</sup> Qiao Yu, "Capital Investment, International Trade and Economic Growth in China: Evidence in the 1980-1990s," *China Economic Review* 9, no. 1 (March 1, 1998): 73, [https://doi.org/10.1016/S1043-951X\(99\)80005-4](https://doi.org/10.1016/S1043-951X(99)80005-4).

<sup>4</sup> "World Bank Open Data | Data."

**Figure 3.4** The growth of China's GDP between 1989 and 1993<sup>5</sup>

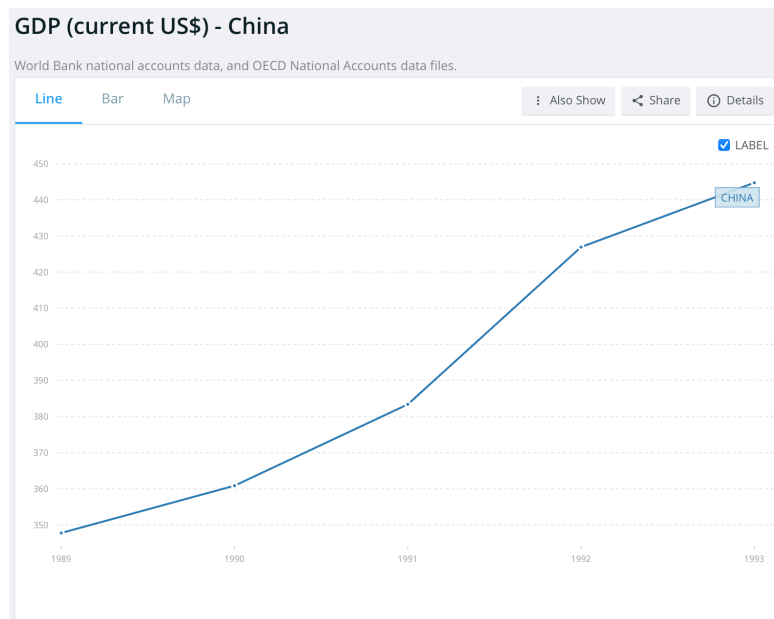
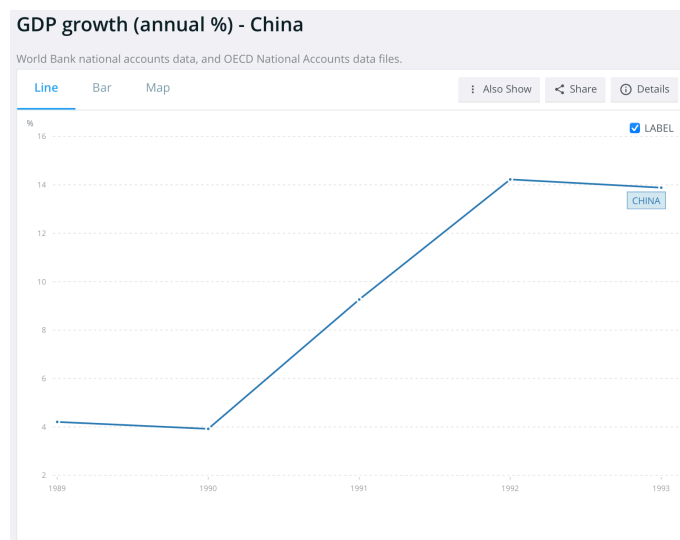


**Figure 3.5** China's GDP growth rate between 1989 and 1993<sup>6</sup>



Let us put China's phenomenal growth rate in the context of the global balance of power. U.S.-China economic data from the period 1989-1993 give us two important pieces of information. The first, shown on Figure 3.8, is that in 1989, China's GDP of \$348 billion

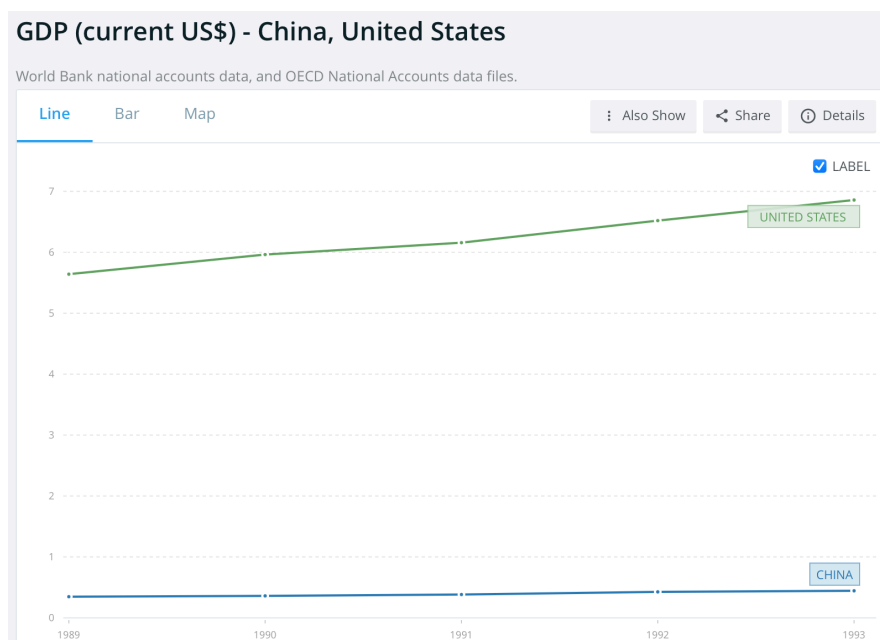
<sup>5</sup> "World Bank Open Data | Data."

<sup>6</sup> "World Bank Open Data | Data."



contrasts with the United States' GDP of 5.64 trillion, and in 1993, China's GDP of \$445 billion contrasts with the United States' GDP of 6.86 trillion. This demonstrates that there was still a world of difference between the size of the two economies. China's economy was no rival yet to that of the United States. However, the second piece of information is much more important (Figure 3.9). Both countries began this period with 2.6-2.7% annual GDP growth in 1989. However, in the following four years, China's GDP growth rate increased to apprx. 12.7%, while the United States' GDP growth rate declined and oscillated between -1.4% and 2.1%. This means that even with China's post-Tiananmen shock and isolation, China's economy grew at the fastest rate in the world (!), while the U.S. economy actually stagnated. China's growth rates were signaling the pace of China's rise. In fact, by the end of the Bush term, China had risen to be the No. 3 economy in the world (in PPP).<sup>7</sup>

**Figure 3.6** The growth of the United States' and China's GDP between 1989 and 1993<sup>8</sup>



<sup>7</sup> Steven Greenhouse, "New Tally of World's Economies Catapults China Into Third Place," *The New York Times*, May 20, 1993, sec. World, <https://www.nytimes.com/1993/05/20/world/new-tally-of-world-s-economies-catapults-china-into-third-place.html>.

<sup>8</sup> "World Bank Open Data | Data."

**Figure 3.7** The annual growth of the United States' and China's GDP (in %) between 1989-1993<sup>9</sup>



As China was beginning to rise economically in the 1990s, its economic strategy also underwent significant changes. Until 1989, Beijing took for granted the support and access provided by the United States for China's international economic expansion. After the Bush administration had imposed economic sanctions on China after the Tiananmen Square massacre, Chinese leaders grew concerned that such support and access could be lost or, worse still, that the United States could use its economic leverage for political goals. In response, China developed what Rush Doshi calls an economic *blunting* strategy: "Beijing sought not to eliminate its dependence on the United States but rather to *blunt* American efforts to manipulate that dependence in ways that would harm China... After the Soviet collapse and the exercise of US economic statecraft against China, it became critical for China to maintain access to the United States while blunting US ability to

<sup>9</sup> "World Bank Open Data | Data."

curtail that access.”<sup>10</sup> While China’s economic rise was well under way during the term of the Bush administration, Beijing also sought to blunt America’s ability to limit, contain, or shape its rise in any significant way.

### *China’s military rise*

Contrary to the conventional wisdom of the academic literature and policy commentary, China’s military rise did not start in the 2000s or 2010s and it has always been hostile to the United States. Witnessing the “revolution in military affairs” on full display in the war with Iraq in 1991 shocked the Chinese leadership and the People’s Liberation Army (PLA), especially because the losing Iraqi side was using Chinese weapons, and this propelled them to start an extraordinary military modernization program. The leadership of the PLA began updating China’s military doctrines and initiated changes in procurement, education, and training, getting the Chinese armed forces ready to wage “modern local wars under high-tech conditions,” with the United States as the designated adversary.<sup>11</sup> Tiananmen, the Soviet collapse, and the Gulf War also inspired a new military strategy in China, which Rush Doshi calls *military blunting*. In the early 1990s, Beijing’s new strategy focused on developing “‘shashoujian’ or ‘assassin’s mace’” (asymmetric) weapons “to blunt American power.”<sup>12</sup> As a result, China “built the world’s largest submarine fleet, the world’s largest stockpile of sea mines, and the world’s first anti-ship missile.”<sup>13</sup> In sum, China’s military rise and

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<sup>10</sup> Rush Doshi, *The Long Game: China’s Grand Strategy to Displace American Order* (Oxford University Press, 2021), 135, 141.

<sup>11</sup> Robert L. Suettinger, *Beyond Tiananmen: The Politics of U.S.-China Relations 1989-2000* (Brookings Institution Press, 2004), 116.

<sup>12</sup> Doshi, *The Long Game*, 73-74.

<sup>13</sup> Doshi, *The Long Game*, 82.

modernization began already during the Bush administration and its main target from the very start was none other but the United States.

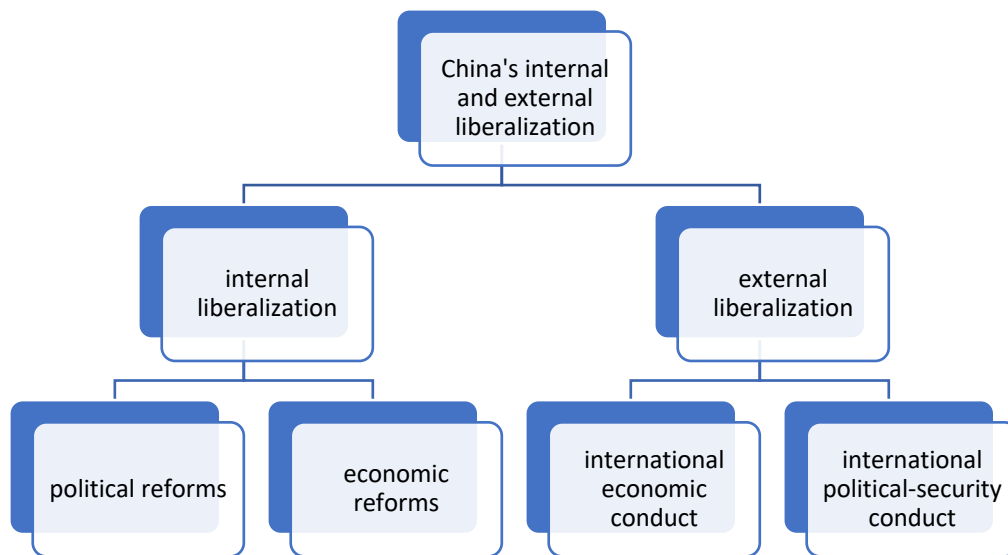
### *China's political-diplomatic rise*

China's political-diplomatic standing in the world received a huge blow with the Tiananmen Square massacre, which isolated China for most of the 1989-1993 period. China's political-diplomatic rise only begins around 1993.

### ***China's approach to liberal order: internal and external liberalization***

While the most important signals from the international system are the structural information about the changes in the distribution of capabilities, the international system also provides signals about other states' behavior and intentions. As a result, even though the changing distribution of capabilities and China's rise within it are the central concerns for the United States' formulation of its China strategy China, its strategy also needs to be calibrated to China's internal and external behavior (its liberalization or the lack thereof). Therefore, when analyzing the formulation of the Bush administration's China strategy and the factors shaping it, it is imperative that we examine China's internal and external behavior in 1989-1993 as international systemic signals. In this section I outline China's internal and external behavior during this period in four parts: (i) China's internal political reforms (liberalization), (ii) internal economic reforms (marketization), (iii) external political conduct (approach to the United States and to the international order), and (iv) external economic conduct (adherence to the rules of the international economy).

**Figure 3.8** China's approach to the liberal international order: the components of China's internal and external liberalization



### *Political reforms*

Under Deng Xiaoping's leadership, China significantly expanded its citizens' rights and freedoms through a series of political and economic reforms in the 1980s. These reforms enabled the Tiananmen Square protests in the spring of 1989 even if they also created some of the tensions and grievances (corruption, austerity, etc.) that the demonstrators protested against. But most importantly, the students and workers in the Tiananmen protest movement demanded further political reforms as they watched longingly the nations of the Soviet bloc regain their political freedoms in the late 1980s. The Tiananmen Square massacre put an end to the political reforms, removed from their positions of power the leading voices for reform in the Communist Party, including General Secretary of the party Zhao Ziyang, and even weakened the power of Deng himself. When Deng managed to stage his comeback (and that of the reform agenda) by the Fourteenth Congress of the Communist Party in October 1992, political reforms were

not resurrected. The party congress codified the revival of “the basic reform orientation of the party’s work—and its focus on economic, rather than political reform.”<sup>14</sup> Deng’s appointed heir, the CCP’s new leader, Jiang Zemin in his debut speech to the party congress “rejected ‘absolutely’ the appropriateness of a ‘Western, multiparty parliamentary system for China.’”<sup>15</sup> While the political reform process completely stalled in these years, thousands upon thousands were killed or imprisoned as part of the crackdown of the Tiananmen Square protests, which ushered in a period of brutal repression of human rights. When Secretary of State James Baker reflected on the state of human rights in China near the end of the Bush administration’s term, he could account for a few areas where Beijing eased its brutal post-Tiananmen repression, including that China “had allowed Fang Lizhi and his family to leave China [...]; released about nine hundred people detained after the Tiananmen Square massacre; accredited a correspondent from the Voice of America (VOA) to replace the VOA reporter expelled at the time of Tiananmen; and resumed Fulbright Scholarship and Peace Corps programs, which they’d cut off after the massacre.”<sup>16</sup> However, Baker reported about an overall dire human rights situation, as “China had refused to release or reduce the sentences of most dissidents, rebuffed U.S. efforts to obtain a list of the dead and imprisoned, and rejected pleas from several nations to allow the International Committee of the Red Cross (ICRC) to inspect their prisons.”<sup>17</sup> The Chinese leadership could indeed demonstrate some small improvements, but for hundreds of millions of Chinese citizens respect for their human rights remained an illusion. In sum, throughout most of the term of the Bush

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<sup>14</sup> Suettinger, *Beyond Tiananmen*, 138.

<sup>15</sup> Suettinger, *Beyond Tiananmen*, 138.

<sup>16</sup> James A. Baker, III with Thomas Defrank, *The Politics of Diplomacy: Revolution, War and Peace, 1989-1992* (New York: G. Putnam’s Sons, 1995), 589-590.

<sup>17</sup> Baker, *Politics of Diplomacy*, 589.

administration, the cause of political reform in China was dead and the human rights situation more serious than ever since the Cultural Revolution.

### *Economic reforms*

When he ascended to the top of the Chinese leadership in 1978, Deng launched a sweeping program of economic reform and opening, which sought to introduce market incentives into China's economy and open it up to the world. China's economic reforms were also suspended in the wake of the Tiananmen crackdown as Deng's position weakened and he joined forces with the hardliners to marginalize his former reformist allies. Deng was subsequently sidelined (formally retired) as well, but he did not give up on the reform agenda. In the beginning of 1992, Deng "emerged from retirement for his last great public gesture... an 'inspection tour' through southern China to urge continued economic liberalization... It was a crusade for reform on behalf of 'socialism with Chinese characteristics,' i.e. the marketization and opening of the Chinese economy."<sup>18</sup> Deng's southern tour bore fruit at the Fourteenth Party Congress, where he was reinstated to his role as China's *de facto* leader, Jiang Zemin made his debut at the highest levels of power, and the economic reform program was resuscitated. The October 1992 party congress essentially codified the return to economic reform and "effectively ended the debates about the direction of economic policy that had blown up after Tiananmen."<sup>19</sup> It also confirmed "the basic reform orientation of the party's work—and its focus on economic, rather than political reform."<sup>20</sup> China's economic reform program was only revived at the

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<sup>18</sup> Henry Kissinger, *On China* (London: Penguin, 2012), 441.

<sup>19</sup> Suettinger, *Beyond Tiananmen*, 138.

<sup>20</sup> Suettinger, *Beyond Tiananmen*, 138.

end of 1992 when Bush was on his way out, while economic reforms had been on pause throughout the entire term of the Bush administration.

### *External political-security behavior*

A crucial element of our investigation is China's external political-security conduct and more specifically its approach to the United States, U.S. foreign and security policy, and the U.S.-led liberal international order. Part of the rationale for maintenance (or restoration) of the U.S.-China partnership and for the pursuit of U.S. engagement strategy is that the relationship with China is "of strategic value" to the United States and that China is friendly to America and helpful to the United States in the pursuit of its international goals. Clearly, China was friendly, helpful, and of strategic value to the United States during the Cold War in America's struggle against the Soviet Union. Can we say the same thing about China's strategic value, friendliness, and helpfulness to the United States *after* Soviet decline and the end of the Cold War? No. As Rush Doshi has found based on his research in original Chinese documents, "Tiananmen Square in 1989, the Gulf War in 1990-1991, and then the Soviet collapse in 1991 led China to see the United States and not the Soviet Union as China's primary threat."<sup>21</sup>

The Chinese leadership became quite suspicious and hostile towards the United States after the Tiananmen crackdown. The meeting between General Scowcroft and Deng Xiaoping in July 1989 (described later in detail) revealed the hostility inside China's leadership about the United States. The suspicion and adversity towards Washington continued in later years. The Bush administration's own intelligence confirmed this anti-U.S. turn in Chinese foreign policy. As a CIA found in September 1990, "over the past

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<sup>21</sup> Doshi, *The Long Game*, 51.



year, Premier Li Peng... has argued for a reorientation of Beijing's foreign policy to place less emphasis on strong relations with the United States and the West. Peng has repeatedly warned publicly about the danger of "new hegemonism"—an apparent reference to fears that US power and influence have become unbridled as Soviet global reach wanes and that Washington will use this ascendancy to impose Western ideology on China and other states."<sup>22</sup> In the aftermath of the Tiananmen Square massacre, the Chinese leadership developed increased suspicion and hostility toward the United States.

It is also quite telling how the Chinese leadership viewed Operation Desert Storm, arguably the most important international undertaking of the Bush administration. While Beijing ended up abstaining (and not vetoing) the UN Security Council resolution in November 1990 effectively authorizing the multilateral military operation against Iraq, the Chinese state media spewed anti-U.S. propaganda and condemned U.S. air strikes for causing vast Iraqi military and civilian casualties, and Chinese government officials even characterized the Gulf War as the battle of two evils.<sup>23</sup> This hostile view of the United States even reached the highest levels of Chinese decision-making when Deng "was said to have described the conflict not as a just war against aggression but as the struggle between a big hegemonic power and a smaller one."<sup>24</sup> The general mood in the Chinese leadership about the United States did not change towards the end of the Bush administration, either. In his major political debut as the new paramount leader at the Fourteenth Congress in October 1992, Jiang "put the United States on notice—without

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<sup>22</sup> "The Domestic Dynamic in China's Response to the Persian Gulf," Central Intelligence Agency, September 24, 1990, folder "China: Post-Tiananmen (September 1990) [2]," OA/ID 91133, China Chronological Files, Post-Tiananmen Files, Brent Scowcroft Collection, Bush Presidential Records, George Bush Presidential Library, 2.

<sup>23</sup> Warren I. Cohen, *America's Response to China: A History of Sino-American Relations* (Columbia University Press, 2010), 246; Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Brookings Institution Press, 2000), 273-274.

<sup>24</sup> Harding, *A Fragile Relationship*, 273-274.

naming it—that it could not expect to use human rights to pressure or coerce China, and he repeated the mantra that China would always oppose hegemonism in any form.”<sup>25</sup> Shocked by American high-tech weaponry and battleground successes in the Gulf War, the Beijing leadership’s hostility toward Washington kept growing in 1991-1992.

Even more obvious than the anti-American political posturing and propaganda of the Chinese leadership was China’s unwillingness to cooperate with the United States on nonproliferation and to stop arming regimes hostile to Washington. In the 1980s and early 1990s, Beijing provided nuclear technology or materials to several countries, including helping Pakistan develop nuclear weapons and supporting Algeria in building nuclear reactors.<sup>26</sup> China went even further in arming illiberal regimes with conventional weapons, selling weapons to both sides in the Iran-Iraq war in the 1980s, providing immediate-range ballistic missiles to Saudi Arabia, and negotiating with Syria and Pakistan about the sale of shorter-range missiles.<sup>27</sup> Among the problems between Washington and Beijing, President Bush found China’s arms transfers to the Middle East “most troublesome,” and it was clear that these Chinese “activities ran counter to American interests in the Middle East.”<sup>28</sup> The administration saw these arms exports highly dangerous to international peace and security and to American security and sought to convince Beijing to stop arming illiberal regimes and proliferating nuclear technology.

China was reluctant in giving up such lucrative business deals in the interest of global nonproliferation and of supporting U.S. foreign policy and international order. As Baker recalls, “Beijing’s response to our frequent démarches had been mixed. In the area

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<sup>25</sup> Suettinger, *Beyond Tiananmen*, 138.

<sup>26</sup> Harding, *A Fragile Relationship*, 356.

<sup>27</sup> Harding, *A Fragile Relationship*, 356.

<sup>28</sup> Cohen, *America’s Response to China*, 233.

of missile proliferation, they'd rebuffed our requests to embrace publicly the guidelines of the Missile Technology Control Regime (MTCR), an international agreement designed to stem the flow of medium-range ballistic missiles."<sup>29</sup> Beijing often refused to even admit they were involved in these activities, and at other times they promised to halt them but would not. About their sales of intermediate-range missiles to Saudi Arabia and talks over sales of medium-range missiles to Lybia, Iran, and Syria, the Chinese "first tested American credulity by denying their operations and then gave vague assurances they would stop. They did not. By their actions and their deceit, the Chinese indicated that there were limits to the Chinese-American partnership," Warren Cohen concludes.<sup>30</sup>

In sum, as the Cold War was coming to an end, the Chinese leadership viewed the United States with growing suspicion, fear, and hostility and approached the goals of U.S. foreign policy with increasing adversity. Furthermore, China continued their late Cold War-era arms and nuclear technology exports to dangerous regimes hostile to Washington and rejected the Bush administration's frequent pleas to stop arming America's enemies.

### *External economic behavior*

Besides introducing market incentives, Deng's economic reforms aimed at opening the Chinese economy up to the world with the goal of maximizing China's economic potential. The United States was helping China open up, hoping that China will integrate into the global economy by adhering to the rules of international trade and investment in its external economic behavior. While China was making the most of the

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<sup>29</sup> Baker with Defrank, *The Politics of Diplomacy*, 589.

<sup>30</sup> Cohen, *America's Response to China*, 233.

opportunities provided by the United States and its Western allies for entering world markets, Beijing on the other hand was doing this by following its own statist rules and by ignoring the established international rules.

The Bush administration recognized that, after the first decade of reform and opening, China's external economic behavior was becoming more and more protectionist and in breach of bilateral and international commitments. The U.S. administration found that "since 1988, Chinese trade policies and practices have become more protectionist, nontariff barriers to imports have proliferated, and the trade system has become less transparent." Even since the two sides held talks to remedy the situation after the U.S. Trade Representative had "blacklisted" China for its lack of proper intellectual property protections, "China has failed to live up to the commitments contained in the bilateral Memorandum of Understanding (MOU) signed in May 1989." Furthermore, Chinese traders tried to circumvent American textile and apparel quotas by having "resorted to shipping these products to the United States via third countries using false invoices and counterfeit visas." The Bush administration also questioned whether China was seriously committed to adopt the rules of free trade in order to become a member of the General Agreement on Tariffs and Trade (GATT): "China's reassertion of central control over the past few years has called into question its willingness and ability to undertake the obligations that would be required of China as a contracting party to the GATT."<sup>31</sup>

In sum, while the Bush administration continued helping China's integration into the global economy, China was not playing by the rules in its external economic conduct, giving unfair advantage and protection to its own market and corporations through

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<sup>31</sup> "President George H. W. Bush's Letter to Senator Robert J. Dole, Attachments, Part III: Trade and Economic Issues," July 19, 1991, folder "China," OA/ID CF00479, Olin Wethington, Subject Files, Economic Policy Council, Bush Presidential Records, George Bush Presidential Library, 9.

nontariff barriers, intellectual property theft, exporting through third countries using false invoices and counterfeit visas, and other practices in violation of the rules and norms of the international economic order.

### ***International pressures and the expectations of offensive realism***

Based on the changes in the distribution of capabilities, the United States no longer needed China to balance against the Soviet Union in 1989-1993. At the same time, China was slowly but surely increasing its position in the global balance of power. The Chinese leadership massacred their own citizens (mostly young students) on Tiananmen Square in June 1989 and soon thereafter stopped the process of political and economic liberalization altogether. China's external political-security behavior demonstrated growing hostility toward the United States and its liberal international order, while its external economic conduct ran contrary to the rules and norms of the world economy and free markets. International systemic pressures, therefore, were running counter to the continuation of U.S. engagement strategy. Offensive realism would have predicted that the United States, under these international systemic pressures, reevaluates its strategy vis-à-vis China and shifts it toward balancing. Under an offensive realist strategy, Washington would have halted all cooperation after the Tiananmen Square massacre and moved to reassess the erstwhile *de facto* alliance inherited from the late Cold War. During such a reassessment, the U.S. foreign policy leadership would have concluded that the renewal of China's Most Favored Nation (MFN) status in the spring of 1990 (and in subsequent years) would not serve the interests of the United States—at least not without certain conditions. Washington could have linked MFN extension to certain conditions

regarding China's internal and external liberalization. Such linkage would have amounted to a slight shift toward balancing. However, this is not at all what happened.

## **Cultural-ideational pressures**

The George H. W. Bush administration essentially continued U.S. engagement strategy vis-à-vis China in the changed international environment characterized by the Tiananmen Square massacre and rapid Soviet decline. International systemic pressures, including the changing distribution of capabilities and China's fledgling rise within it as well as China's lack of internal and external liberalization, should have prompted U.S. policymakers to generate a slight shift in U.S. strategy toward balancing, as expected by offensive realism. International pressures and offensive realism cannot explain the George H. W. Bush administration's China strategy, because cultural-ideational pressures played an important role in shaping the views of U.S. foreign policymakers.

## ***American liberal strategic culture and the liberal ordering mission***

The deep commitment of President Bush and his top advisors to American liberal strategic culture significantly skewed the formulation of the American response to systemic pressures and distorted U.S. strategy toward China. The administration's first National Security Strategy already declared their commitment to American liberal strategic culture: "The American message of democracy, respect for human rights, and the free flow of ideas is as crucial and inspiring today as it was forty-five years ago. The truth we provide remains a stimulus to openness."<sup>32</sup> In the lead-up to the Gulf War,

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<sup>32</sup> The White House, *The National Security Strategy of the United States of America*, 1990, George H. W. Bush, 18.

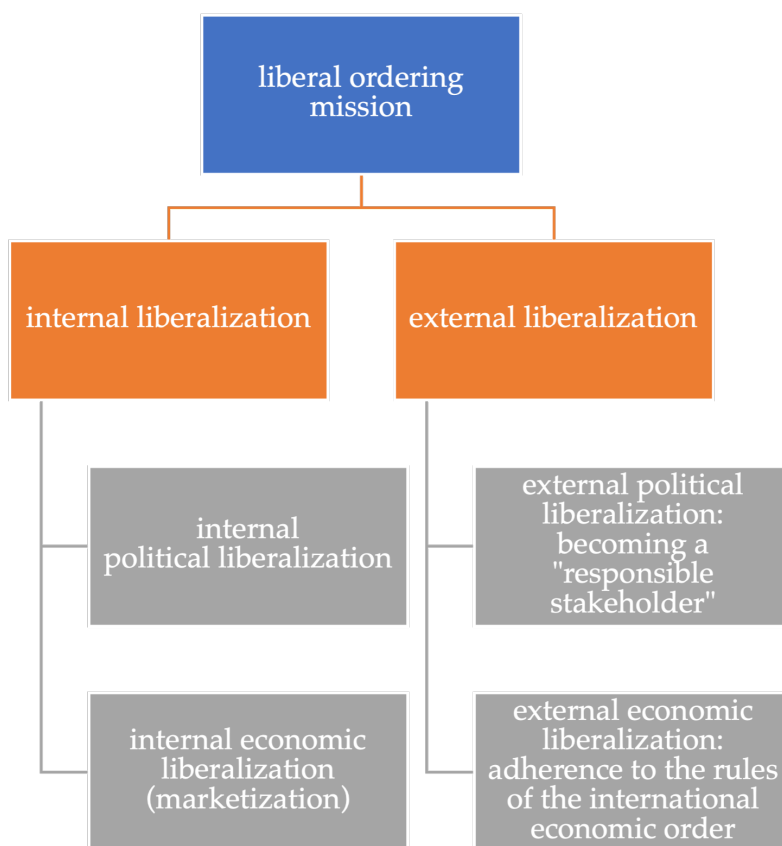
President Bush proclaimed to Congress his administration's dedication to creating a "new world order" based on the principles of American liberal strategic culture: "Out of these troubled times... a new world order can emerge: a new era -- freer from the threat of terror, stronger in the pursuit of justice, and more secure in the quest for peace. An era in which the nations of the world... can prosper and live in harmony... Today that new world is struggling to be born... A world where the rule of law supplants the rule of the jungle. A world in which nations recognize the shared responsibility for freedom and justice."<sup>33</sup> Bush and his inner circle, including Baker and National Security Advisor Brent Scowcroft, while they often self-identified as realists, held deep commitments to the underlying values of American liberal strategic culture.

Under the influence of American liberal strategic culture, the top decisionmakers of the Bush administration embraced what I have conceptualized as the *liberal ordering mission*. They believed that if the United States continued its engagement strategy and supporting China's integration in the global economy, this would eventually lead China to liberalize domestically and become a responsible stakeholder internationally, thus making it impossible that China's rise in capabilities would result in a more assertive or even aggressive China challenging the United States. Under the *liberal ordering mission*, U.S. policymakers expected that the United States' continued engagement with China will lead to Beijing's internal political and economic liberalization, its behavior in international politics as a "responsible stakeholder," and its participation in the global economic order as a market-oriented player. Its integration into the U.S.-led global order also means that China will not build a parallel international order.

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<sup>33</sup> George H. W. Bush, "Address Before a Joint Session of the Congress on the Persian Gulf Crisis and the Federal Budget Deficit," September 11, 1990, *Public Papers of the President*, George Bush Library and Museum," accessed March 3, 2023, <https://bush41library.tamu.edu/archives/public-papers/2217>.

**Figure 3.9** The main components (assumptions) of the *liberal ordering mission*



The Bush administration embraced these ideas fully and wholeheartedly. In his famous commencement speech at Yale in 1991, President Bush reasoned his support for engagement and for the United States helping China's economic integration with the *liberal ordering mission*: "The most compelling reason to renew MFN and remain engaged in China is not economic, it's not strategic, but moral. It is right to export the ideals of freedom and democracy to China."<sup>34</sup> In July 1991, Secretary of State Baker eloquently expressed the Bush administration's commitment to the *liberal ordering mission*: "We will continue to advance our interests and ideals as we pursue a process of engagement with

<sup>34</sup> George H. W. Bush, "Remarks at the Yale University Commencement Ceremony in New Haven, Connecticut | The American Presidency Project," May 27, 1991, accessed September 1, 2022, <https://www.presidency.ucsb.edu/documents/remarks-the-yale-university-commencement-ceremony-new-haven-connecticut>.



China designed to elicit progress toward our objectives: adherence to international standards on nonproliferation, free and fair trade, broader democratization, and respect for human rights throughout China. Most importantly, renewal of MFN is essential to maintaining America's moral stake in promoting the process of economic and political reform in China."<sup>35</sup> President Bush and his top advisors were deeply committed to the ideas and assumptions of the *liberal ordering mission*.

Bush's embrace of the *liberal ordering mission* had far-reaching consequences for China strategy in the early post-Cold War period. Wang Dan argues that in order to advance the *liberal ordering mission*, the Bush administration after Tiananmen decided to minimize confrontation in its overall China strategy. This was a view that the Bush administration developed explicitly and one that would set the strategic course for several subsequent U.S. administrations: "This one decision by Bush established a China policy framework for his successors: China's economic development and opening to the outside world will inevitably lead China towards democratization; in order to promote China's economic development and opening, the United States must maintain good relations with China and minimize confrontation; and, in order to maintain these good relations, it is necessary to reduce the importance of human rights issues in the overall relationship."<sup>36</sup> American liberal strategic culture and the *liberal ordering mission* heavily influenced the Bush administration's thinking about China strategy in a way that strongly moderated the effect of international systemic and structural pressures that would have otherwise pushed Washington to adopt a slight shift toward balancing.

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<sup>35</sup> "Secretary of State James Baker's Letter to Senator Robert Dole," July 1991, folder "China MFN [Most Favored Nation] 1991 [1]," OA/ID CF01504, Douglas H. Paal, National Security Council, Bush Presidential Records, George Bush Presidential Library, 1-2.

<sup>36</sup> Wang Dan, "Did President George H.W. Bush Mishandle China? A ChinaFile Conversation," *ChinaFile*, December 4, 2018, <https://www.chinafile.com/conversation/did-president-george-hw-bush-mishandle-china>.

## *Leader images*

Another cultural-ideational factor that reinforced the effect of American liberal strategic culture and the *liberal ordering mission* on the formulation of China strategy was President Bush's leader images. Leader images are "a set of core values, beliefs, and images that guide [a policymaker's] interaction with the outside world and their understanding of it. These "images" are highly personalized, as they are informed by the individual's prior experience and values... Once formed, they act as cognitive filters... All incoming information about the outside world passes through these cognitive filters, which personalize and bias the leader's perception of the external stimuli. As a result, leaders will react differently to international challenges and opportunities depending on the content of their images."<sup>37</sup>

President Bush's leader images about China strongly impacted his decision-making. Bush had invested a lot of work into the development of U.S.-China relations throughout his career. After the Nixon opening, he was the first head of the United States Liaison Office in Beijing, practically the first U.S. ambassador to Communist China. As Kissinger explains, "President Bush was in a delicate position after Tiananmen. As former head of the United States Liaison Office in Beijing, he had gained an appreciation for Chinese sensitivities about perceived foreign interference... Bush had also come to know that the United States' relationship with China served vital American interests independent of the People's Republic's system of governance. He was wary of antagonizing a government that had cooperated with the United States for nearly two decades on some of the most fundamental security issues of the Cold War world."<sup>38</sup> Bush

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<sup>37</sup> Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics* (Oxford University Press, 2016), 62.

<sup>38</sup> Kissinger, *On China*, 414-415.

himself alludes to his personal attachment to the success of the U.S.-China relationship as he laments his post-Tiananmen thinking: “What I certainly did not want to do was completely break the relationship we had worked so hard to build since 1972.”<sup>39</sup> President Bush was quite personally invested in the China relationship, understandably. However, this clouded his judgment when it came to the formulation of China strategy and resulted in skewing Washington’s efficient response to international systemic pressures.

President Bush’s leader images on China, informed by his personal history with Beijing and his attachment to the achievements of U.S.-China cooperation, further reinforced the effect of American liberal strategic culture and the *liberal ordering mission* on skewing the formulation of China strategy in 1989-1993.

### ***The expectations of the theory of the liberal ordering strategy***

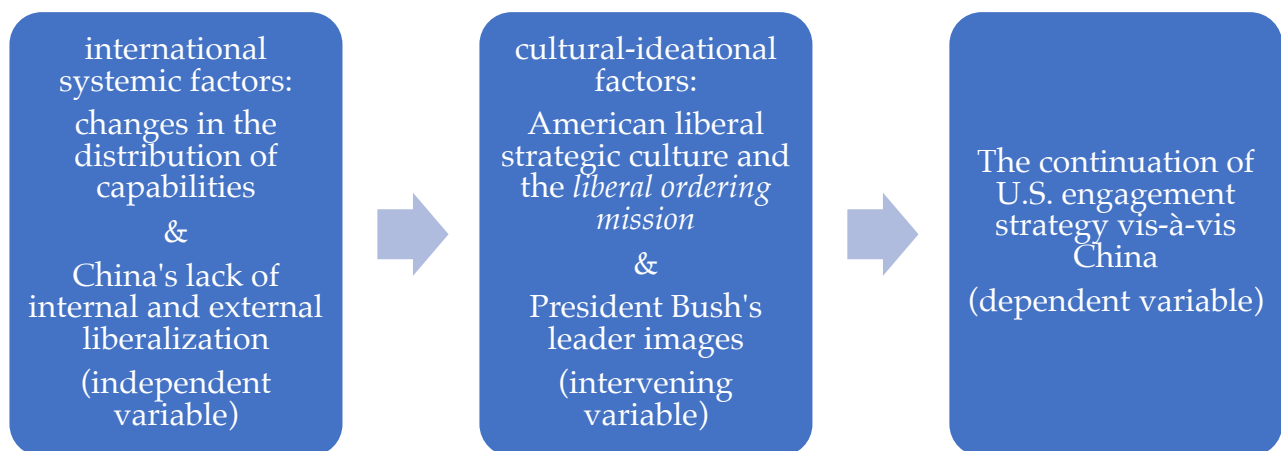
The *theory of the liberal ordering strategy* (TELOS) integrates the effects of both the international systemic pressures (our independent variable) and the cultural-ideational pressures (our intervening variable) in explaining U.S. strategy vis-à-vis China. While the changes in the distribution of capabilities (Soviet decline and China’s budding rise) and Beijing’s negative internal and external behavior would have generated a slight shift in U.S. strategy toward balancing, this theory recognizes that such systemic signals, even though U.S. policymakers were aware of them, were greatly retarded by cultural-ideational pressures, American liberal strategic culture, the *liberal ordering mission*, and President Bush’s leader images. TELOS therefore would predict that the Bush administration, while cognizant of the international pressures toward adopting a less cooperative strategy vis-à-vis China, would resist these pressures and seek to effect

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<sup>39</sup> George H. W. Bush and Brent Scowcroft, *A World Transformed* (Vintage, 2011), 89.

change in China's behavior through continued help for China's integration into the world economy and the global community. This could be manifested in enhanced diplomatic efforts to maintain cooperative dialogue with Beijing, continued support for annually renewing China's Most Favored Nation status without conditions of liberalization, a lack of tough measures of protest in response to China's illiberal internal and/or external behavior. To put it simply, the *theory of the liberal ordering strategy* predicts that the Bush administration would continue pursuing the engagement strategy without any significant shift toward balancing.

**Figure 3.10** The Bush administration's China strategy as predicted by the *theory of the liberal ordering strategy*



## NARRATIVE: THE GEORGE H. W. BUSH ADMINISTRATION'S CHINA STRATEGY

### The Tiananmen Square massacre and its aftermath

The George H. W. Bush administration was dealt winning cards in foreign policy as their inheritance from Ronald Reagan's second-term presidency. The Cold War between the United States and the Soviet Union was coming to an end, as a result of a set of factors. The most important of these factors were (i) U.S. internal and external balancing against the USSR, including an arms race and the U.S.-China *de facto* alliance; (ii) a misguided and "imperialistically overstretched" Soviet foreign policy, including the invasion of Afghanistan; and (iii) the collapse of the Soviet economy due to a general failure of the socialist planned economy model and the exorbitant costs of the aforementioned arms race and overstretch. The U.S.-China partnership certainly contributed to Soviet decline, but such an outcome also pulled out the most important strategic motivation from under the *de facto* alliance. As Robert Ross put it, "Just as Soviet foreign policy provided the basis for U.S.-Chinese rapprochement and the later development of relations, the decline of Soviet power undermined the basic foundation of stable U.S.-Chinese relations."<sup>40</sup>

The strategy of the United States toward China until 1989 was based on the international systemic reality of the Cold War with the Soviet Union and on the expectation that American external support for China's economic reforms and providing

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<sup>40</sup> Robert S. Ross, "U.S. Policy Toward China: The Strategic Context and the Policy-making Process," in Robert S. Ross (ed.), *China, the United States, and the Soviet Union: Tripolarity and Policy Making in the Cold War* (Armonk, NY: M. E. Sharpe, 1993), 173.

China access to the world economy would produce political and economic liberalization internally. As part of U.S. engagement strategy, Washington normalized relations with Beijing in 1979 and granted it Most Favored Nation status in trade affairs in 1980 and in every year subsequently. China also enlisted American or U.S.-based advisors to help with the design and implementation of their market reforms.<sup>41</sup> As a result of external American support and advice for economic reforms, on the one hand, and Deng's internal drive for reforms, on the other, China had already performed the first phase of its economic miracle in the 1980s.

It was in this situation that the Tiananmen Square massacre occurred in June 1989. In preparation for Soviet president Mikhail Gorbachev's highly anticipated visit to China on May 15 in order to help Soviet-Chinese rapprochement in the new international context, thousands of Chinese students gathered starting in April 1989 in protest of domestic grievances in Tiananmen Square, the place where the Soviet leader's welcome ceremony was to take place and where already many international media crews had set up to broadcast the event. As one of the central figures of the events, General Secretary of the Chinese Communist Party, reformist Zhao Ziyang explains in his memoirs: "In the fall of 1988, programs for reform had been cut back on all fronts. No action had been taken on political reform while economic reform had been brought to a standstill or even retracted. Students were dissatisfied with the general situation and were expressing their desire for advancing reforms."<sup>42</sup> Infighting broke out within the Chinese leadership as to how to respond to the ever-growing numbers of demonstrators occupying a central square of the nation's capital (the venue of the Great Hall of People). A hardliner circle

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<sup>41</sup> Edward Wong, "The Little-Known Role of Western Economists in Building a Post-Mao China," *New York Times*, January 25, 2017.

<sup>42</sup> Zhao Ziyang, *Prisoner of the State: The Secret Journal of Zhao Ziyang*. Translated and edited by Bao Pu, Renee Chiang, and Adi Ignatius (New York: Simon & Schuster, 2009), 5.

around Deng decided to crush the protests by sending in the military. Zhao chose not to approve of this decision, therefore the hardliners stripped Zhao of his position as leader of the party and accused him of organizing “counterrevolutionary turmoil.” On June 3, 1989, the world watched in horror as Chinese tanks, armored vehicles, and foot soldiers opened fire on the peaceful, unarmed, mostly young protesters, killing hundreds and wounding thousands. Among those watching these events in real time were the members of the foreign policy leadership of the United States.

In 1988-1989, the international system was in transformation as the Soviet Union’s decline was accelerating and China’s capabilities were steadily increasing. These developments communicated to U.S. foreign policymakers that soon the United States would no longer need China’s partnership to balance against the Soviet Union. The international system also transmitted worrisome signals about China’s internal turnaround toward totalitarianism with the halting of political and economic reforms in 1988 as well as the Tiananmen Square massacre and the ensuing crackdown in 1989. In light of these international systemic pressures, offensive realism would predict that the Bush administration, becoming free of its predecessors’ need to maintain a *de facto* alliance with China against the Soviet Union, would sense the exigency of slightly shifting U.S. strategy toward balancing and recognize that the post-Tiananmen moment would be the best time to start doing so.

While offensive realism would correctly place the international systemic pressures of Soviet decline, China’s budding rise, and Beijing’s lack of liberalization front and center as factors shaping American strategy, TELOS would also consider the effects of cultural-ideational pressures (American liberal strategic culture, the *liberal ordering mission*, and President Bush’s leader images) on the formulation of U.S. strategy vis-à-vis China. The influence of American liberal strategic culture and the *liberal ordering mission* on President

Bush and his top advisors would mean that in the course of 1989 the U.S. foreign policy leadership would consider balancing against China in light of the mounting international systemic pressures (especially the horror of Tiananmen Square), but they would eventually fall back on their deeply held views that any *sudden* and tough measures from Washington would risk alienating China and that continued U.S. engagement and U.S. support for China's global economic integration would *over time* bring about China's internal and external liberalization. Bush's leader images suggest that, even though the president was becoming aware of the tectonic changes in the international system and of China's internal repression, throughout 1989 he would continue seeing China through a Cold War lens as a bulwark against Soviet power and believing that continued U.S. cooperation with China would eventually bear fruit in shaping China's trajectory. As a result, President Bush's leader images would reinforce the effect of American liberal strategic culture and the *liberal ordering mission* and further push his administration toward maintaining the engagement strategy. On the basis of considering both the impact of international systemic pressures and the moderating effect of cultural-ideational pressures upon them, TELOS would predict that while U.S. response to Soviet decline and to the Tiananmen Square massacre would involve serious contemplations and disputes within the U.S. government about balancing, U.S. top foreign policymakers would eventually force a return to the status quo strategy of engagement.

Being deeply influenced by American liberal strategic culture and the *liberal ordering mission*, the aggressive crackdown on the protesters shocked U.S. decisionmakers. A week and a half before the massacre, on May 23, 1989, President Bush received Wan Li, a leading reformist, the Chairman of the Standing Committee of the National People's Congress, and Bush's long-time Chinese interlocutor, in the White House. According to the declassified memo of their meeting, Wan explained to Bush that



the “gigantic student movement” was protesting “for democracy and to oppose embezzlement, graft and official racketeering,” that “there have been no incidents of violence” and “the government dialogue with the students will continue.” He added that “under no circumstances should there be bloodshed.” In a response reflecting the influence of American liberal strategic culture, President Bush “saluted the fact that so great a demonstration had been handled with no violence or bloodshed,” emphasized that “the United States is strongly committed to democracy everywhere,” and “urged nonviolence and restraint.”<sup>43</sup> Wan had to cut his official visit to the United States short because of the protests. On June 3, 1989, the U.S. foreign policy leadership were alerted to the unfolding horrific events in Tiananmen Square by their Beijing embassy staff and simultaneously by the leading news television channels that were broadcasting the events live. Baker’s recollection reflects the cognitive dissonance created by the chasm between the deep influence of the *liberal ordering mission* and the president’s leader images on Bush’s thinking about China, on the one hand, and the brutal and illiberal actions of the Chinese leadership (whom he believed to be his friends and allies), on the other: “The President was appalled by the slaughter, as were all of us, but his personal distress was heightened by his prior association with the Chinese leadership who had ordered the massacre. He knew that the strategic relationship had been dealt a body blow.”<sup>44</sup>

President Bush held a press conference on June 5, 1989, where he announced his administration’s views on and steps taken in response to the Tiananmen Square massacre. “We deplore the decision to use force, and I now call on the Chinese leadership... to avoid

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<sup>43</sup> “Memorandum of Conversation, Meeting with Wan Li, Chairman of the Standing Committee of the National People’s Congress and Member of the Politburo, People’s Republic of China,” May 23, 1989, folder “China – Wan Li Visit 1989,” OA/ID CF00318, Douglas H. Paal, Subject Files, National Security Council, Bush Presidential Records, George Bush Presidential Library.

<sup>44</sup> Baker with Defrank, *The Politics of Diplomacy*, 104.

violence and to return to their previous policy of restraint.” While his first words aligned with expectations based on international systemic signals, his next sentence confirms the impact of cultural-ideational factors, especially his leader images: “This is not the time for an emotional response, but for a reasoned, careful action that takes into account both our long-term interests and recognition of a complex internal situation in China.”<sup>45</sup> He would later explain in his memoirs: “For this understandably proud, ancient, and inward-looking people, foreign criticism (from peoples they still perceived as ‘barbarians’ and colonists untutored in Chinese ways) was an affront, and measures taken against them a return to the coercions of the past.”<sup>46</sup> While the president was thus deeply in touch with his convictions based on his leader images and the *liberal ordering mission*, he nonetheless understood the need for the United States to respond to the systemic pressures generated by Tiananmen. As a result, Bush halted “all government-to-government and commercial exports of weapons,” suspended “visits between U.S. and Chinese military leaders,” promised “sympathetic review of requests by Chinese students in the United States to extend their stay,” and imposed economic and financial sanctions on China.<sup>47</sup>

Republicans and Democrats in Congress, with Nancy Pelosi of California as the leading voice among legislators, demanded tougher measures. On June 20, President Bush imposed another set of sanctions, including the suspension of all high-level exchanges with China. At the order of the president, the executive order was drafted by Baker, but the end product was not to Bush’s liking. Ever committed to keep some channels of U.S.-China dialogue open, the president intended for only *formal* contacts to

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<sup>45</sup> Press Conference by President George H. W. Bush, June 5, 1989. *Public Papers of the President*, 1-2.

<sup>46</sup> Bush and Scowcroft, *A World Transformed*, 89-90.

<sup>47</sup> Press Conference by President George H. W. Bush, June 5, 1989. *Public Papers of the President*, 2.

be halted (like the meeting of the Bilateral Economic Commission in Beijing, which had been scheduled for July but was canceled). However, the executive order's language communicated to all external observers (from Congress to the media to the general public) that *all* high-level government contacts would be suspended. Bush "got very upset at that implication" and "felt that Baker had mishandled implementation of the sanctions policy."<sup>48</sup> As a result, "Baker dropped the China policy account like a hot potato."<sup>49</sup> This mishap had important implications for decision-making in the following months. One implication was that China strategy was from then on primarily calibrated by the President and Scowcroft, although Baker continued to stay involved, albeit less enthusiastically.<sup>50</sup> The other implication was that the administration cornered itself in front of the U.S. public in terms of high-level communications with the Chinese leadership. Once again, the tough response required by international systemic pressures and the brutality of the crackdown, on the one hand, and the continued belief by President Bush and his inner circle that dialogue and cooperation can bring China back into the fold (i.e. into the liberal international order), as informed by American liberal strategic culture, came into serious conflict.

This incident, Baker's mishandling of the implementation of President Bush's ban on high-level government contacts, highlighting the tension between international and cultural pressures on China strategy, was what led to the most controversial step of the Bush administration in response to Tiananmen: a secret diplomatic mission to Beijing. Throughout late June, President Bush was facing mounting pressure from Congress to

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<sup>48</sup> Solomon, Richard, Association for Diplomatic Studies and Training Foreign Affairs Oral History Project, interviewed by Charles Stuart Kennedy, September 13, 1996, 55.  
<https://www.adst.org/OH%20TOCs/Lord,%20Winston.pdf>.

<sup>49</sup> Solomon, ADST Oral History, 55-56.

<sup>50</sup> Nonetheless, Baker details the post-Tiananmen period very thoroughly in his memoirs: Baker with Defrank, *The Politics of Diplomacy*, 97-114.

impose more punitive measures on Beijing. The president wanted to reconcile international and cultural-ideational pressures, therefore his approach to imposing sanctions “was to do so in a way that would mollify the domestic outcry, yet not be so severe as to damage the relationship.”<sup>51</sup> To prevent such damage, Bush decided to send an emissary to Deng. Bush wanted to send Scowcroft, but Baker insisted that a representative of the State Department accompany the national security advisor, and they settled on sending Baker’s deputy, Larry Eagleburger with him. The mission had to be secret because of the suspension of high-level contacts and the expectation that that created in Washington. As Baker recalled: “Given the political climate, it was essential that word of this visit not leak to the press. Congressional hardliners would promptly accuse us of appeasing the ‘Butchers of Beijing,’ and the President’s efforts to preserve the relationship would come under even greater pressure.”<sup>52</sup>

On June 30, President Bush’s emissaries left for China “to try to get the relationship back on track, however gradually.”<sup>53</sup> As if in a scene from a spy movie, an unmarked C-141 military cargo plane departed at 5am on June 30 with Scowcroft and Eagleburger on board. In keeping with the secrecy of the trip, the plane’s destination was first given as Okinawa, and later changed to Beijing. Once there, Scowcroft and Eagleburger met with Deng. The paramount leader began the meeting with a long monologue:

This was an earthshaking event and it is very unfortunate that the United States is too deeply involved in it... We have been feeling since the outset of these events... that the various aspects of US foreign policy have actually cornered China. That’s the feeling of us here in China, because the aim of the counterrevolutionary rebellion was to overthrow the People’s Republic of China and our socialist system. If they should succeed... the world would be a different one. To be frank, this could even lead to war... We have many American friends like you. However, indeed, there are Americans who... have been... operating a rumor mongering

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<sup>51</sup> Solomon, ADST Oral History, 55.

<sup>52</sup> Baker and Defrank, *The Politics of Diplomacy*, 109.

<sup>53</sup> Bush and Scowcroft, *A World Transformed*, 100.

corporation... And the largest rumor turned out by this corporation is the so-called bloodbath of Tiananmen Square... Such actions are leading to the breakup of the relationship.<sup>54</sup>

In short, Deng denied the fact of the Tiananmen Square massacre (!), blamed U.S. foreign policy for the Tiananmen protests (!) and for cornering China (!), and indicated that the American actions could lead to the breakup of U.S.-China relations and even to war (!).

Scowcroft spoke in response, and after providing an overview of the great progress made in U.S.-China relations since the Nixon-Kissinger opening, stated:

It is onto this bilateral climate of deepening cooperation and growing sympathy that the events of Tiananmen Square imposed themselves. What the American people perceived in the demonstrations they saw — rightly or wrongly — was an expression of values that represent their most cherished beliefs... The President shares the feelings of the American people with regard to the recent events in China, but he also believes very deeply in preserving the relationship between our two countries... The President is very sensitive to the Chinese concerns regarding the actions he must take to preserve control over the course of events in the United States, but he is not omnipotent in his ability to control such events... The President is confident that with the mutual understanding that has brought us through difficulties before we can surmount the present situation and he is deeply appreciative of your willingness to receive us to explain the dilemma in which he finds himself. That's the message from a true friend of the Chinese government and the people of China.<sup>55</sup>

To Scowcroft's words, Deng replied coldly: "With regard to concluding this unhappy episode in the relations between China and the United States... we have to see what kind of remarks and actions the United States will take."<sup>56</sup>

The passages from the Deng-Scowcroft meeting are quoted here at length to underline the incendiary tone and bizarre accusations of the Chinese leader and the shocking insistence of the Bush administration "to preserve the U.S.-China relationship

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<sup>54</sup> "Memorandum of Conversation, Meeting with Chairman Deng Xiaoping of People's Republic of China," July 2, 1989, folder "China 1989 (Sensitive) [4]," OA/ID 91135, Special Separate China Notes Files, China Files, Brent Scowcroft Collection, Bush Presidential Records, George Bush Presidential Library, 2-3.

<sup>55</sup> "Memorandum of Conversation, Meeting with Chairman Deng Xiaoping," 10-13.

<sup>56</sup> "Memorandum of Conversation, Meeting with Chairman Deng Xiaoping," 14.

at all costs.”<sup>57</sup> Deng’s tone and message are quite shocking, especially in light of the lengths President Bush had gone to in order to appease the Chinese leadership. David Shambaugh emphasizes this dissonance between Deng’s inflammatory accusations against Washington and Bush’s eagerness to help and accommodate Beijing: “Scowcroft had gone to Beijing in the hopes of establishing a pathway through which the Chinese leadership could climb out of the traps they had laid and were in. Instead, Deng turned the tables on him, accusing the U.S. of fomenting the demonstrations and, thus, making it responsible for healing the damaged relationship!”<sup>58</sup> The surreal exchange highlighted how strongly the cultural-ideational pressures of strategic culture and leader images nearly blinded the leaders of the Bush administration to the international systemic realities that (i) the United States needed China less than China needed the United States in the changed global environment, and that (ii) China was moving farther away from U.S. values and interests and the liberal international order rather than getting closer to them.

The Bush administration’s immediate response to the Tiananmen Square massacre resulted in the breakdown of relations between Washington and Beijing but also provoked huge backlash from Congress and the media, both of which deemed the administration’s steps insufficient. Scowcroft and Eagleburger’s secret mission to China did not bring about any improvement in the relationship. On the contrary, Deng humiliated the American emissaries by blaming not only the crisis in bilateral ties but also the entire Tiananmen incident on the United States. Scowcroft and Eagleburger did

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<sup>57</sup> David Shambaugh, “The Other Tiananmen Papers. A ChinaFile Conversation,” *ChinaFile*, July 8, 2019. <https://www.chinafile.com/conversation/other-tiananmen-papers>

<sup>58</sup> Shambaugh, “The Other Tiananmen Papers.”

not know at the time that this was not the last headache their secret trip would cause them and the administration.

The Bush administration could have responded to the international systemic pressures presented in the form of accelerating Soviet decline and the Chinese leadership's brutality in Tiananmen Square by seizing the moment to move past the Cold War framework of U.S.-China relations and to start shifting U.S. strategy toward balancing, as offensive realism would have predicted. Instead, President Bush and his closest advisers responded by half-heartedly imposing sanctions on China and, at the same time, also seeking to minimize the damage to the relationship and to appease the CCP leadership through a secret mission. However, this could not work as it was based on a distorted understanding of the situation. The U.S. leadership's commitment to American liberal strategic culture and the *liberal ordering mission*, reinforced by President Bush's leader images, clouded their judgment and (mis)led them to believe that the United States did not need to stand up to China after Tiananmen and that their appeasement could bring Beijing back into the fold. These views significantly skewed Washington's efficient strategic response to international systemic pressures. As a result, the Bush administration chose to continue the engagement strategy. This confirms the expectations of TELOS.

### **Freeze in relations – re-enter Nixon and Kissinger**

Scowcroft and Eagleburger's secret trip in July 1989 did not bring about the breakthrough the president hoped it would, and the U.S.-China relationship remained in its frozen state. Based on the failure of both the half-hearted sanctions and the secret mission in generating a change in Beijing's internal and external behavior, offensive

realism would have expected the Bush administration to recognize that both structural pressures (Soviet decline) and systemic signals (China's hardening attitudes) were pointing in the direction of a tougher stance (a slight shift toward balancing) vis-à-vis China. TELOS, on the other hand, takes into consideration that the Bush administration's insistence on trying to appease the Chinese leadership is rooted in the cultural-ideational commitments of strategic culture and leader images. Therefore, TELOS would have expected that the administration would carry on its efforts at reconciliation with Beijing and pursuing the engagement strategy.

While Scowcroft and Eagleburger's secret mission failed in July 1989, the administration nevertheless continued its overtures to Beijing throughout the rest of the year, provoking heated debate in the Congress and in the public square. Unsatisfied with the forcefulness of the official U.S. response, the Congress voted to impose sanctions that went much further than those adopted by the administration, and Nancy Pelosi introduced a bill to allow Chinese students to remain in the United States if they chose not to return to China, in spite of opposition from the White House. With the Bush administration under attack, the "godfathers" of the China opening in the early 1970s, President Nixon and Henry Kissinger rushed to the administration's defense. Kissinger published an op-ed in the *Washington Post* expressing support for both the Chinese leadership (!) and the American administration: "No government in the world would have tolerated having the main square of its capital occupied for eight weeks by tens of thousands of demonstrators who blocked the authorities from approaching the area in front of the main government building... A crackdown was therefore inevitable. But its brutality was shocking... I support... the measures President Bush has already taken to



express his concern.”<sup>59</sup> Kissinger also provided a strategic rationale for restoring and continuing the United States’ erstwhile relationship with China: “China remains too important for America’s national security to risk the relationship on the emotions of the moment. The United States needs China as a possible counterweight to Soviet aspirations in Asia.”<sup>60</sup>

Democratic Congressman Stephen Solarz, the Chair of the House Subcommittee on Asian and Pacific Affairs, wrote a scathing critique in response to Kissinger’s article, accusing Kissinger of kowtowing “to China’s latter-day emperor” (like visitors had to when approaching the Dragon Throne) and appealing “for a policy of amoral Realpolitik by erecting the straw man of a hysterical Congress that, according to him, went way overboard in its response to the Tiananmen Massacre.”<sup>61</sup> Solarz also disagreed with Kissinger’s argument about the strategic rationale of restoring the old U.S.-China relationship, making an important point: “There is no question that the United States’ relationship with China is geopolitically important. Yet most American policy-makers have come to realize, particularly in the context of Mikhail Gorbachev’s “new thinking,” that Beijing is no longer quite the counterweight against Moscow that Kissinger thought it was in the early 1970s.”<sup>62</sup>

In October 1989, President Nixon traveled to Beijing to meet with Chinese leaders and to help the Bush administration in its efforts of mending the strained bilateral relationship. Nixon’s visit was followed by Kissinger’s in November, who was on a

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<sup>59</sup> Henry Kissinger, “The Caricature of Deng as a Tyrant is Unfair,” *Washington Post*, August 1, 1989, <https://www.washingtonpost.com/archive/opinions/1989/08/01/the-caricature-of-deng-as-a-tyrant-is-unfair/4da436a0-0c52-44cc-995a-4894691aa8ad/>.

<sup>60</sup> Kissinger, “The Caricature of Deng.”

<sup>61</sup> Stephen J. Solarz, “Kissinger’s Kowtow,” *Washington Post*, August 6, 1989, <https://www.washingtonpost.com/archive/opinions/1989/08/06/kissingers-kowtow/c23ac659-2da5-449c-bc31-e43628d3f005/>.

<sup>62</sup> Solarz, “Kissinger’s Kowtow.”

similar mission. Through their extensive discussions with practically the entire Chinese national leadership, Nixon and Kissinger found that there was a kind of opening for the restoration of relations. As Kissinger recalls, "The Chinese leaders, stunned by the reactions of the outside world and their own divisions, were concerned with reestablishing their international standing... In our conversations, the Chinese leaders pursued their basic strategic objective, which was to restore a working relationship with the United States."<sup>63</sup> President Nixon came away from Beijing with very similar impressions. After his arrival back stateside, he prepared a report for the Congress, in which he expressed his observation that the Chinese leadership was ready to work out the two sides' differences: "As I learned in my extended talks with China's leaders, they welcome the chance to discuss our differences. And while they will not always agree with us, they are eager to join in the search for common ground."<sup>64</sup> President Nixon also outlined what steps each side would have to take in order to restore the relationship: the Chinese side should (i) allow dissident Fang Lizhi to leave the U.S. embassy (where he was taking refuge), (ii) restart the Fulbright Program (which China suspended after the post-Tiananmen U.S. sanctions), (iii) provide amnesty for peaceful demonstrators at Tiananmen, and (iv) reopen China for U.S. visitors and businesses; on the other hand, the American side should (i) lift economic sanctions, (ii) resume government assistance to U.S. businesses wanting to invest in China, (iii) help resume multilateral lending to China.<sup>65</sup> The White House welcomed the outcomes of the Nixon-Kissinger visits, but the Congress was not impressed. On November 19, the House passed the Pelosi bill on

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<sup>63</sup> Kissinger, *On China*, 422-423.

<sup>64</sup> Richard M. Nixon, "The Crisis in Sino-American Relations," *Congressional Record*, November 21, 1989, Vol. 135, Part 22, Senate pages, 31320.

<https://www.congress.gov/bound-congressional-record/1989/11/21/senate-section?p=0>

<sup>65</sup> Nixon, "The Crisis in Sino-American Relations," 31319-31320.

Chinese students by a vote of 403-0, and the Senate also approved it unanimously on November 21. Bush vetoed the measure, stating that he was “opposed to congressional micromanagement of foreign policy.”<sup>66</sup>

Importantly, the two policy stances predicted by offensive realism and TELOS, a shift toward balancing and the return to the engagement course through efforts at appeasement, respectively, were “finding” their advocates within the U.S. government. While the Bush administration’s top decisionmakers and their allies (Nixon, Kissinger) kept pushing for a rapprochement with Beijing (based on their expectations informed by cultural factors), vocal members of Congress were advocating for a tougher stance based on their assessments emphasizing the international systemic realities of Soviet decline and the Chinese leadership’s brutal and uncompromising behavior. TELOS was correct in predicting that the Bush administration would return to engagement and appeasement, while offensive realism failed in its prediction of a slight shift toward balancing.

## **The second Scowcroft mission and its fallout**

In the second half of 1989, the international environment was changing radically and the Cold War was ending. While Poland and Hungary had already begun breaking out of the Soviet bloc in the first half of the year, the rest of the Soviet-controlled countries of Central and Eastern Europe experienced their “velvet” revolutions in the fall (with the exception of Romania). As a result, China’s behavior was only becoming more repressive internally and more hostile externally. Based on these changes in the international

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<sup>66</sup> George H. W. Bush, “Statement on the Disapproval of the Emergency Chinese Immigration Relief Act of 1989,” November 30, 1989, *Weekly Compilation of Presidential Documents*, 25, 1854.

system, offensive realism would have even more firmly expected the Bush administration to change course and start balancing against Beijing. Cultural-ideational pressures, however, were keeping the administration's thinking hostage. TELOS therefore would have expected Washington to see these international pressures but to still hold out hope that continued overtures and courting directed at Beijing (maintaining the engagement posture) would eventually lead to the restoration of the cooperative relationship.

In the fall of 1989, even in the midst of a continuing fight between the administration and the Congress, the visits by the "godfathers" of the China opening seemed to be paving the way to an easing of tensions in the diplomatic relationship. As Douglas Paal, then NSC Asia Director, recalls, "Nixon's and Kissinger's trips gave us something to work with in terms of restarting the relationship."<sup>67</sup> The president embraced Nixon's advice on the "package deal" with the confidence-building measures he outlined. Since the Chinese leaders were adamant in their conversations with both Nixon and Kissinger that, according to the ancient Chinese proverb, "he who ties the knot must untie it,"<sup>68</sup> Nixon suggested to President Bush that "the administration take the first step in the form of resuming contact at a high level with the Chinese leadership."<sup>69</sup> Bush decided to send Scowcroft and Eagleburger back on a second visit to Beijing. There the American envoys and their Chinese interlocutors negotiated the contours of the package deal and the steps of its implementation (very much in line with Nixon's points). As Scowcroft recalls: "We hammered out the terms of a "road map" of reciprocal moves to take us gradually but steadily toward normalization... We were hoping for small moves... on [the Chinese] part to demonstrate that it was wise to begin improving

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<sup>67</sup> Author interview with Douglas Paal, August 9, 2022.

<sup>68</sup> Nixon, "The Crisis in Sino-American Relations," 31320; Harding, *A Fragile Relationship*, 251.

<sup>69</sup> Suettinger, *Beyond Tiananmen*, 98.

relations – steps to show Congress there was some movement. These were measures both sides could take without either appearing to prevail over the other... I considered the trip productive.”<sup>70</sup>

While the Nixon-Kissinger trips and the second Scowcroft-Eagleburger mission pointed toward real progress in easing the tense bilateral relationship and designing a roadmap for the implementation of a reset, the tensions at home continued over China policy. As soon as Scowcroft and Eagleburger landed in Beijing on December 10, all hell broke loose in America – and things only went downhill from there. The administration did not announce the trip to the public ahead of time, and Scowcroft decided to inform the press upon arrival: “I opted to wait until Beijing. Bad choice.”<sup>71</sup> The announcement came in the middle of the night East coast time, which made it seem like the administration wanted to keep the visit secret again. Worse still, the Chinese side ushered the press in during the welcoming dinner just as Scowcroft stood up to toast his Chinese hosts. The photograph of Scowcroft toasting the Chinese six months after the Tiananmen massacre stirred major controversy in America: “American opinion makers in the media and Congress exploded with outrage. The *Washington Post* attacked the trip in editorials three times in one week and added several critical op-ed articles. The *New York Times* accused Bush of “hailing the butchers of Beijing.””<sup>72</sup> Chinese news agency Xinhua published parts of Scowcroft’s toast, which were reprinted in the *Washington Post* and the *New York Times*:

My colleagues and I have come as friends, to resume our important dialogue on international questions of vital interest to both our nations... We also come today to bring new impetus and vigor into our bilateral relationship and seek new areas of agreement—economic, political and strategic... Speaking as a friend, I would not be honest if I did not acknowledge that we have profound areas of disagreement—on

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<sup>70</sup> Bush and Scowcroft, *A World Transformed*, 175, 177, 178.

<sup>71</sup> Bush and Scowcroft, *A World Transformed*, 174.

<sup>72</sup> Suettinger, *Beyond Tiananmen*, 99.

the event at Tiananmen, on the sweeping changes in Eastern Europe... In both our societies there are voices of those who seek to redirect or frustrate our cooperation. We must take bold measures to overcome these negative forces... We extend our hand in friendship and hope you will do the same.<sup>73</sup>

Strongly believing in the ideas of the *liberal ordering mission*, Scowcroft tried so hard to “untie the knot” that he ended up calling the Chinese leaders *his friends* and the American critics of the administration *negative forces* that want to prevent bilateral cooperation.

The former U.S. Ambassador to China, Winston Lord, immediately wrote an op-ed in the *Washington Post* harshly criticizing the Scowcroft-Eagleburger visit and drawing attention to the international systemic changes the administration seemed to be neglecting:

That mission both erased any pretense of official indignation [over Tiananmen] and weakened the true foundations of Sino-American relations... Scowcroft's public toast expressed as much outrage for the administration's critics as for the perpetrators of the massacre... While the geopolitical dimension of Sino-American ties remains important, it has evolved from a de facto alliance against the Soviets to the more nuanced realm of multipolar balance. Beijing needs to worry more about fast-moving U.S.-Soviet relations than Washington does about Sino-Soviet relations. Today on top of abiding historical, geopolitical and economic limits to Sino-Soviet rapprochement, add Gorbachev's heresies at home and in Eastern Europe. Their contagion poses a much greater threat to China's leaders than Western "bourgeois liberalization"... The new agenda for American diplomacy [should] thus feature... the encouragement of freedom in societies moving toward post-Communism.<sup>74</sup>

Congress was also up in arms over the Scowcroft-Eagleburger visit, and as the *Washington Post* reported, Senate Democratic Majority Leader George Mitchell, “in some of his sharpest criticism to date of Bush's foreign policy initiatives, accused the president of an ‘embarrassing kowtowing to the Chinese government.’”<sup>75</sup> The media also shared with policy commentators and Congress in condemning the Scowcroft mission. As the *New*

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<sup>73</sup> Quoted in Suettinger, *Beyond Tiananmen*, 99.

<sup>74</sup> Winston Lord, “Misguided Mission,” *Washington Post*, December 19, 1989, A23.

<sup>75</sup> Tom Kenworthy and Kenneth J. Cooper, “Hill Democrats Condemn Bush Initiative to China,” *Washington Post*, December 12, 1989, <https://www.washingtonpost.com/archive/politics/1989/12/12/hill-democrats-condemn-bush-initiative-to-china/6fd0a845-cb85-4a37-b0dc-fb723885d7ae/>.

York Times editorial board opined, “Mr. Bush failed to grasp the most hard-headed point of all: Beijing’s present rulers need his approval far more than he needs their strategic help.”<sup>76</sup> The second Scowcroft-Eagleburger mission sparked strong political and public outrage.

**Figure 3.11** The Reuters photo of Scowcroft’s toast at the Chinese welcoming dinner on the cover of the *New York Times* accompanying the article about the second Scowcroft-Eagleburger mission<sup>77</sup>



<sup>76</sup> “Opinion | Betting on What in China?,” *The New York Times*, December 15, 1989, Opinion, <https://www.nytimes.com/1989/12/15/opinion/betting-on-what-in-china.html>.

<sup>77</sup> Steven Erlanger, “Top Aides to Bush Are Visiting China to Mend Relations,” *The New York Times*, December 10, 1989, A1, <https://www.nytimes.com/1989/12/10/world/top-aides-to-bush-are-visiting-china-to-mend-relations.html>.

If Scowcroft and Eagleburger believed they had gotten sufficiently beaten up, they were in for an unpleasant surprise. On December 18, CNN reported about Scowcroft and Eagleburger's *first*, secret mission to Beijing back in July, and the story also caused a huge uproar in the media and the Congress on the top of the fallout from the December trip. Critics were outraged that such high-level officials went to China for negotiations a month after Tiananmen and in violation of the Bush administration's own June 20 ban on high-level exchanges with China. George Mitchell expressed shocked over the fact that President Bush had dispatched his two emissaries on "another midnight mission, barely a month after the brutal killing of pro-democracy student demonstrators... At that time, the President was saying there could not be business as usual with a Government that took such actions... Yet this is increasingly what seems to be happening."<sup>78</sup> The leaking of the first, secret Scowcroft-Eagleburger visit only added fuel to an already blazing fire.

Amidst the huge outcry over the Scowcroft-Eagleburger missions, President Bush tried to reassure the media and the American people that the visits were not in vain and would soon produce results. The thinking of the president and his inner circle was so deeply influenced by cultural pressures that they kept downplaying the increasingly clear international signals and believing in their overly optimistic expectations about shaping China's trajectory. The administration was still hopeful that the package deal that Nixon, Kissinger, and the Scowcroft-Eagleburger tandem were all negotiating with the Chinese leadership would materialize. Not only was it the Bush administration that had taken the first step in this attempted rapprochement by sending the two emissaries back to Beijing, it was also Washington that took the first steps after Scowcroft and

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<sup>78</sup> Maureen Dowd, "2 U.S. Officials Went to Beijing Secretly in July," *The New York Times*, December 19, 1989, World, <https://www.nytimes.com/1989/12/19/world/2-us-officials-went-to-beijing-secretly-in-july.html>.



Eagleburger had returned from their mission. On December 19, President Bush allowed the U.S. Export-Import Bank to resume providing loans to American corporations wanting to invest in China and authorized the export of Hughes satellites for use on Chinese carrier rockets; and on January 11, Washington lifted its total opposition to World Bank lending to China, permitting loans for humanitarian causes. On its part, Beijing announced on January 10 that they would end martial law in Beijing and on January 18 that they had released 573 people detained at the Tiananmen protests. This, however, was only a fraction of all Tiananmen detainees, and “in the weeks before the announcement, more than 800 who had been detained in 1989 were formally sentenced to jail terms.”<sup>79</sup> The Chinese government made no steps on any other items that had been part of the previous month’s negotiations. The package deal was falling apart.

In the second half of 1989, the predictions of offensive realism did not materialize: the Bush administration did not move toward balancing and instead stuck to engagement, but their efforts still did not bear fruit. Cultural pressures kept exerting influence on the administration’s thinking, confirming the expectations of TELOS and giving the false promise that progress through engagement was possible—while international conditions were rapidly moving in the opposite direction, especially with the accelerated dissolution of the Soviet empire in Central and Eastern Europe.

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<sup>79</sup> Suettinger, *Beyond Tiananmen*, 101.

## **Year of Miracles: impact of the revolutions in Central and Eastern Europe**

The earthshaking events in the Soviet bloc countries of Central and Eastern Europe throughout 1989 constituted a significant part of the international systemic pressures relevant for the formulation of America's China strategy. It was no coincidence that both Scowcroft's toast and Lord's op-ed referenced these events. As a result of Gorbachev's "perestroika" and "glasnost" reforms, the Soviet imperial overstretch, and the internal dysfunction of the Communist economic systems, 1989 saw the nations of Central and Eastern Europe break free of Soviet Communism.

With a decade of internal struggle (and state of emergency) behind it, Poland led the way with roundtable negotiations between the Communist leadership and the democratic opposition (*Solidarność* – Solidarity) in the spring to discuss the terms of the transition leading to the first partially free elections held on June 4. Hungarians soon joined the Poles with their own roundtable negotiations in the summer and the proclamation of the new Republic of Hungary on October 23. Hungary's decision in late August to allow East German tourists to cross the border to leave through Austria for West Germany opened the floodgates to changes in East Germany, with huge demonstrations leading to the fall of the Berlin Wall and the collapse of the East German Communist regime on November 9. Czechoslovakia experienced the "Velvet Revolution" in the fall with similarly formidable demonstrations from November 17, which brought about the Communist Party's decision to relinquish power on November 28, whereas in Bulgaria similar demonstrations led to the Communist Party's demise on December 10.

For the formulation of U.S. strategy on China, the Central and Eastern European revolutions mattered a great deal. The Bush administration was cautiously encouraging the changes in the former Soviet bloc (President Bush paid historic visits to Poland and Hungary in July 1989 that served to embolden the democratic oppositions in the two frontrunner countries) and, with the Tiananmen Square demonstrations, U.S. policymakers saw the possibility of similar events taking place in China, too. The Tiananmen massacre crushed all these hopes, but the Bush administration chose to keep working with the increasingly hardline leadership in Beijing against mounting evidence that China was heading in the opposite direction compared to Central and Eastern Europe. On the other side, the Chinese leadership were very skeptical about Gorbachev's reforms and even more scared of the impact of the Central and Eastern European revolutions on Chinese domestic affairs. The decision to violently crush the Tiananmen Square demonstrations was influenced by the events in the Soviet Union and the Soviet bloc and, more specifically, by the Chinese leadership's fears that the Tiananmen mass protests, where people demanded political reforms similar to those shaping up in Central and Eastern Europe, could usher in similarly dire consequences for the Communist Party as they did in the Soviet Union and in the Soviet bloc countries.

By mid-December 1989, all Soviet bloc countries had experienced their non-violent (velvet) revolutions and embarked on their path of transition from Communism towards democratic systems – with the exception of Romania. The most brutal of the Communist regimes fell as a result of the only violent, bloody revolution in the region in the second half of December. The Communist regime's fate was sealed in the secret trial and execution of the murderous Communist-nationalist dictator, Nicolae Ceaușescu and his wife at the hands of a self-appointed (military) tribunal and its death squad on December 25. The video recording of the execution was broadcast on television all over the world.

According to the consensus among witnesses and commentators, this event more than anything that had happened that year in Central and Eastern Europe instilled deep fear and horror in the Chinese leadership about their potential future. In the view of Robert Suettinger, then covering East Asia on the National Intelligence Council, “it was the violent and brutal collapse of the Nicolae Ceaucescu regime in Romania that probably had the strongest impact on China.”<sup>80</sup> Scowcroft, who had liaised with members of the Chinese leadership for decades and known them well, writes: “When Ceausescu was toppled, I believe the Chinese leaders panicked. It had appeared to me that they had taken great comfort from his apparent impregnability. They had referred to him frequently in our conversations and seemed to take him as proof that communism could survive the current liberal onslaught. When that proved not to be the case, they may have concluded that they had been right at Tiananmen, that any gesture of moderation would be simply too dangerous, and their only chance of survival was to be absolutely inflexible.”<sup>81</sup> There was also a geopolitical reason, apart from Ceaușescu’s chillingly violent end, why the Romanian events resonated more in the halls of power in Beijing than any of the events in the other Soviet bloc countries. “China had not been especially close to any of the eastern European bloc countries while they were under Moscow’s thumb, but it had developed relatively warm relations with Romania... Ceausescu had even found words to praise China’s crackdown on dissent after Tiananmen.”<sup>82</sup> The Romanian revolution and the execution of the Ceaușescus shocked the leaders of the Chinese Communist Party, who feared a repeat of Tiananmen. As a result, China’s leadership placed armed

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<sup>80</sup> Suettinger, *Beyond Tiananmen*, 104.

<sup>81</sup> Bush and Scowcroft, *A World Transformed*, 179.

<sup>82</sup> Suettinger, *Beyond Tiananmen*, 104-105.

forces on standby and put in place new security measures around universities and factories, worried about an uprising against the CCP.<sup>83</sup>

The events in Central and Eastern Europe, and especially those in Romania, and the fear they instilled in the CCP leadership had important implications for the fate of the Bush administration's persistent efforts at restoring the relationship to its pre-Tiananmen state and thus had lasting consequences for U.S.-China relations in general. In the beginning of 1990, the package deal that Nixon, Kissinger, Scowcroft, and Eagleburger had negotiated during their visits to China between October and December 1989, died a sudden death. Scowcroft recalls his own disappointment: "After the Chinese had released only a handful of dissidents, however, it became apparent the entire, slow process was grinding to a halt—and we had no significant steps to point to in order to justify any normalization of our strained relations. The Chinese did not explain, and we could only speculate about the cause of their about face. It is my sense that one of the most dramatic upheavals in Eastern Europe—the fall of Nicolae Ceausescu—was the main reason."<sup>84</sup> This view of the impact of the Romanian revolution and the Ceaușescu execution on the Chinese leadership's enthusiasm for the "normalization" process is also confirmed by declassified internal administration documents. Scowcroft's memo to President Bush in February 1990 states that "it is becoming increasingly clear that the progress we hoped to set in train with my visit to Beijing in December was delayed and limited by China's reaction to the fall of Ceausescu."<sup>85</sup> Indeed, soon after the Ceaușescu's execution and only after some initial steps of reconciliation by the two sides in late December and January,

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<sup>83</sup> Suettinger, *Beyond Tiananmen*, 105.

<sup>84</sup> Bush and Scowcroft, *A World Transformed*, 178-179.

<sup>85</sup> "Memorandum for the President: U.S. China-Relations: Roadmap for the Weeks Ahead," February 8, 1990, folder "China: Non-Tiananmen (January – April 1990)," OA/ID 91134, China Chronological Files, Non-Tiananmen Files, Brent Scowcroft Collection, Bush Presidential Records, George Bush Presidential Library, 1.

the Chinese leadership's enthusiasm evaporated and U.S.-China rapprochement slowed to a halt.

Altogether, the revolutions in Central and Eastern Europe presented international systemic signals indirectly communicating to the Bush administration that engagement with Beijing was not feasible. As Suettinger argues, "it seems likely that events in eastern Europe contributed to the [Chinese Communist] party leadership's unwillingness to undertake any further efforts at easing its crackdown internally or cooperating with the United States externally." Instead, Beijing "took the safer course—a hard line on everything... The brief interlude of step-by-step improvement of U.S.-China relations was thus a casualty of east European unrest."<sup>86</sup> Negatively impacted by the revolutions of the former Soviet bloc, the Bush administration's laborious diplomacy in late 1989 ended up a failure. The extensive gestures made by the United States, including the Kissinger, Nixon, and Scowcroft-Eagleburger missions and the lifting of many post-Tiananmen sanctions, were not sufficiently reciprocated by China.<sup>87</sup> Overall, "by February 1990... the Bush administration's year-end overture had produced a mood of disappointment and disillusionment in Washington and Peking."<sup>88</sup> International factors therefore could not explain the administration's diligent diplomacy and optimistic engagement strategy in the Year of Miracles. The U.S. leadership's decisions were motivated by cultural-ideational factors, more specifically by the *liberal ordering mission* rooted in American liberal strategic culture and by President Bush's leader images.

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<sup>86</sup> Suettinger, *Beyond Tiananmen*, 105, 107.

<sup>87</sup> Harding, *A Fragile Relationship*, 259.

<sup>88</sup> Harding, *A Fragile Relationship*, 259.

## The first fight over China's Most Favored Nation status

As this and the next chapter will show, the question of China's Most Favored Nation status lies is a central issue of our inquiry. This issue demonstrates very well the interplay between international systemic and cultural-ideational pressures and the dilemmas present in the formulation of U.S. strategy vis-à-vis China during the H. W. Bush and Clinton administrations. In 1990, international systemic factors pointed toward the United States *ending* automatic annual MFN extension and making it one of the tools with which to shape both China's rise and China's behavior. On the other hand, American liberal strategic culture and the *liberal ordering mission* inspired U.S. policymakers' expectations that automatic MFN renewal, as part of continued U.S. support for China's global economic integration, will eventually lead to China's internal and external liberalization. Based on these, in the beginning of 1990, offensive realism would expect that the Bush administration, especially after Tiananmen and the failure of their diplomacy in 1989, would finally heed international systemic signals and see MFN renewal as a bargaining chip through which they could get Beijing to resume liberalization. This would require not only consistent diplomatic efforts but also the conditioning of MFN extension on progress in China's human rights, marketization, and/or adherence to international norms. On the other hand, TELOS would predict that the administration, under the influence of cultural factors, would push for MFN renewal in the hope that this important gesture of U.S. support for China in the global economy would help "untie the knot," revive China's reform drive, and restore the U.S.-China cooperative relationship.

In the talks during the Nixon, Kissinger, and Scowcroft-Eagleburger visits in the fall and winter of 1989, the resolution of the Fang Lizhi issue was discussed as a

prominent part of the package deal. It was the first point among Nixon's recommendations for steps to be taken by the two sides in order to unfreeze the relationship, as the former president presented in his reports to Congress and to Bush. During President Nixon's visit, Deng privately expressed his support for a deal, in which China would allow Fang Lizhi and his wife to leave the U.S. Embassy in exchange for Washington's invitation to Jiang for an official visit. A few weeks later during Kissinger's visit, Deng put the proposed deal in writing in a letter to President Bush. As the whole package deal for unfreezing relations fell through after the revolutions in the former Soviet bloc and particularly in the wake of the Ceauescu execution in late 1989, so did the resolution of the release of Fang Lizhi.

China's Most Favored Nation (MFN) status, essentially their normal trading status with the United States, was granted following diplomatic normalization, in February 1980, for the first time and it was up for renewal (or revocation) every spring from then on. During the Reagan years, China's MFN was automatically renewed every year. MFN extension in the 1980s was obviously in line with international systemic pressures and U.S. interests, as the United States relied on its *de facto* alliance with China to counter the Soviet Union and in return Washington supported China's integration into the world economy.

After Tiananmen and all the other events of 1989, international systemic factors no longer undergirded U.S. support for China's global economic integration, and while the Bush administration was reluctant to recognize this, the U.S. Congress did. At the start of 1990, "the Democrat-controlled Congress came back into session flush with indignation at the president's China policy... At stake was the most favored nation



(MFN) status for China, which had to be renewed every year by the president.”<sup>89</sup> After the Pelosi bill on Chinese students had been vetoed by President Bush on November 30, 1989, the House voted 390-25 for nullifying the veto on January 24, 1990, but the Senate vote the next day came several votes short (62-37) of overriding the president’s veto. Congressional China critics and human rights groups immediately started exploring other options for expressing their dissatisfaction with Beijing’s behavior and the Bush administration’s conciliatory approach to China. *Revoking* MFN status was the first option on the table, but the coalition settled on *conditioning* the renewal of MFN on China’s progress on human rights. Several bills were introduced that would have revoked or conditioned China’s MFN status. The most widely supported bill, introduced by Ohio Congressman Donald Pease, would have required China to (i) release all protesters imprisoned after Tiananmen, (ii) end martial law, (iii) improve freedom of the media and allow Voice of America to broadcast in China, (iv) remove barriers from Chinese citizens studying or traveling abroad, (v) end religious persecution, (vi) respect Hong Kong’s status, and (vii) cease the harassment of Chinese citizens living in the United States – in order for the United States to be able to extend China’s MFN status for another year.<sup>90</sup>

While the MFN fight was chiefly between the Bush administration and Congress, the Chinese leadership also realized that there was a possibility that China would lose MFN status, which would have set back their economic opening to the world and their economic development significantly. They understood that they would finally have to offer something tangible to Washington to prevent the revocation of their MFN status. There is every indication that this is why Beijing decided to re-open the talks about Fang

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<sup>89</sup> Michael J. Green, *By More Than Providence: Grand Strategy and American Power in the Asia Pacific Since 1783* (New York: Columbia University Press, 2017), 437.

<sup>90</sup> Suettinger, *Beyond Tiananmen*, 108-109.

Lizhi's release in April 1990.<sup>91</sup> While negotiating the conditions of the release, U.S. Ambassador to China James Lilley tried to pressure the Chinese by bringing up the Congressional initiative to revoke or condition China's MFN status. In Lilley's recollection, "Bush's message to the Chinese was that he might well lose the MFN extension vote of China did not do something to help him out."<sup>92</sup> Negotiations were crawling throughout April and May. After some hesitation, on May 24 President Bush announced publicly that he would renew China's MFN status. This news brought the Chinese side back to the table and negotiations restarted. However, the ensuing talks between Lilley and Vice Foreign Minister Liu Huaqiu over the next several weeks turned out to be long and grueling, as the U.S. ambassador was practically conducting "shuttle diplomacy" between the equally stubborn Fang and Chinese officials.<sup>93</sup>

In the end, Fang agreed to sign a document admitting that he is opposed to the Communist political system in China but pledging that he will not criticize "China" once he left. In exchange, the Chinese government agreed to release Fang and his wife to leave China for "medical treatment" in the United Kingdom on June 25, 1990. Besides having granted MFN extension even before real talks resumed, Washington also rewarded the Chinese regime with the resumption of World Bank loans to Beijing promoting economic reforms, which in turn prompted the Japanese government to recommence its lending to China.<sup>94</sup> It is not unfair to say that "Fang was effectively ransomed in exchange for a resumption in international loans to China" and that the main beneficiary was "the Chinese economy, which obtained an injection of several billion dollars."<sup>95</sup> Once in

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<sup>91</sup> Suettinger's information, including from his interview with Ambassador Lilley, *Beyond Tiananmen*, 107.

<sup>92</sup> Suettinger, *Beyond Tiananmen*, 109, based on his interview with Lilley.

<sup>93</sup> James R. Lilley with Jeffrey Lilley, *China Hands: Nine Decades of Adventure, Espionage, and Diplomacy in Asia* (Public Affairs, 2009), 358-361.

<sup>94</sup> Lilley and Lilley, *China Hands*, 358-361; Mann, *About Face*, 237-241; Harding, *A Fragile Relationship*, 264.

<sup>95</sup> Mann, *About Face*, 240.

London, Fang criticized the Bush administration in the media, saying that the United States was using a double standard on human rights by holding the Soviet Union to a higher bar than it does China and that Bush made a mistake by sending his top officials on a secret mission to Beijing after the Tiananmen massacre.<sup>96</sup> Having been given asylum by the U.S. Embassy for over a year and released thanks to U.S. diplomacy, Fang was clearly ungrateful – but he was not wrong.

Meanwhile, the fight over MFN between the executive and legislative branches of the U.S. government took new turns. On June 3, President Bush renewed China's MFN status. The same day, HR 4939, the bill to condition China's MFN on progress in human rights, was introduced to the floor by Congressman Pease. While the Pease bill passed the House by 384-30 in October 1990, President Bush convinced the Senate not to consider it and the bill eventually expired. Finally, the House voted on a resolution of disapproval of Bush's extension of the MFN, but the vote (247-174) came out well short of the number necessary to override the president's future veto, and therefore the resolution did not proceed to the Senate. Bush's renewal of China's MFN went ahead.

The Bush administration fought Congress hard and made sure that China's MFN status was unconditionally extended again. The administration's public and declassified internal documents reveal that it was cultural factors, American liberal strategic culture and the *liberal ordering mission*, that played an important role in shaping the U.S. leadership's thinking on the MFN issue specifically and on China strategy more generally. In an April 1990 memo titled "China – Game Plan for MFN," Scowcroft presented to President Bush the strategic alternatives on MFN and made an inverse

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<sup>96</sup> Lilley and Lilley, *China Hands*, 358-361; "Of Double Standards And Dinner," *Newsweek*, July 15, 1990, <https://www.newsweek.com/double-standards-and-dinner-206556>; "Chinese Dissident: U.S. Has Double Standard on Rights," *Chicago Tribune*, July 7, 1990, <https://www.chicagotribune.com/news/ct-xpm-1990-07-07-9002250429-story.html>.

argument based on the *liberal ordering mission* for MFN extension as part of the administration's China strategy: "A key point on which public debate here over MFN will turn is whether to retaliate and squeeze China for its human rights offenses and bad international behavior or work to strengthen the forces of economic growth and reform." The national security advisor warned that "loss of MFN would probably strengthen the voice of hardliners who seek further recentralization" and "this could make eventual restoration of reforms and opening to the outside world all the more difficult."<sup>97</sup> Later that year, Scowcroft's letter to Senator Philip Crane also applies the logic of the administration's China strategy as based on the *liberal ordering mission* to convince him to support MFN renewal: "As you and your colleagues know, the President determined that China's MFN status should be extended... because the President believes economic engagement is a vital means to promoting human rights in China over the long term."<sup>98</sup>

The issue of MFN renewal, since it had to be decided annually, generated another dispute between the Bush administration and the Congress in 1991. In the course of that debate, Baker gave one of the most detailed expressions of the administration's commitment to American liberal strategic culture and the *liberal ordering mission* in his letter to Senator Bob Dole soliciting his support for MFN renewal:

I assure you that the Administration stands with Congress in wanting to see greater respect for internationally respected human rights, a stronger Chinese commitment to global nonproliferation objectives and fair trade, and continuing political and economic reform within China. I believe strongly that renewal of MFN promotes these goals... We will continue to advance our interests and ideals as we pursue a process of engagement with China designed to elicit progress toward our objectives: adherence to international standards on nonproliferation,

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<sup>97</sup> "National Security Advisor Brent Scowcroft's Memorandum for the President: China – Game Plan for MFN," April 9, 1990, folder "China: Non-Tiananmen (January - April 1990)," OA/ID 91134, China Chronological Files, Non-Tiananmen Files, Brent Scowcroft Collection, Bush Presidential Records, George Bush Presidential Library, 2.

<sup>98</sup> "National Security Advisor Brent Scowcroft's Letter to Senator Philip M. Crane," September 28, 1990, folder "China: Post-Tiananmen (September 1990) [2]," OA/ID 91133, China Chronological Files, Post-Tiananmen Files, Brent Scowcroft Collection, Bush Presidential Records, George Bush Presidential Library.

free and fair trade, broader democratization, and respect for human rights throughout China. Most importantly, renewal of MFN is essential to maintaining America's moral stake in promoting the process of economic and political reform in China.<sup>99</sup>

Baker's words underline the deep influence of cultural factors on the administration's China strategy and their resulting belief that engagement and MFN renewal will lead to China's internal liberalization and becoming a responsible actor in its external conduct.

International pressures suggested that the Bush administration condition MFN extension on China's progress on liberalization. Offensive realism was incorrect in predicting such linkage and a slight shift toward balancing, since the administration did not even link MFN renewal to Fang Lizhi's release, extending China's preferential trading status *before* real negotiations over his fate even commenced. The cultural pressures of American liberal strategic culture and the *liberal ordering mission* continued exerting significant influence on the Bush administration's formulation of China strategy, skewing its efficient response to international pressures. As a result, the expectations of TELOS were on point: not only did the Bush administration not condition MFN renewal on any progress on China's liberalization, but it also vehemently fought all such efforts by Congress, essentially giving China the continuation of its preferential trade status and the resumption of international loans without moving more than an inch closer to China actually changing its repressive internal and hostile external behavior.

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<sup>99</sup> "Secretary of State James Baker's Letter to Senator Robert Dole," July 1991, folder "China MFN [Most Favored Nation] 1991 [1]," OA/ID CF01504, Douglas H. Paal, National Security Council, Bush Presidential Records, George Bush Presidential Library, 1-2.

## **The Gulf War and Baker's last visit: the relationship stays frozen**

Iraqi President Saddam Hussein's invasion of neighboring Kuwait in August 1990 and the ensuing diplomatic maneuvering on the part of the United States and many other countries trying to force Saddam's hand to reverse his course provided the background of the next important phase in U.S.-China relations. During 1990-1991, Washington sought Beijing's support for its diplomatic and later military efforts against Iraq and, as in previous years, Beijing's progress on liberalization. On the other hand, China wished to end its post-Tiananmen diplomatic isolation and the post-Tiananmen U.S. sanctions. This diplomatic game would be another test of whether China was going to work within the U.S.-led liberal international order and also a test of whether the United States or China had more leverage in the relationship. Offensive realism would argue that China needed the United States a lot more than the other way around. It would therefore predict that U.S. policymakers would only help end China's international isolation and sanctions in exchange for tangible, concrete actions on China's part demonstrating both its willingness to work with the United States in enforcing the principles of the liberal international order and its willingness to revive its process of internal liberalization. On the other hand, TELOS, combining insights about the impact of both international and cultural pressures, would argue that the Bush administration would continue to believe that the United States needed China more than China needed the United States. It would predict that, under such assumptions, Washington would be willing to fulfil many of China's interests/demands without ensuring that the main U.S. interests, China's internal and external liberalization (including China's support for U.S. efforts on Iraq/Kuwait), are actually and satisfactorily being advanced by China's actions.

In Bush's view, China both as the UN Security Council permanent member with veto power as well as a country with close ties to the countries of the Middle East was a very important player in the global diplomatic chess game over Iraq and Kuwait. As Bush was building an unprecedentedly broad coalition encompassing the United States' traditional European and Asian allies, the Soviet Union (!), the newly independent former Soviet bloc countries, and several nations of the Middle East (Egypt, Morocco, Saudi Arabia, Kuwait, Oman, United Arab Emirates, Qatar, Bahrain), the president felt he could not afford risking a Chinese veto on the crucial UN Security Council resolution. The resolution would have given Saddam a deadline by which Iraqi forces would have to depart from Kuwait, otherwise the use of force would be authorized against Baghdad.

Once again, however, Bush misjudged who had more leverage in the relationship, and the Chinese tricked him over Iraq, too. Throughout their negotiations, Chinese Foreign Minister Qian Qichen led Baker to believe that the Chinese may vote yes for the UN resolution. In return, Qian wanted an invitation to the White House to meet with President Bush, in order to signal to the Chinese domestic audience and the international public that China's post-Tiananmen international isolation was ending. (In the meantime, however, China was working behind the scenes in the UN with the Soviet Union on removing the authorization of the use of force from the resolution.) Baker made it clear to Qian that he would only give Beijing the requested meeting and exposure if they would vote yes for the resolution on the ultimatum and the use of force. When the UN Security Council finally voted on Resolution 678 on November 29, 1990, China ended up abstaining. Baker felt betrayed and informed Qian that only he would receive him in Washington and there would be no meeting with the president. Qian went around Baker,

contacted Douglas Paal and Scowcroft, and got his meeting with Bush on December 1.<sup>100</sup> According to Warren Cohen, “If the Chinese had any doubts of their ability to manipulate American leaders, this episode should have eliminated them.”<sup>101</sup> China’s gains were far from over. At his meeting with Bush, Qian asked him to further ease the U.S. position on World Bank lending to China. Bush decided to allow U.S. representatives to vote yes on World Bank loans helping basic human needs and to no longer oppose all other loans. “It became evident in retrospect that the Chinese had gotten the best of the bargain: without making any significant concessions, they had secured a relaxation of American sanctions against them... The Bush administration—particularly Secretary of State Baker...—finally began to question whether the strategy of swapping concessions with Peking was achieving the desired results.”<sup>102</sup> During the diplomacy around the UN resolution on Iraq, Beijing once again outsmarted Washington and ensured that in the diplomatic bargaining it advanced its own interests while U.S. interests were not fulfilled.

Baker’s experiences with China made him wary of dealing with the portfolio or making official visits to China and over time he grew skeptical that progress could be made with Beijing. As we have seen, he “dropped the China policy account like a hot potato”<sup>103</sup> after Tiananmen, and his diplomatic contacts with Qian over the UN resolution made him ever more reluctant about traveling to China and continuing “the strategy of swapping concessions with Peking.”<sup>104</sup> Nevertheless, the new U.S. Ambassador to China, J. Stapleton Roy and NSC’s Douglas Paal convinced Baker to return to Beijing for an

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<sup>100</sup> Peter Baker and Susan Glasser, *The Man Who Ran Washington: The Life and Times of James A. Baker III* (Knopf Doubleday Publishing Group, 2021), 411, 413; Suettinger, *Beyond Tiananmen*, 108-109.; Harding, *A Fragile Relationship*, 271-273.

<sup>101</sup> Cohen, *America’s Response to China*, 246.

<sup>102</sup> Harding, *A Fragile Relationship*, 273.

<sup>103</sup> Solomon, ADST Oral History, 56.

<sup>104</sup> Harding, *A Fragile Relationship*, 273.



official visit in November 1991. The talks, however, ended up justifying Baker's apprehensions. At his meeting with Qian, Baker pressed the Foreign Minister for measurable progress: "I need concrete results—not promises, not meetings, not delays. When I get on my airplane, judgments will be formed immediately about the success or failure of this visit. If I am seen as having failed, the Congress will take China policy away from the President."<sup>105</sup> Qian did not budge. Baker's meeting with Prime Minister Li Peng, however, proved to be even more difficult. Li Peng stated that "the actions at Tiananmen were a good thing." As Baker later recalled, "from start to finish, [Li Peng's] was a surreal performance... I thought this meeting was a disaster."<sup>106</sup> The two key members of Baker's delegation shared his distress: "Douglas Paal described it as 'the worst meeting I've ever been in my life,' while Ambassador J. Stapleton Roy said it was 'the tensest and most confrontational meeting I ever sat in on in China.'"<sup>107</sup> On his last day in Beijing, Baker met once more with Qian, but the Foreign Minister's concessions on nonproliferation, trade, and human rights were vague and insufficient. The press and Congressional critics heavily attacked Baker's visit as a fiasco. The secretary of state himself tended to agree: "Baker was bitterly disappointed, and he made little effort to conceal his dissatisfaction. He acquiesced in press characterizations of his trip as a "failure" and gave nearly apologetic briefings to Congress on his return."<sup>108</sup> The fiasco of Baker's trip sealed the fate of Bush's China strategy and the relationship for the administration's final year.

In 1990-1992, international systemic factors exerted influence on the Bush administration's foreign policy in the form of the Iraq/Kuwait crisis and the Gulf War. When it came to China strategy, however, the Bush administration continued

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<sup>105</sup> Baker with Defrank, *The Politics of Diplomacy*, 590.

<sup>106</sup> Baker with Defrank, *The Politics of Diplomacy*, 591-592.

<sup>107</sup> Suettinger, *Beyond Tiananmen*, 130.

<sup>108</sup> Suettinger, *Beyond Tiananmen*, 131.

undervaluing international systemic pressures regarding China because cultural-ideational pressures (*liberal ordering mission*, leader images) distorted the administration's strategic thinking. Therefore, offensive realism was incorrect to predict that the Bush administration would formulate its strategy based on the recognition that they should use their leverage over China to shape its trajectory and behavior. Confuting offensive realist predictions, Washington gave in to China on Qian's White House meeting with President Bush, U.S. support for resuming World Bank lending to China, and Baker's visit to Beijing, among other things, while China did not vote in favor of the Iraq resolution in the UN Security Council, essentially rooted for Iraq's victory in the Gulf War, and made no progress whatsoever on liberalization. These developments confirm TELOS' predictions that the Bush administration, under the influence of cultural-ideational pressures, would still believe, even against mounting evidence to the contrary, that Washington's support for (re-)integrating China in the international community and in the world economy would eventually bear fruit in the form of China's resumption of its internal and external liberalization processes.

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The U.S.-China relationship never recovered from the blow of the Tiananmen Square massacre, even though the Bush administration tried hard to restore it to its previous level. I share Suettinger's assessment that "at the close of the Bush administration, U.S.-China relations were nearly as icy as they had been all the way through."<sup>109</sup> Following the Tiananmen Square massacre, the Bush administration worked diligently to restore the relationship to its earlier state, however cultural-ideational pressures clouded their judgment. As a result, they did not properly configure into their

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<sup>109</sup> Suettinger, *Beyond Tiananmen*, 144.

strategic calculations several salient systemic signals, namely that (i) Tiananmen signaled a hardline turnabout in Beijing on political and economic liberalization, (ii) the leadership in Beijing *ad absurdum* blamed Tiananmen on the United States, and most importantly, (iii) with the decline and collapse of the Soviet Union, the strategic basis for the U.S.-China *de facto* alliance was gradually disappearing. The Bush administration's China strategy, the goal of restoring the earlier cooperative relationship with Beijing and continuing the Cold War engagement course, provoked intense opposition from the Congress, opinion leaders, the media, and the American public, without whose buy-in the administration's efforts were doomed to fail. Indeed, even decision-makers within the administration themselves saw clearly the ultimate inadequacy of U.S. strategy after Tiananmen. Baker himself admits this: "For the remainder of 1989—and indeed the rest of the Bush presidency—the Chinese relationship essentially treaded water. Any real chance for forward motion died along with the demonstrators in the square that fateful June evening."<sup>110</sup> After Tiananmen, the Bush administration fought admirably to restore the relationship to its previous level. However, the circumstances completely changed in the meantime – China made a complete turnabout on liberalization and the international context turned upside down. The Soviet Union was no longer and China was gradually rising. The Bush administration could not see all of the international systemic signals clearly and readily, but what they did see, they ignored at their own peril. Under the influence of the cultural-ideational pressures of American liberal strategic culture, the *liberal ordering mission*, and the president's leader images, the Bush administration neglected heeding international systemic signals, continued pursuing the engagement

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<sup>110</sup> Baker with Defrank, *The Politics of Diplomacy*, 112.

strategy, and ended up with the U.S.-China relationship in tatters – and with Communist China increasingly repressive and hostile but much strengthened and emboldened.

## **ANALYSIS: U.S. STRATEGY, CHINA'S RISE, AND INTERNATIONAL ORDER 1989-1993**

### **The efficacy of U.S. strategy**

The George H. W. Bush administration essentially sought to continue the Reagan administration's engagement strategy toward China. In Douglas Paal's recollection, "The Nixon opening and the Reagan period left us with strategic cooperation with China against the Soviet Union. The Soviet Union wasn't gone yet, so Bush was not going to toss this relationship with China out the window."<sup>111</sup> However, the international system was undergoing momentous structural changes during the Bush administration's term in office, and yet the White House chose to continue the engagement strategy without major modification throughout their four years in office. After the Tiananmen Square massacre, when the Chinese leadership ordered in the military against young protesters, killing thousands and arresting further thousands of their own citizens, the previously cooperative bilateral relationship experienced a breakdown, as a result of the brutal suppression of the demonstrations and the sanctions the Bush administration put in place as a response. Subsequently, the White House's strategy was directed at restoring the earlier state of the relationship, essentially using the tools of the engagement strategy and ending the post-Tiananmen sanctions. Despite their persistent efforts, they could not move the relationship out of its crisis mode, due to a number of factors, including the

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<sup>111</sup> Author interview with Douglas Paal, August 9, 2022.

Chinese leadership's unwillingness to make real progress on internal and external liberalization, the enormous opposition to the Bush strategy from the Congress, the media, and the public at home, and some internal disagreements within the administration – factors that all point to the real cause of the failure: the inadequacy of Bush's engagement strategy itself.

It is quite telling about the inefficacy of the Bush strategy vis-à-vis China after Tiananmen is that it failed to achieve the Bush administration's very own goal: the restoration of the U.S.-China relationship to its previous levels and quality. The Bush administration was aware of this. Baker himself admitted that, following the Tiananmen massacre, "for the remainder of 1989—and indeed the rest of the Bush presidency—the Chinese relationship essentially treaded water. Any real chance for forward motion died along with the demonstrators in the square that fateful June evening."<sup>112</sup> The Bush administration's diplomacy that was so eagerly and actively working around the clock to "court" the Chinese and restore the relationship failed even by their own account.

Another important aspect of the inefficacy of U.S. strategy and the inefficient response to international pressures was the Bush administration's miscalculation of the power positions of the two countries and which one of them had more leverage over the other. The Bush White House seems to have bent over backwards to appease China and to restore U.S.-China relations after the Chinese leadership had badly damaged these relations with the violent repression of the protests and even blamed Washington for the deterioration of bilateral ties. This raises questions about the power positions of the two actors. Why did the Bush administration "court" the Chinese leadership so adamantly? Why was it so important to return to the earlier cooperative relationship? What was

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<sup>112</sup> Baker with Defrank, *The Politics of Diplomacy*, 112.

China's strategic value to the United States? Who had more leverage in the relationship? Did the United States need China more than China needed the United States? <sup>113</sup>

All of these issues are part of the broader structural landscape of the relationship. The first issue to evaluate is China's strategic value to the United States, especially because this was one of the Bush administration's explicitly stated rationales for pursuing the engagement strategy. The China strategy of the Bush administration was formulated in the midst of the decline of Soviet power and the end of the Cold War, although the administration's decision-makers could not be certain about the latter for a while. The engagement strategy towards China initiated by the Nixon-Kissinger administration and embraced by every subsequent administration from Ford to Reagan was based on the idea of a *de facto* U.S.-China alliance in order to counter the Soviet Union. As the Soviet Union and the Soviet bloc were collapsing, the United States did not need China as much as it had needed it to balance against the Soviet Union in the 1970s and 1980s. As Robert Ross put it, "Soviet power increasingly deteriorated. Eventually, this trend eroded the strategic foundation of U.S.-Chinese relations."<sup>114</sup> The administration came into office in January 1989, when the Soviet Union and the Soviet bloc were still standing and Gorbachev was forging ahead with his *perestroika* and *glasnost* reforms, even though the first cracks were starting to be visible. During the year 1989, however, the Soviet bloc collapsed and the Soviet Union itself was in the process of disintegrating. The Bush administration seemingly ignored these developments and continued reasoning its China strategy through Beijing's strategic value as a counter to the Soviet Union. In reality, Soviet power was in steady decline, and the main rationale underpinning China's

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<sup>113</sup> Evan Medeiros, "The Other Tiananmen Papers. A ChinaFile Conversation. Comments," *ChinaFile*, July 8, 2019, <https://www.chinafile.com/conversation/other-tiananmen-papers>.

<sup>114</sup> Ross, "U.S. Policy Toward China," 172.

strategic importance to the United States was fast disappearing, even if the Bush administration refused to face reality.<sup>115</sup>

Based on our historical narrative, one may conclude that American decision-makers acted as if China had a lot more leverage in the relationship than the United States, and that therefore the United States would have to “court” China in order to restore the previous state of the relationship. However, our discussions about the global distribution of power and China’s rise clearly showed that the United States had way more leverage over China than the other way around, and that the United States should have recognized that the changes in the international balance of power would have pointed toward a more forceful U.S. stance and a shift toward balancing. I agree with Michael Green that the Bush administration’s diplomacy, especially the Scowcroft-Eagleburger missions “gave the appearance that the administration thought the United States needed the relationship more than China did.”<sup>116</sup> The United States was becoming the sole superpower during these years—Charles Krauthammer proclaimed the arrival of the “unipolar moment.”<sup>117</sup> China did not have many allies and the Tiananmen massacre further isolated Beijing. Even though Beijing needed the relationship more than Washington did, the Bush administration ceded that leverage to the Chinese leadership.

This was true particularly in economic affairs, where the United States held its best cards. As Mann argues, “if ever there was a time when the United States held considerable economic leverage over China, this was it. The Bush administration didn’t

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<sup>115</sup> Mann, *The China Fantasy*, 78.

<sup>116</sup> Green, *By More Than Providence*, 436-437.

<sup>117</sup> Charles Krauthammer, “The Unipolar Moment,” *Washington Post*, July 20, 1990, <https://www.washingtonpost.com/archive/opinions/1990/07/20/the-unipolar-moment/62867add-2fe9-493f-a0c9-4bfba1ec23bd/>.

seek to use this leverage.”<sup>118</sup> Bush’s pursuit of the engagement strategy meant that Washington granted MFN extension to China, ended the post-Tiananmen sanctions, and allowed multilateral lending to Beijing to restart. Partly thanks to such U.S. support, “within a couple of years, Deng succeeded spectacularly in reviving China’s economic growth, and by the time Bush gave way to a new administration in Washington, the moment of American economic leverage had passed.”<sup>119</sup> Even though the United States held economic leverage over China, it ceded such leverage to Beijing and significantly facilitated China’s economic rise without advancing any U.S. interests or values in return.

Under the influence of cultural-ideational pressures, the Bush administration delayed its recognition of the changes in the global balance of power, overestimated China’s strategic importance, allowed China to have the upper hand in the relationship, and ceded its leverage over Beijing during a crucial period when China’s ascendance was starting. U.S. strategy, in effect, facilitated China’s rise.

## **Assessment of the predictive value of the two contending theories**

International systemic factors cannot account for the Bush administration’s decision of continuing the engagement strategy vis-à-vis China. While the need to ally with China against the Soviet Union necessitated the pursuit of the engagement strategy during the late Cold War, Soviet power was in steady decline throughout the entire term of the Bush administration. The Soviet bloc collapsed in the course of Bush’s first year, and by the end of his presidency, the Soviet Union itself dissolved. The Soviet threat could no longer rationalize U.S. support for China. The second systemic motivation for

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<sup>118</sup> James Mann, *The China Fantasy: How Our Leaders Explain Away Chinese Repression* (London: Penguin, 2007), 80.

<sup>119</sup> Mann, *The China Fantasy*, 80.



U.S. engagement strategy, including for U.S. help for China's global economic integration, was the hope that such support would gradually bring about China's internal and external liberalization. From the Tiananmen Square massacre on, China's domestic policies were characterized by increasing repression and its foreign policy by deepening hostility toward the United States and the U.S.-led liberal international order. Moreover, in another systemic-structural change, China also began slowly rising in the international system (distribution of capabilities) economically and militarily in the early 1990s. All of these systemic factors should have prompted U.S. policymakers to make a slight shift in U.S. strategy toward balancing. While initial reactions to Tiananmen (U.S. sanctions) may have seemed to confirm systemic predictions, overall we have seen throughout this chapter that there was no clear transmission belt between the independent variable (international systemic pressures) and the dependent variable (U.S. strategy). The expectations of offensive realism that these international systemic pressures would generate an enduring shift in U.S. strategy toward balancing are not borne out by the actual historical record.

Instead, as this chapter has demonstrated, the *theory of the liberal ordering strategy* does a much better job at explaining the Bush administration's China strategy by pointing to the impact of cultural-ideational factors as intervening variables. President Bush's personal history with China (leader images) significantly distorted his views on the formulation of the strategy to be pursued toward China. More importantly, American liberal strategic culture and the *liberal ordering mission* it inspired had an enormous influence on the thinking of the president and his top advisors on China policy. Through the impact of these cultural-ideational factors and particularly the *liberal ordering mission*, the Bush administration's leadership expected that continued U.S. support for China's global economic and political integration would gradually lead to China's internal and

external liberalization. Furthermore, these cultural-ideational pressures were so strong and so deeply embedded in the minds of the U.S. leadership that no amount of continuously mounting evidence of their strategy's failure could snap them out of it. Even though the Chinese leadership massacred their own citizens in Tiananmen Square, blamed it on the United States, launched a new wave of political repression, completely halted internal political and economic reforms, "played" Washington on Iraq/Kuwait, and was generally exhibiting increasingly hostile rhetoric and behavior toward the United States throughout 1989-1993, the Bush administration did not change course. It did not change course because its top policymakers genuinely believed in the ideas and expectations inspired by cultural-ideational factors.

The impact of American liberal strategic culture and the *liberal ordering mission* can be traced in the Bush administration's public pronouncements as well as in their internal documents shedding light on the considerations going into the formulation of China strategy. Bush's 1990 National Security Strategy uses the logic of the *liberal ordering mission* to explain why, even after the Tiananmen Square massacre, the administration believed it was necessary to continue the engagement strategy: "The United States strongly deplored the repression in China last June and we have imposed sanctions to demonstrate our displeasure. At the same time, we have sought to avoid a total cutoff of China's ties to the outside world. Those ties not only have strategic importance, both globally and regionally; they are crucial to China's prospects for regaining the path of economic reform and political liberalization. China's angry isolation would harm all of these prospects."<sup>120</sup> A White House internal document from May 1990 also expresses that engagement strategy as underpinned by the assumptions of the *liberal ordering mission*

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<sup>120</sup> The White House, *The National Security Strategy of the United States of America*, 1990, George H. W. Bush, 12.

must continue: “Engagement pays off in the long run. Western involvement in China has helped produce the major social and economic changes behind the Tiananmen demonstrations. Despite the past year’s repression, greater interaction will lead ultimately to greater influence.”<sup>121</sup> The cultural-ideational factors of American liberal strategic culture, the *liberal ordering mission*, and President Bush’s leader images are greatly responsible for ensuring that the Bush administration chose to pursue the engagement strategy and for skewing an efficient U.S. response to international systemic stimuli.

In sum, this chapter has found that, while international systemic stimuli were pointing to a slight shift toward balancing, the Bush administration, under the influence of cultural-ideational factors, chose to continue the engagement strategy vis-à-vis China. The administration supported China’s global economic and political integration, even though China’s internal and external behavior did not align with U.S. expectations or the values of the U.S.-led liberal international order. Through helping integrate China into the world economy and not balancing against (containing) Beijing, the Bush administration forfeited its chance to shape China’s trajectory and essentially facilitated China’s rise. This first of three case studies thus confirms the predictive value of the *theory of the liberal ordering strategy* and the strength of cultural-ideational factors – as against the predictive value of offensive realism and an explanation solely based on international pressures. In the next chapter, we examine the China strategy of the Clinton administration.

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<sup>121</sup> “Fact Sheet on Continuation of MFN for China,” May 24, 1990, Office of Cabinet Affairs Staffing Memorandum, folder “MFN for China,” OA/ID 07687, Paul Korfonta, White House Office of Cabinet Affairs, Bush Presidential Records, George Bush Presidential Library.

**Table 3.1** The assessment of the predictions of offensive realism and the *theory of the liberal ordering strategy* about the George H. W. Bush administration's China strategy in six mini-cases

| Mini-case (period)                                                 | The prediction of offensive realism                            | The prediction of TELOS                | The Clinton administration's chosen strategy | Was offensive realism correct? | Was TELOS correct? |
|--------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------|----------------------------------------------|--------------------------------|--------------------|
| Tiananmen Square massacre and its aftermath                        | Shift toward balancing (tough stance on Beijing)               | Engagement (appeasement)               | Engagement (appeasement)                     | No                             | Yes                |
| Freeze in relations – re-enter Nixon and Kissinger                 | Shift toward balancing                                         | Engagement (appeasement)               | Engagement (appeasement)                     | No                             | Yes                |
| The second Scowcroft mission and its fallout                       | Shift toward balancing                                         | Engagement (appeasement)               | Engagement (appeasement)                     | No                             | Yes                |
| The first fight over China's MFN status                            | Shift toward balancing (linking MFN renewal to liberalization) | Engagement (unconditional MFN renewal) | Engagement (unconditional MFN renewal)       | No                             | Yes                |
| The Gulf War and Baker's last visit: the relationship stays frozen | Shift toward balancing                                         | Engagement                             | Engagement (swapping concessions)            | No                             | Yes                |

## 4. Chapter 4:

# The Bill Clinton Administration's China Strategy: From the "Butchers of Beijing" to Strategic Partnership

*"La Chine est un géant endormi. Laissez donc la Chine dormir, car lorsque la Chine s'éveillera le monde entier tremblera."*

*(Napoleon Bonaparte)<sup>1</sup>*

*"The change this [WTO] agreement can bring from outside is quite extraordinary, but... nothing compared to the changes that [it] will spark from the inside out in China. The more China liberalizes its economy, the more fully it will liberate the potential of its people... The genie of freedom will not go back into the bottle."*

*(President Bill Clinton, 2000)<sup>2</sup>*

## INTRODUCTION

Bill Clinton harshly criticized President George H. W. Bush in the 1992 presidential election campaign for being too soft on China and "coddling the butchers of Beijing." As China was rising with full speed economically and militarily, he set out to right the wrongs of the Bush administration's China policy. While Clinton sought to balance against China's rise and conditioned the renewal of China's most-favored-nation status on progress on China's internal liberalization (human rights) in 1993, Beijing barely lifted a finger to improve its record and the Clinton administration ended up making one of the biggest reversals in the history of U.S. foreign policy in 1994. Recognizing China's growing importance and challenge to the United States, the Clinton administration's top decisionmakers undertook several reviews of China strategy in 1993-1996. While the

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<sup>1</sup> "China is a sleeping giant. Let her sleep, for when she awakens, the whole world will tremble."

<sup>2</sup> William J. Clinton, "Speech on China Trade Bill," at the Paul H. Nitze School of Advanced International Studies of the Johns Hopkins University," March 9, 2000, *Public Papers of the President*

China Strategy for 1993-1994 settled on an engagement posture, the Lake-Lord Strategic Review and the Nye Initiative brought balancing back on the table in 1995-1996. China's aggressive behavior toward Taiwan provoked the Third Taiwan Strait Crisis, and while the Pentagon continued pushing for military balancing, the center of the administration settled back on engagement and called for a "strategic dialogue" between Washington and Beijing in late 1996. As a result, the next two years witnessed prominent U.S.-China summitry, leading to the proclamation of "strategic partnership" during Jiang Zemin's visit to Washington in late 1997. For the rest of Clinton's second term, the administration worked diligently (and through the occasional crisis) to bring China into the World Trade Organization and thus Beijing's integration into the world economy to completion.

Throughout the eight years of the Clinton presidency, the international systemic pressures of China's full-fledged rise and its poor record of internal and external liberalization should have prompted the shifting of U.S. strategy toward balancing, in line with offensive realism. However, the Clinton administration only effected partial and short-lived shifts toward balancing in its first term, ending up abandoning them, and from March 1996 to the end of its second term in January 2001 it was back to pursuing the engagement strategy again. While international systemic pressures pointed to a necessary shift in U.S. strategy toward balancing (as offensive realism would predict), the Clinton administration placed most of its bets on engagement. Offensive realism and international pressures cannot account for U.S. strategy during these years.

The insight of my *theory of the liberal ordering strategy* (TELOS), a neoclassical realist approach, is that cultural-ideational factors made a strong impact on the formulation of the Clinton administration's China strategy. President Clinton and his foreign policy team's strong commitment to American liberal strategic culture and the *liberal ordering mission* meant that they genuinely believed, even against evidence from international

systemic signals piling up to the contrary, that continued engagement with China would eventually bring about Beijing's liberalization and full integration into the U.S.-led liberal international order. Such expectations failed to materialize.

In this chapter, I first present the international systemic and cultural-ideational pressures relevant for the formulation of the Clinton administration's strategy vis-à-vis China. I begin with international systemic conditions, specifically China's now full-fledged rise in the global distribution of power and China's lack of liberalization internally and externally. I outline the predictions of offensive realism, a theory building on these international pressures, for the Clinton administration's China strategy. I then describe the cultural pressures upon the formulation of America's China strategy, particularly American liberal strategic culture and the *liberal ordering mission*. Integrating international pressures with cultural-ideational pressures, I outline the predictions of my *theory of the liberal ordering strategy* for U.S. strategy toward China during this period.

In the second part of the chapter, I present the evolution of the Clinton administration's strategy vis-à-vis China. I focus on key events that represented turning points in the relationship and are key to understanding the development of the strategy. I divide the term of the Clinton administration along key events into seven periods. In the seven "mini-cases," I outline the predictions of the two competing theories, lay out the actual historical record of the evolution of U.S. strategy, and draw my conclusions about the explanatory value of the two theories. The seven mini-cases are:

1. "The Butchers of Beijing": China in the 1992 presidential campaign
2. The next fight over Most Favored Nation status
3. The China Strategy for 1993-1994 and the National Security Strategy of 1994
4. Engage-and-balance: The Lake-Lord Strategic Review & the Nye Initiative
5. The Third Taiwan Strait Crisis in 1995-1996

6. Return to engagement and proclamation of “strategic partnership”
7. Getting China into the World Trade Organization

Finally, in the third part of the chapter, I present the analysis of my findings, discussing the efficacy of U.S. strategy and assessing the predictive power of the alternative theoretical explanations for the choice of U.S. strategy.

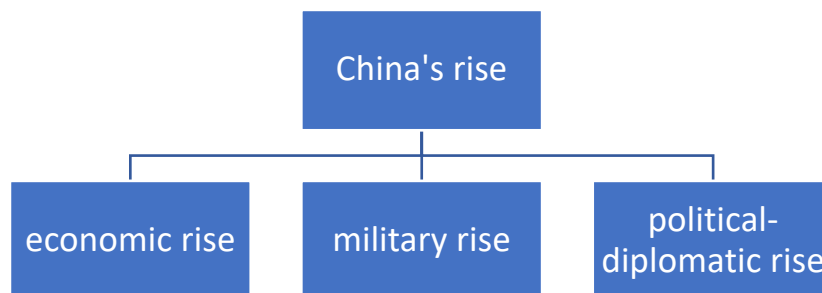
## **BACKGROUND: INTERNATIONAL AND CULTURAL PRESSURES 1993-2001**

### **International pressures**

#### *China's rise and the changing global balance of power*

The Clinton administration arrived on the scene as the global power transition of the years 1989-1992 had just been completed. With the Soviet Union gone, the United States was enjoying its “unipolar moment” under the sun. A new international system was taking shape, in which the interests of the major powers seemingly aligned. China came out of its post-Tiananmen isolation and embarked on its full-fledged rise in all three compartments. China was now rising economically, militarily, and politically.

**Figure 4.1** The compartments of China's rise

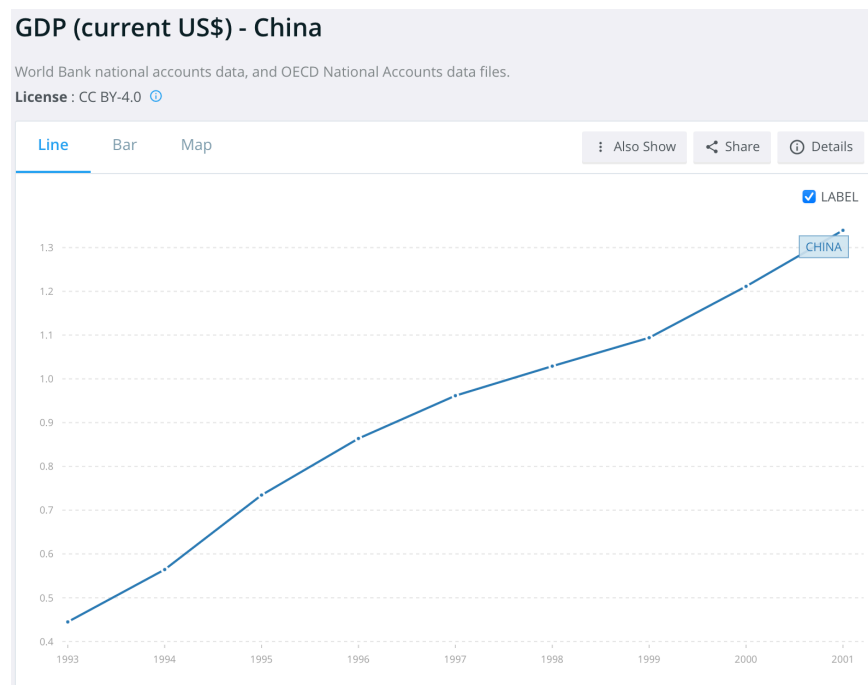




## *China's economic rise*

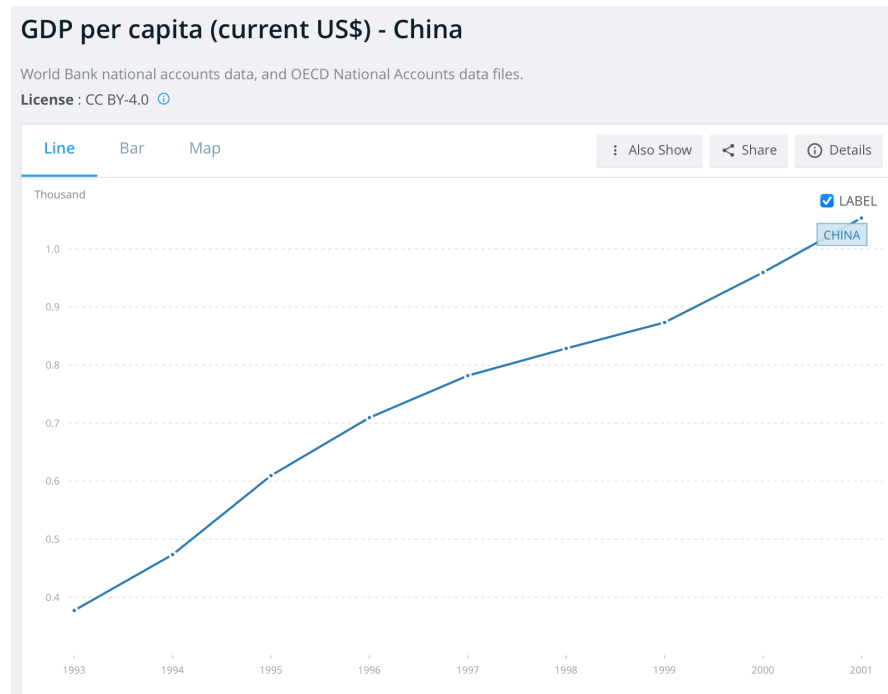
While Deng's market reforms and the Western market opening launched the budding growth of China's economy in the 1980s, what we refer to as "China's economic rise" started in earnest in the 1990s. In fact, during the Clinton years China made unprecedented achievements in economic growth. Between 1993 and 2001, China's gross national product (GDP) grew to 3 times its former size from \$444.73 billion to \$1.34 trillion (as a reminder, China's GDP grew only by approximately 30 percent during the Bush years of 1989-1993) (Figure 3.2). Similarly, China's per capita GDP grew nearly threefold, from \$337.40 to \$1053.10 (Figure 4.3).

**Figure 4.2** The growth of China's GDP between 1993 and 2001<sup>3</sup>



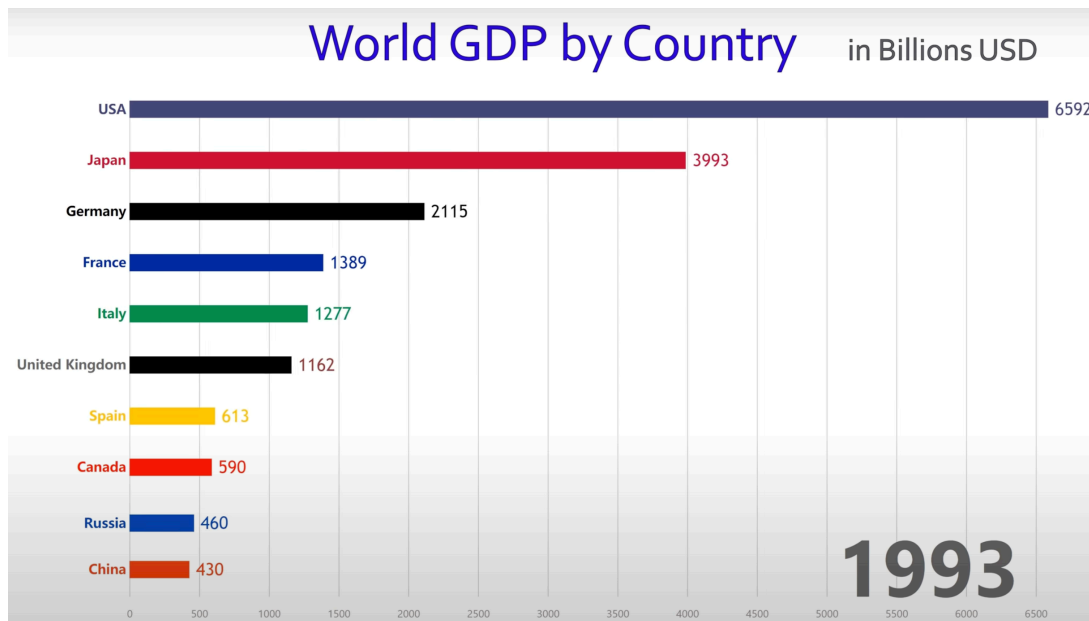
<sup>3</sup> "World Bank Open Data | Data," accessed March 30, 2023, <https://data.worldbank.org/>.

**Figure 4.3** The growth of China's GDP per capita between 1993 and 2001<sup>4</sup>



During these years, China climbed from being the No 10 economy in the world to being the No 6 economy in the world, as measured in GDP (Figures 4.4 and 4.5).

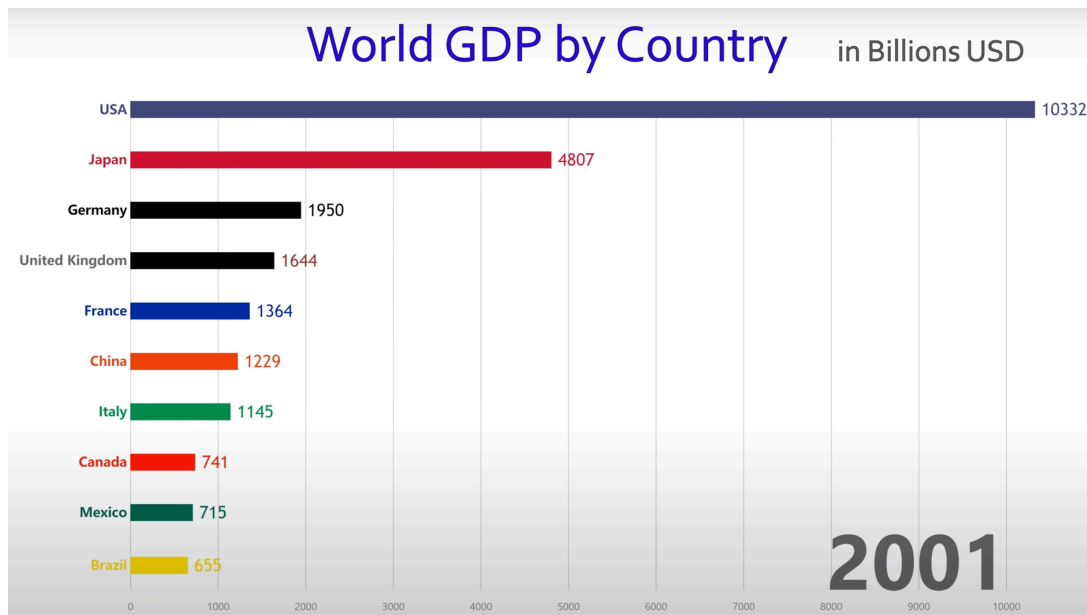
**Figure 4.4** China was the 10<sup>th</sup> largest economy (measured in GDP) in the world in 1993<sup>5</sup>



<sup>4</sup> "World Bank Open Data | Data."

<sup>5</sup> Jeff Desjardins, "The World's 10 Largest Economies by GDP (1960-Today)," *Visual Capitalist* November 1, 2018, accessed March 31, 2023, <https://www.visualcapitalist.com/animation-the-worlds-10-largest-economies-by-gdp-1960-today/>.

**Figure 4.5** China became the 6<sup>th</sup> largest economy (measured in GDP) in the world by 2001<sup>6</sup>



Since “power in international life... is measured in relative terms,”<sup>7</sup> we need to put China’s phenomenal growth rate in the context of the global balance of power. For our research, the most important changes are those between the capabilities of the United States and China. While China begins this period with nearly 13% annual GDP growth in 1989, the United States starts out with 1.4%. China’s growth changes between 12.6% and 7.6% (and declines overall) in 1993-2001. On the other hand, the American economy barely grows during this period. The U.S. GDP growth rate moves between 0% and 3.6% (and also declines overall). While there is still a significant difference in the sizes of the American and Chinese economies, these figures clearly show that the Clinton years are a period of continuing strong growth for the Chinese economy, while they bring very modest growth for the U.S. economy. China’s economic rise is now in full force.

<sup>6</sup> Jeff Desjardins, “The World’s 10 Largest Economies by GDP (1960-Today),” *Visual Capitalist* November 1, 2018, accessed March 31, 2023, <https://www.visualcapitalist.com/animation-the-worlds-10-largest-economies-by-gdp-1960-today/>.

<sup>7</sup> Zakaria, *From Wealth to Power*, 46.

**Figure 4.6** The growth of the United States' and China's GDP between 1993 and 2001<sup>8</sup>



While the volume of China's rise in the distribution of capabilities is clearly a central concern when assessing international systemic factors, the trajectory of China's rise and thus China's economic strategy need also be considered. Beijing continued pursuing this blunting strategy in the period 1993-2001. "China's efforts [in economic affairs] in this period... were part of a *blunting* strategy that sought to minimize American economic power and leverage over China... all the while ensuring Beijing could continue to access American markets, capital, and technology."<sup>9</sup> Within its economic strategy, China's main goal was to make its Most Favored Nation status with the United States permanent, and gaining membership in the World Trade Organization would also help with that goal.<sup>10</sup>

<sup>8</sup> "World Bank Open Data | Data."

<sup>9</sup> Rush Doshi, *The Long Game: China's Grand Strategy to Displace American Order* (Oxford University Press, 2021), 136.

<sup>10</sup> Doshi, *The Long Game*, 145.

### *China's military rise*

Following the military overhaul inspired by the shock of China's leaders by the American "revolution in military affairs" in the 1991 Gulf War (chronicled in the previous chapter), China's military rise and modernization continued after 1992."In the early 1990s... China began increasing its military spending significantly for the first time since 1978."<sup>11</sup> Underpinned by the growth in military spending, China's military modernization had significant implications for the distribution of military capabilities. As Hugh White assesses: "The military balance in Asia began to shift in the 1990s, as China's military priorities changed and its capabilities developed. Three trends drove this. First, China's defence budget grew as its economy grew. Second, the disappearance of the Soviet Union as a major continental threat allowed China to shift priority from land to maritime forces. Third, the willingness of [the former] Soviet Union to sell military technology enabled China to develop its capabilities much faster."<sup>12</sup> Based on these factors, China was able to develop its air and naval capabilities significantly in the Clinton years.

China's growth in military spending and its military modernization seemed so substantial that they even sounded the alarms in the Pentagon. "China's published defense budget figure has doubled in the past five years, with real growth... estimated at about 40 percent... By comparison, American, Japanese and Russian defense spending has either remained level or decreased in the same period. China is investing in modern fighter aircraft, including Russian SU-27s, as well as other new-generation military capabilities. It has expanded its blue-water naval capabilities, and there is persistent

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<sup>11</sup> Thomas J. Christensen, "Posing Problems without Catching up: China's Rise and Challenges for U.S. Security Policy," *International Security* 25, no. 4 (2001): 6, <https://www.jstor.org/stable/3092132>.

<sup>12</sup> Hugh White, *The China Choice: Why America Should Share Power* (Black Incorporated, 2012), 64.

speculation that it intends to acquire an aircraft carrier... Although China's leaders insist their military build-up is defensive and commensurate with China's overall economic growth, others in the region cannot be certain of China's intentions."<sup>13</sup> China's military buildup in the 1990s caught the eyes of Washington decisionmakers.

China's military buildup followed the strategy Rush Doshi calls *military blunting*, whose implementation continued throughout the rest of the 1990s. Recall from the previous chapter that in the early 1990s, "China's strategy cohered into an effort to develop asymmetric weapons to blunt American power," and historical records indicate "(1) that China believed it was facing a threat from US high-tech weaponry; and (2) that China needed an asymmetric approach using 'shashoujian' or 'assassin's mace' weapons to deal with that threat."<sup>14</sup> The champion of 'shashoujian' buildup, Zhang Wannian "declared that China needed shashoujian weapons with a 'strong deterrent power' by the year 2000 to deal with 'the main direction of military struggle,' a reference to the Taiwan Strait, which would involve US intervention."<sup>15</sup> After U.S. strikes against Iraq in 1998 and especially after the U.S. bombing of China's embassy in Belgrade during the Kosovo war, Chinese efforts for implementing the blunting strategy and developing 'shashoujian' weapons became even more urgent. Rush Doshi quotes Zhang's speech in July 1999: "'The war in Kosovo is an important step in accelerating the implementation of the global strategy by the United States...' 'What is the Chinese People's Liberation Army to do in the face of possible future war threats?' China should focus on 'vigorously producing 'shashoujian' weapons under the precept that 'what the enemy is most afraid

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<sup>13</sup> Department of Defense, *United States Security Strategy for the East Asia-Pacific Region*, February 1995, 14-15.

<sup>14</sup> Doshi, *The Long Game*, 73-74.

<sup>15</sup> Doshi, *The Long Game*, 79, quotes Zhang Wannian Writing Group, *Biography of Zhang Wannian*, vol. 2, 82.

of is what we should develop.”<sup>16</sup> Doshi adds an important clarification: “The focus was on winning these wars against the United States.”<sup>17</sup> In sum, throughout the 1990s China continued its military rise and its military blunting strategy, both of whose main target remained the United States.

### *China's political-diplomatic rise*

Starting in 1993, Beijing would gradually end its post-Tiananmen isolation and China's political-diplomatic rise would begin. This involved openings both in bilateral relations and in multilateral diplomacy. In bilateral ties, China significantly expanded its global network of partners utilizing a broad array of tools of statecraft: “Through a combination of pragmatic security policies, growing economic clout, and increasingly deft diplomacy, China has established productive and increasingly solid relationships throughout Asia and around the globe, to include new partnerships in Southeast Asia, Central Asia, Europe, Africa, and South America.”<sup>18</sup>

In multilateral diplomacy, even before Tiananmen, China had not been an active player. As Christensen argues, “By the early 1990s, China had become... ‘the high church of realpolitik’ and as such treated multilateral organizations... either with indifference or suspicion.”<sup>19</sup> By 1996, “there were hints of a new, more positive change in China's diplomacy, as China signaled that it might for the first time embrace multilateralism... By 2000 China had become much more active in institutions in which it had previously

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<sup>16</sup> Zhang Wannian Writing Group, *Biography of Zhang Wannian*, vol. 2, 419. Quoted in Doshi, *The Long Game*, 80.

<sup>17</sup> Doshi, *The Long Game*, 80.

<sup>18</sup> Bates Gill, *Rising Star: China's New Security Diplomacy* (Brookings Institution Press, 2010), 1.

<sup>19</sup> Thomas J. Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (W. W. Norton & Company, 2015), 21.

been a relatively passive member.”<sup>20</sup> In the period between 1996 and 2001, China actually helped found numerous multilateral organizations or initiatives. China co-founded the Shanghai Five (later Shanghai Cooperation Organization) with Russia and Central Asian countries in 1996; the ASEAN Plus Three with existing ASEAN members, Japan, and South Korea in 1997; and the Forum on China-Africa Cooperation in 2000. China was slowly expanding its influence in the Asia-Pacific. Although starting from a low baseline, China’s gradual political-diplomatic rise was beginning in the period 1993-2001.

### ***China’s approach to liberal order: internal and external liberalization***

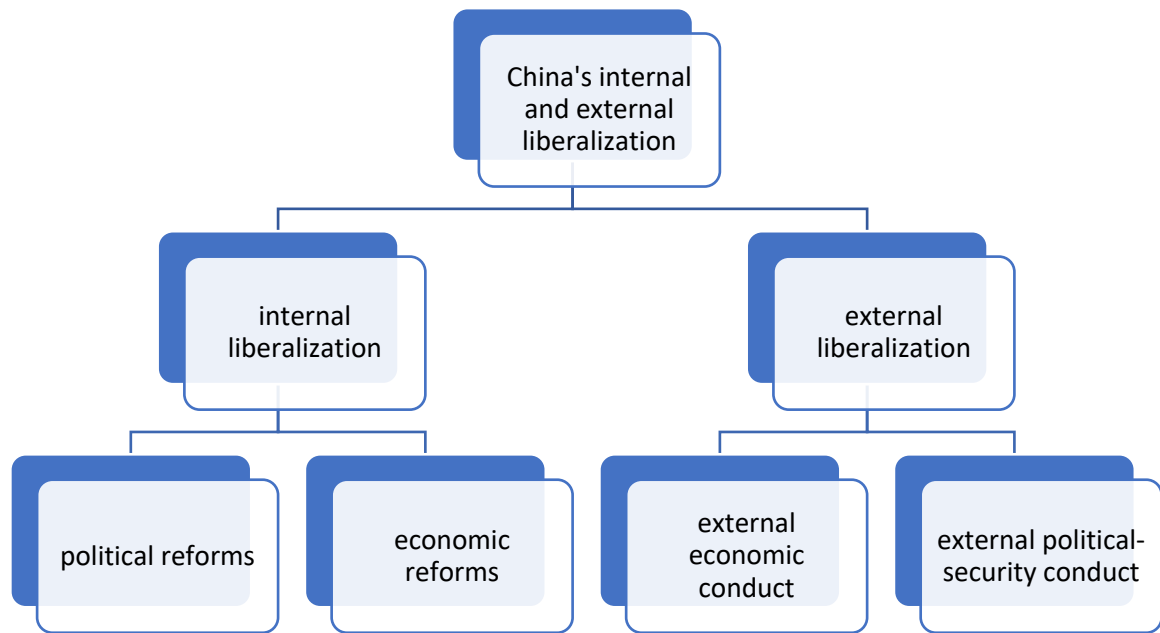
While the most important signals from the international system are without doubt the structural information about the changing distribution of capabilities, the international system also provides signals about other states’ behavior and intentions. Therefore, when analyzing the formulation of the Bill Clinton administration’s China strategy (dependent variable) and the factors shaping it, it is imperative that we examine China’s internal and external behavior in 1993-2001 as international systemic signals (part of the independent variable). In this section I outline China’s internal and external behavior during this period in four parts: (i) China’s internal political reforms (liberalization), (ii) internal economic reforms (marketization), (iii) external political conduct (China’s approach to the United States and to the international order), and (iv) external economic conduct (China’s adherence to the rules of the international economy).

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<sup>20</sup> Christensen, *China Challenge*, 22.



**Figure 4.7** China's approach to the liberal international order: the components of China's internal and external liberalization



### *Political reforms*

Shortly before Bill Clinton's election to the presidency, the Chinese Communist Party's Fourteenth Congress in October 1992 set the tone on Chinese reforms for the rest of the decade. The party congress codified the revival of "the basic reform orientation of the party's work—and its focus on economic, rather than political reform."<sup>21</sup> The CCP's new leader, Jiang Zemin "rejected 'absolutely' the appropriateness of a 'Western, multiparty parliamentary system for China.'"<sup>22</sup> While the resurrected economic reforms helped launch unprecedented economic activity and essentially China's economic rise, political reforms would barely advance at all. "[While] Deng and his successor, Jiang Zemin... continued to rely heavily on the prop of material progress, during the 1990s the

<sup>21</sup> Robert L. Suettinger, *Beyond Tiananmen: The Politics of U.S.-China Relations 1989-2000* (Brookings Institution Press, 2004), 138.

<sup>22</sup> Suettinger, *Beyond Tiananmen*, 138.

party-state also expanded its arsenal of repressive tools and began to increase the role played by popular nationalism in its program of ideological indoctrination.”<sup>23</sup> Following his mentor, Jiang Zemin’s rule (CCP General Secretary 1989-2002, Chairman of China 1993-2003) would usher in increasing repression instead of advancing political reforms.

As China was growing economically at rates previously unseen, some outside observers had expected that the effects predicted by modernization theory would materialize, i.e. economic growth would help create a more educated middle class who would demand and acquire more freedoms. They were wrong. With China’s economic rise unfolding, the Communist Party kept looking for ways to turn economic gains into assets to enhance the party’s grip on power. “Over the course of the 1990s, CCP strategists developed a sophisticated appreciation for the potentially disruptive effects of modernization that mirrored the analysis of Western analysts while inverting their conclusions. Western theorists had predicted that development would create complexities... that would be difficult to manage in a top-down system. Their assessment, which... became an important part of the rationale for engagement, was that China would have no choice but to move towards... deep, genuinely liberalizing political reforms. Rejecting this possibility out of hand, Chinese policymakers, by contrast, looked for methods of alleviating or containing rising societal pressures, deflecting them in ways that strengthened the regime rather than weakening it.”<sup>24</sup> During the period 1993-2001, political reforms did not advance in China and, moreover, the Chinese Communist Party actually increased its grip on power.

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<sup>23</sup> Aaron L. Friedberg, *Getting China Wrong* (Cambridge, UK/Medford, MA: Polity, 2022), 52.

<sup>24</sup> Friedberg, *Getting China Wrong*, 61.

## *Economic reforms*

While the Chinese leadership halted political reforms and moved toward increased repression, economic reforms were advanced significantly in the 1990s, contributing to China's nearly unprecedented economic rise.

Deng's southern tour launched the biggest wave of economic reform. His "inspection tour" of southern China reignited the reform spirit not only in the provinces he visited, but all over the country. The results of his campaign were codified by the Fourteenth Congress. Reformist intellectuals, who had been sidelined since the Tiananmen Square massacre and the subsequent ousting of their mentor Zhao Ziyang, immediately got to work on the implementation of a wide array of sweeping economic reforms. "During 1992 and 1993, the central government achieved many of the price reform goals that had eluded Zhao (decontrolling prices on most agricultural products, industrial goods, and energy), began to set down guidelines for the reform of money-losing state-owned enterprises (SOEs), established a new tax system to improve central control over revenues, formally legitimized private enterprise, established dozens of new "economic development zones" with special incentives for export-related industries, started revising the state constitution to support economic reform, adopted new accounting standards, reformed the banking system so it could better implement macroeconomic control, revised China's foreign exchange system, and broadened standards for foreign participation in the Chinese economy."<sup>25</sup> China's economic reforms were revived in 1992-1993 and they brought about a far-reaching transformation of the Chinese economy towards a combination of socialist and market-based models.

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<sup>25</sup> Suettinger, *Beyond Tiananmen*, 145-146.

While the 1992-1993 economic reforms were extensive, they were not followed by subsequent waves of reform, only by sporadic, albeit crucial, sectoral reforms. In preparation for China's WTO accession, Beijing instituted external trade policy reform in January 1994 "to establish a platform for equal competition and to create an operational mechanism that can seamlessly integrate with the global economy."<sup>26</sup> In July 1994, the Chinese leadership authorized the commercialization of the housing market, and in 1998 the government accepted that market-controlled real estate was now the primary mode of real estate in China.<sup>27</sup> In response to the Asian financial crisis, the Chinese government adopted the Western China development strategy in 1999 in order "to carry out massive fiscal expansion to prevent the downturn of the economy."<sup>28</sup> In July 1999, several laws were passed in order to create the legal framework for issuing and trading securities.

During the 1992-1993 wave of economic reforms and the sectoral reforms of the period 1994-1999, China made substantial advancement on economic liberalization, while also leaving much room for further progress. According to an internal U.S. government document from July 1999, "China has made significant progress on market-oriented economic reforms, but still faces a large unfinished agenda, including state-owned enterprise and financial sector reform... Much more needs to be done, including opening China's markets to foreign goods and services." The document clearly identifies opening to foreign trade and investment as an area of success. As a result of the Asian financial crisis, China had just started reforming the financial sector with "banks instructed to begin lending only on commercial grounds and to adopt western-style accounting and classification systems," but "the pace of progress has been uneven... with

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<sup>26</sup> Jack W. Hou, "Economic Reform of China: Cause and Effects," *The Social Science Journal* 48, no. 3 (September 1, 2011): 423, <https://doi.org/10.1016/j.soscij.2011.06.009>.

<sup>27</sup> Hou, "Economic Reform of China," 423.

<sup>28</sup> Hou, "Economic Reform of China," 424.

banks facing political pressure to increase lending... to help bolster growth.” China had also committed to addressing the issue of the unprofitable state-owned enterprises (SOEs) by the end of 2000, “but the potentially destabilizing impact of rising unemployment has kept SOE reform on a cautious path.”<sup>29</sup> China was making steady progress on economic reform in the 1990s, but reforms in several key areas remained unfinished or had not even fully begun.

### *External political-security behavior*

By 1993, China had gotten out of its post-Tiananmen isolation. Under Jiang Zemin’s leadership, Beijing continued to adhere to Deng’s famous directive “hide your strength and bide your time” [韬光养晦] in order to continue facilitating China’s economic rise, while below the surface they began laying the groundwork both militarily and politically for opposing U.S. “hegemonism” and containment. As Friedberg explains, “for at least a decade after the end of the Cold War... even as the CCP regime remained on the defensive and focused on economic development, it pursued a low-key but vigorous three-part strategy for avoiding encirclement and pushing back against containment. In addition to improving relations with most of its neighbors and cultivating closer ties with Washington despite several near-confrontations, Beijing began to invest in the capabilities it would need to counter US efforts to project military power into the Western Pacific.”<sup>30</sup> Indeed, throughout 1993-2001, Chinese external political-security behavior was characterized by seemingly contradictory trends: the intention to “hide their

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<sup>29</sup> “China – Economic Reform,” July 1999, folder “Booklet – China – Normal Trade Relations – Renewal – Resource Book – 1999,” OA/ID 23490, Charles Brain, Subject File, Legislative Affairs, Clinton Presidential Records, William J. Clinton Presidential Library.

<sup>30</sup> Friedberg, *Getting China Wrong*, 122.

strength” and to avoid openly antagonizing the United States in order to continue China’s “peaceful development,” and the quiet work of standing up to American primacy and removing the remaining obstacles from China becoming (recognized as) a great power.

The dual policy of “hiding their strength” and working against containment was also accompanied by an increasing reliance on multilateralism, the growing role of nationalism, and ever more aggressive behavior toward Taiwan. At the beginning of this period, China hoped that the post-Cold War transformation of world order would open the way for a new *multipolarity*, but as time went by and they saw their expectations unfulfilled, they turned to *multilateralism* in order to push back against the United States. While earlier “they stressed that the world was becoming multipolar... in the face of undiminished U.S. dominance, they came to play down multipolarity for the time being in favor of multilateralism. The latter required the United States to sacrifice some freedom of maneuver for the sake of an interdependent international order, thereby constraining U.S. power that could be used against Chinese interest.”<sup>31</sup> China’s foreign policy was also relying more and more on Chinese nationalism for both domestic and international purposes. “Recognizing that communist ideology was not popular enough to support their continued monopoly of power, leaders in Beijing played up... Chinese patriotism and nationalism to support their rule. U.S. and other foreign criticisms of the communist system in China were portrayed... as assaults on the national integrity of China... [and] equated with earlier “imperialist” pressures on China.”<sup>32</sup> Beijing’s increasingly aggressive stance on Taiwan was on full display in the U.S.-China crises in 1995-1996 (to be discussed below). China’s activities in proliferating dangerous technologies to regimes

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<sup>31</sup> Robert G. Sutter, *Foreign Relations of the PRC: The Legacies and Constraints of China’s International Politics since 1949* (Rowman & Littlefield Publishers, 2013), 95.

<sup>32</sup> Sutter, *Foreign Relations of the PRC*, 92.

hostile to the United States also continued. U.S. policymakers were v concerned about China's possible transfer of M-11 missiles to Pakistan and about "China's significant and worrisome military and nuclear supplier relationship with Iran."<sup>33</sup>

China's increasing reliance on multilateralism and nationalism, its ever more aggressive posturing vis-à-vis Taiwan, and its continued transfer of dangerous weapons to rogue regimes all served to avoid U.S. and allied encirclement and containment and to facilitate China's undisturbed evolution toward great-power status. While Beijing's political-security conduct was less openly hostile to the United States in the Clinton years than during the George H. W. Bush administration, most likely because China's economic rise necessitated a more "covert" posture, China's duplicitous behavior, which essentially aimed at constraining American power, does barely align with U.S. expectations of China's "external liberalization" or "friendly conduct."

### *External economic behavior*

During the Clinton administration, the United States continued supporting China's amalgamation into the global economy in the hopes of seeing China integrate not only in formal, institutional terms but also by embracing and adopting to the norms, standards, and rules of the world economic order. Much like in its external political-security behavior, China wanted to have it both ways in external economic affairs, too: reap the benefits of being welcomed into the international economy by expanding its

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<sup>33</sup> National Security Council, "China Strategy for 1993-1994: Implementing the President's MFN Executive Order," August 2, 1993, folder "DC0043 DC Meeting on China, July 21, 1993 [3]," OA/Box Number 3995, National Security Council, Records Management, Clinton Presidential Records, 12-13. This document is part of "Declassified Documents Concerning Principals Committee (PC) and Deputies Committee (DC) Meetings on China," declassified in response to Mandatory Declassification Requests 2015-0221-M and 2020-0898-M (latter filed by Zoltan Feher on September 11, 2020) on April 12, 2022, William J. Clinton Presidential Library, 632-633.

export markets and increasing foreign investments in China, while maintaining many of the (unfair) advantages of protecting its own market, corporations, subsidies, and currency from being subject to real competition in the global market.

During the 1990s, China was negotiating and preparing its accession into the World Trade Organization with the Clinton administration. While it was enacting important reforms regarding foreign economic affairs, Beijing also worked diligently on maintaining the (unfair) advantages of Chinese economic actors via numerous instruments of protectionism and discrimination. Trade was a major area where the Chinese authorities had double standards. On the one hand, “in the 1990s the government systematically reduced tariff barriers, giving China the lowest tariff protection of any developing country.”<sup>34</sup> On the other hand, “the Chinese trade regime was riddled with myriad forms of discrimination against foreigners. A major example was the distribution system... Chinese state-owned firms largely controlled these networks; foreign companies could not conduct such operations unless their business licences granted them special permission.”<sup>35</sup>

Besides trade, currency valuation, intellectual property, and technology transfer were some of the other major areas where China did not play by international economic norms. China’s manipulation of its currency gave it further advantages in international trade: “Starting in 1994 and continuing for over a decade, the government intervened to hold down the value of the yuan and, with it, the price of Chinese exports. The combination of foreign capital, cheap labor, and an undervalued currency helped drive the initial stage of China’s emergence as a manufacturing powerhouse and a leading

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<sup>34</sup> Nicholas R. Lardy, *Integrating China into the Global Economy* (Rowman & Littlefield, 2004), 9.

<sup>35</sup> Paul Blustein, *Schism: China, America and the Fracturing of the Global Trading System* (Centre for International Governance Innovation, 2019), 30.



exporter of manufactured goods.”<sup>36</sup> Not only did China discriminate against international corporations in trade, foreign manufacturing companies wishing to do business in China also faced unfair practices: “Beijing often required foreign firms to hand over technology, and build sophisticated facilities in China, as the price of entry to the Chinese market.”<sup>37</sup>

In sum, while China was making significant headways in reforming its external economic affairs because it wanted to become a member of the World Trade Organization, it continued to work hard on keeping many of the unfair practices and tools that insulated its own market and corporations (especially state-owned enterprises) from free and fair competition in the global economy – in clear violation of the norms and rules of the international economic order.

### *International pressures and the expectations of offensive realism*

During the period 1993-2001, China’s economic, military, and political rise in the global distribution of capabilities was in full force and Beijing was gradually growing into a great power. The United States did not need China to balance against the Soviet Union as the USSR and its Communist empire had collapsed. Beijing put a halt to political reforms indefinitely and, moreover, the Chinese Communist Party in this period actually increased its grip on power. After a post-Tiananmen hiatus, China returned to advancing its domestic economic reforms, but market-oriented transformation in several key areas remained unfinished or had not even fully begun. While Beijing’s political-security conduct was much less openly hostile to the United States than previously, China’s

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<sup>36</sup> Friedberg, *Getting China Wrong*, 95.

<sup>37</sup> Blustein, *Schism*, 30.

duplicitous behavior, which essentially aimed at disarming any potential American effort to contain or slow its ascendance, did barely align with U.S. expectations of its “external liberalization” or “friendly conduct.” In external economic affairs, while China was making significant headways on reforms required for WTO membership, it also continued to work hard on keeping many of the unfair practices and tools that insulated its own market and corporations from free and fair competition in the global economy.

International systemic pressures, therefore, would not underpin a continuation of U.S. engagement strategy during the Clinton years. Offensive realism would have predicted that the United States, under these international systemic pressures, would gradually shift its China strategy toward balancing. Under an offensive realist strategy, Washington would have required Beijing to demonstrate real progress on internal and external political and economic liberalization in exchange for continued U.S. support for China’s amalgamation in the global economy, including for renewal of China’s Most Favored Nation status and facilitation of China’s membership in the World Trade Organization. To achieve this, Washington could have linked MFN renewal and support for WTO accession to China’s progress on human rights and economic liberalization. Indeed, the Clinton administration seemed to follow such a path in 1993 and early 1994 – only to perform “one of the most remarkable American turnabouts of the modern era”<sup>38</sup> in May 1994 and go on to default back to the engagement strategy for the rest of the Clinton years until January 2001.

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<sup>38</sup> James Mann, *About Face: A History of America’s Curious Relationship with China, from Nixon to Clinton* (New York: Vintage Books, 2000), 275.

## Cultural-ideational pressures

The Bill Clinton administration essentially continued U.S. engagement strategy vis-à-vis China with only limited and short-lived efforts to shift toward balancing. International systemic pressures, including China's now full-fledged rise in the global distribution of capabilities and its lack of internal and external liberalization, should have prompted U.S. policymakers to generate a gradual and enduring shift in U.S. strategy toward balancing, as expected by offensive realism. International pressures and offensive realism cannot explain the Bill Clinton administration's China strategy, because cultural-ideational pressures played an important role in shaping the views of U.S. policymakers.

### *American liberal strategic culture and the liberal ordering mission*

American liberal strategic culture and the *liberal ordering mission* heavily influenced the Clinton administration's thinking about China strategy in a way that strongly moderated the effect of international systemic pressures that would have otherwise pushed Washington to adopt a gradual shift toward balancing.

President Clinton's and his top advisers' ideational commitment to American liberal strategic culture was obvious in their assumptions underpinning the formulation of their grand strategy. The Clinton administration called its overarching grand strategy "Engagement and Enlargement." In line with American liberal strategic culture, "in the latest round in a century-old debate between engagement and isolationism, the United States chooses Engagement."<sup>39</sup> Furthermore, in order to break with the realist strategy of containment during the Cold War, the Clinton administration decided to pursue

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<sup>39</sup> Warren Christopher, "Building Peace in the Middle East," *US Department of State Dispatch* 4, no. 39 (September 27, 1993).

enlargement: "The successor to a doctrine of Containment must be a strategy of Enlargement, enlargement of the world's free community of market democracies."<sup>40</sup> The choices of engagement and enlargement both stem from the emphasis of American liberal strategic culture on values and ideals such as an open international order, diplomacy, cooperation, free markets, free trade, human rights, and democracy promotion.

Beyond the general principles of American liberal strategic culture, the top decisionmakers of the Clinton administration were also strongly committed to the assumptions of the *liberal ordering mission*. They firmly believed that U.S. support for China's global economic integration will eventually lead to China's internal and external liberalization and its full embrace of the U.S.-led liberal international order. They demonstrated this commitment from the 1992 election campaign to the last days of the administration (with the exception of limited and short-lived attempts at balancing). Clinton declared during the campaign in September 1992: "China cannot withstand forever the forces of democratic change. One day it will go the way of Communist regimes in Eastern Europe and the former Soviet Union. The United States must do what it can to encourage that process."<sup>41</sup> After Clinton's election to the presidency, Secretary of State-designate Warren Christopher announced in the Senate Foreign Relations Committee in January 1993: "Our policy will be to seek to facilitate a broad, peaceful evolution in China from communism to democracy by encouraging the forces of economic and political liberalization in that great and highly important country."<sup>42</sup>

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<sup>40</sup> Anthony Lake, "From Containment to Enlargement." Johns Hopkins University, School of Advanced International Studies (SAIS), Washington DC, September 21, 1993, <https://www.mtholyoke.edu/acad/intrel/lakedoc.html>.

<sup>41</sup> William J. Clinton, "Campaign Speech in Portland, Oregon," September 14, 1992, <https://www.c-span.org/video/?32323-1/clinton-campaign-speech>.

<sup>42</sup> Warren Christopher, Testimony to the Senate Foreign Relations Committee, January 13, 1993.

This ideational commitment remained unchanged after Clinton's reelection in 1996. At the first press conference of his second term, Clinton replied to a reporter's question about why his engagement strategy with China failed to bring about results on human rights and liberalization: "We have not made the progress in human rights that... I had hoped to make, yes... I still believe over the long run, being engaged with China... has the greatest likelihood of having a positive impact on China." In his last year in office, as his administration was working diligently to realize China's membership in the World Trade Organization, Clinton explained his administration's policy at Johns Hopkins University's SAIS with the *liberal ordering mission*: "The change this agreement can bring from outside is quite extraordinary, but... nothing compared to the changes that this agreement will spark from the inside out in China. By joining the W.T.O., China... is agreeing to import one of democracy's most cherished values: economic freedom. The more China liberalizes its economy, the more fully it will liberate the potential of its people... The genie of freedom will not go back into the bottle."<sup>43</sup>

The cultural-ideational factors of American liberal strategic culture and the *liberal ordering mission* heavily influenced the Clinton administration's thinking about China strategy to the extent that they significantly retarded the effect of international systemic pressures that would have otherwise pushed Washington to adopt a gradual and enduring shift toward balancing.

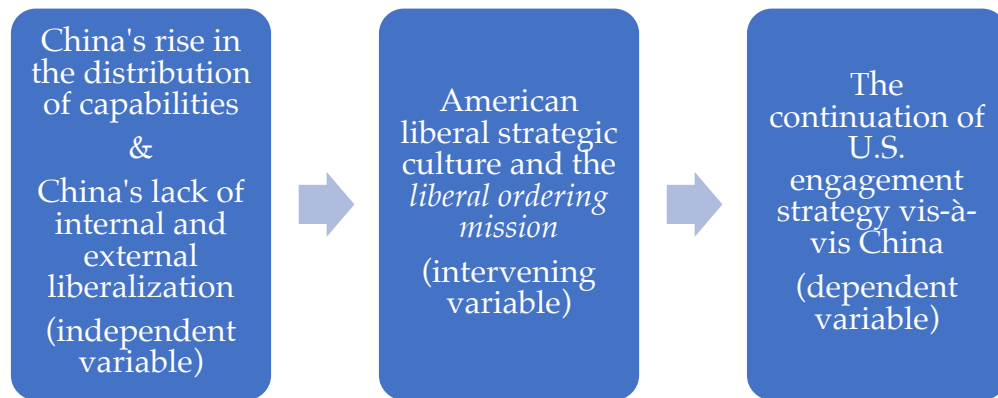
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<sup>43</sup> Bill Clinton, "Speech on China Trade Bill at the Paul H. Nitze School of Advanced International Studies (SAIS) of the Johns Hopkins University," March 9, 2000. *Public Papers of the President*.

### ***The expectations of the theory of the liberal ordering strategy***

The *theory of the liberal ordering strategy* integrates the effects of both international systemic pressures and cultural-ideational pressures in predicting U.S. strategy vis-à-vis China. While the changes in the distribution of capabilities (China's full-fledged rise) and China's (overall) negative internal and external behavior would have generated a gradual and enduring shift in U.S. strategy toward balancing, this theory recognizes that such systemic signals, even though U.S. policymakers were by and large aware of them, were greatly retarded by cultural-ideational pressures, specifically American liberal strategic culture and the *liberal ordering mission*. The *theory of the liberal ordering strategy* therefore would predict that the Clinton administration, while cognizant of the international pressures toward adopting a more competitive strategy vis-à-vis China, would resist these urges and seek to effect change in China's behavior through continued help for China's integration into the world economy and the global community. This could be manifested in enhanced diplomatic efforts to maintain cooperative dialogue with Beijing, continued support for annually renewing China's Most Favored Nation status without conditions of liberalization, significant efforts for realizing China's membership in the World Trade Organization, and a lack of tough measures in response to China's illiberal internal and/or external behavior. To put it simply, the *theory of the liberal ordering strategy* would predict that the Clinton administration would continue pursuing the engagement strategy without any significant shift toward balancing.

**Figure 4.8** The Clinton administration's China strategy as predicted by the *theory of the liberal ordering strategy*



## NARRATIVE: THE BILL CLINTON ADMINISTRATION'S CHINA STRATEGY

### **"The Butchers of Beijing": China in the 1992 presidential campaign**

The evolution of the Clinton administration's China strategy actually goes back to the Bush administration's post-Tiananmen China policy. In his campaign for the presidency against George H. W. Bush, Clinton attacked the incumbent for his weak response to the massacre: "China had featured prominently during the 1992 campaign, as Governor Clinton lamented President Bush for 'coddling dictators' and moving too quickly to stabilize relations after the Tiananmen Square protests."<sup>44</sup> In his campaign speech in Milwaukee, Clinton criticized Bush for not standing up for human rights and democracy: "In a world where freedom, not tyranny, is on the march, the cynical calculus of pure power politics simply does not compute... Mr. Bush's ambivalence about

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<sup>44</sup> James D. Boys, *Clinton's Grand Strategy: US Foreign Policy in a Post-Cold War World* (London: Bloomsbury Academic, 2015), 188.

supporting democracy, his eagerness to defend potentates and dictators, has shown itself time and again.”<sup>45</sup> In his acceptance speech at the Democratic National Convention, Clinton became even more transparent about the fact that he was including China among the dictatorships an American president should not defend: “What is the vision of our New Covenant? [...] An America that will not coddle tyrants, from Baghdad to Beijing.”<sup>46</sup>

By 1992, it was clear to anyone watching that the Bush administration’s China strategy had failed to achieve its stated goals of bringing China back into the fold and returning to the earlier cooperative relationship. Signals emanated from the international system about China’s budding economic rise and a defiant Chinese leadership bent on killing political reforms and unwilling to collaborate with the United States on nonproliferation. On the basis of these systemic signals, offensive realism would predict that a new administration would launch a shift in U.S. strategy toward balancing. Therefore, Clinton’s pronouncements in the campaign about the need for a tougher stance on China are in line with international pressures and the expectations of offensive realism. TELOS, on the other hand, would emphasize the deep embeddedness of the ideas of American liberal strategic culture and the *liberal ordering mission* in the minds of the U.S. foreign policy elite, including both Republicans and Democrats, which would moderate the impact of international systemic pressures on the formulation of U.S. strategy. TELOS would therefore predict that a new administration elected in 1992 would be oscillating between the status quo strategy of engagement in line with cultural pressures and a balancing strategy in line with international pressures; in the end,

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<sup>45</sup> William J. Clinton, “Excerpts of Remarks in Milwaukee.” In: Gerhard Peter and John T. Woolley, *The American Presidency Project* <https://www.presidency.ucsb.edu/documents/excerpts-remarks-milwaukee>.

<sup>46</sup> William J. Clinton, “Speech Accepting the Nomination at the Democratic National Convention,” New York City, July 16, 1992, published in “In their own words; Transcript of Speech by Clinton Accepting Democratic Nomination,” *New York Times* July 17, 1992



however, deeply embedded cultural pressures would retard the impact of international pressures to the extent that U.S. policymakers would default back to the continuation of the engagement strategy.

## **The next fight over Most Favored Nation status**

In 1993-1994, during the first year and a half of the Clinton administration, China's full-fledged rise had already gotten underway. In May 1993, the IMF announced that China catapulted into the position of the world's No. 3 economy measured in purchasing power parity (PPP).<sup>47</sup> China put a stop on political reforms but forged ahead on economic reforms with full speed. Its external political behavior was less hostile to the United States than in the preceding few years, but its external economic behavior continued to reap the benefits of international opening while keeping many of its protectionist practices shielding the Chinese market from fair competition in the world economy. International systemic signals were, therefore, rather mixed, but overall they were pointing to China as a rising and still mostly illiberal competitor. Offensive realism would thus predict that the Clinton administration would start shifting its strategy toward balancing. On the other hand, we also know that the influence of American liberal strategic culture and the *liberal ordering mission* extended to the top policymakers of the Clinton administration. At the same time, they were also fully aware of international systemic pressures. As a result, TELOS would predict that the Clinton administration would seriously contemplate shifting U.S. strategy vis-à-vis China toward balancing, but in the end cultural pressures

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<sup>47</sup> Steven Greenhouse, "New Tally of World's Economies Catapults China Into Third Place," *The New York Times*, May 20, 1993, sec. World, <https://www.nytimes.com/1993/05/20/world/new-tally-of-world-s-economies-catapults-china-into-third-place.html>.

would retard international pressures and the Clinton administration would fall back on the continuation of the engagement strategy.

The renewal of China's Most Favored Nation status, just like under the George H. W. Bush administration, continued to be "the center of the relationship" during the Clinton administration generating "the debilitating annual will-we-or-won't-we struggle that hangs as a yoke on productive relations."<sup>48</sup> In the quest for the presidency, Clinton also attacked Bush for renewing China's Most Favored Nation status without any conditions. "In the 1992 election campaign... candidate Bill Clinton called out the 'butchers of Beijing' and vowed, if elected, to condition his extension of China's MFN status."<sup>49</sup> In Clinton's rhetoric, there was a direct connection between Bush's softness on China after Tiananmen and MFN renewal: "In the course of the campaign, Clinton repeatedly criticized Bush's China policy and portrayed it as symbolic of Bush's slowness to adapt to a changing international environment and of his unwillingness to act boldly in support of democracy... He therefore supported the idea of broad MFN legislation with conditions on human rights, proliferation, and trade."<sup>50</sup> Clinton defeated Bush on November 3, 1992. The incoming Clinton administration brought on board Winston Lord, the former Ambassador to China who had also been very critical of the Bush strategy, as Assistant Secretary of State for East Asian and Pacific Affairs. Lord favored modest conditions to be put on MFN renewal, but it was hard for him to convince President

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<sup>48</sup> National Security Council, Memorandum, Kent Wiedemann to Anthony Lake, "China PC Meeting," November 6, 1993, National Security Council and Records Management, "Declassified Documents Concerning Principals Committee (PC) and Deputies Committee (DC) Meetings on China," declassified in response to Mandatory Declassification Requests 2015-0221-M and 2020-0898-M (latter filed by Zoltan Feher on September 11, 2020) on April 12, 2022, William J. Clinton Presidential Library.

<sup>49</sup> Richard C. Bush, "30 Years after Tiananmen Square, a Look Back on Congress' Forceful Response," *Order from Chaos*, Brookings Institution, May 29, 2019. <https://www.brookings.edu/blog/order-from-chaos/2019/05/29/30-years-after-tiananmen-square-a-look-back-on-congress-forceful-response/>.

<sup>50</sup> John W. Dietrich, "Interest Groups and Foreign Policy: Clinton and the China MFN Debates," *Presidential Studies Quarterly* 29, no. 2 (June 1999), 286.

Clinton and Congressional China critics, led by Nancy Pelosi, that the conditions should be moderate and not heavy, as the mood was very anti-Beijing in Congress.<sup>51</sup>

Getting to a consensus view between President Clinton, his main advisors, different government agencies, Congress, and interest groups was not an easy task. In fact, “what followed was a bruising political fight as different political and policy agendas collided in public.”<sup>52</sup> The two main approaches among the main players aligned with the two major strategic postures at the United States’ disposal vis-à-vis China: engagement vs. balancing. The pro-engagement coalition consisting of old governmental “China hands,” U.S. business groups, and presidential economic advisors favored an automatic extension of MFN both in 1993 and 1994. “Economic advisors... wanted quick approval of MFN as China pulled out of its Tiananmen hangover and began to grow at double-digit rates.”<sup>53</sup> The pro-balancing coalition, consisting of Lord and several top policymakers, Congressional Democrats and Republicans, and human rights groups wanted to condition MFN extension on China’s progress in human rights.

The views of the two camps are well captured in declassified documents about National Security Council meetings. Secretary of the Treasury Lloyd Bentsen expressed the main concerns of the pro-engagement coalition: “There is incredibly rapid growth in China... It is essential to resume the Joint Economic Commission... I am deeply disturbed by the consequences of loss of MFN.”<sup>54</sup> On the other hand, Deputy National Security

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<sup>51</sup> Author’s interview with Winston Lord, September 11, 2020.

<sup>52</sup> Michael Green, *By More Than Providence: Grand Strategy and American Power in the Asia Pacific Since 1783* (New York: Columbia University Press, 2017), 462.

<sup>53</sup> Green, *By More Than Providence*, 462.

<sup>54</sup> National Security Council, “Summary of Conclusions and Minutes of China Principals Committee Meeting,” National Security Council, November 10, 1993, National Security Council and Records Management, “Declassified Documents Concerning Principals Committee (PC) and Deputies Committee (DC) Meetings on China,” *declassified in response to Mandatory Declassification Requests 2015-0221-M and 2020-0898-M* (latter filed by Zoltan Feher on September 11, 2020) on April 12, 2022, William J. Clinton Presidential Library, 964, 962.

Advisor Sandy Berger, expressing Clinton's views,<sup>55</sup> summarized the approach of the pro-balancing coalition and hinted at the disarray within the administration and the Democratic Party: "We must be firm on our posture with China to stress that the President meant what he said about MFN and human rights. The Chinese are getting mixed messages from codels and business representatives."<sup>56</sup> The Clinton administration's policymakers and agencies as well as their Democratic allies in Congress were deeply divided over MFN renewal, both along pro-engagement and pro-balancing lines and even within the two camps, and their disagreements found their way to the American public and to their Chinese interlocutors.

The first step towards more unity among Democrats was to bring the Clinton administration and the Congress on the same page. Congressional Democrats led by Nancy Pelosi and Senate majority leader George Mitchell were adamant on passing a resolution placing very heavy conditions on MFN renewal in all three "problem areas:" human rights, nonproliferation, and unfair trade practices. They were consistent in their demands since their Congressional resolutions that had passed with significant majorities in previous years had included conditions in these areas. In order to achieve consensus, Lord held several rounds of negotiations with Pelosi and Mitchell in April and May 1993. Pelosi and Mitchell agreed to drop nonproliferation and trade from among the MFN conditions, as the administration vowed to handle those concerns through other mechanisms.<sup>57</sup> "Clinton's messengers convinced them to step aside and allow the president to issue an executive order linking Beijing's human rights behavior to renewal

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<sup>55</sup> Berger is arguing for balancing here because he is defending the president's stance, but overall his own views were more in line with the pro-engagement coalition, which would have significance when he becomes National Security Advisor in Clinton's second term.

<sup>56</sup> "Summary of Conclusions," 964.

<sup>57</sup> Mann, *About Face*, 278-281.

of commercial privileges in 1994... Previous efforts to curtail China's access to the American market had been repeatedly thwarted by presidential vetoes in the Bush years, but now there was a Democratic president who planned to hold Beijing to accountability. Mitchell and Pelosi concluded that the administration could be trusted."<sup>58</sup> There was now consensus between the Clinton administration and Congressional Democrats that the conditions would only concern human rights issues, and once those conditions were agreed upon, the president would issue an executive order on conditioning MFN renewal. What those specific conditions would be and what kind of criteria would be set for the fulfillment of the chosen conditions and how the administration would judge fulfillment at the end remained to be worked out.

In the end, it was Lord who cut the Gordian knot of the remaining questions about the conditioning of MFN renewal. He proposed the placing of modest, but fairly specific conditions on extending China's trade status. The first condition stemmed from the Jackson-Vanick Amendment, which required freedom of emigration from China. The second condition was China's compliance with the 1992 U.S.-China agreement on prison labor. The rest of the conditions dealt with releasing pro-democracy protesters from prison, the humane treatment of prisoners, the protection of Tibetan cultural heritage, and permitting radio and TV broadcasts into China.<sup>59</sup> Lord explained how they came up with the conditions: "In dealing with these conditions we stated that there had to be overall progress on them. We had to be specific enough to make it possible to figure out what we were trying to do... However, we had to avoid being so specific as to put us in

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<sup>58</sup> Nancy Bernkopf Tucker, "The Clinton Years: The Problem of Coherence," in *Making China Policy: Lessons from the Bush and Clinton Administrations*, ed. Ramon Hawley Myers, Michel Oksenberg, and David L. Shambaugh (Lanham, MD: Rowman & Littlefield Publishers, 2001), 48.

<sup>59</sup> Winston Lord, *Association for Diplomatic Studies and Training Foreign Affairs Oral History Project* (ADST Oral History), interviewed by Charles Stuart Kennedy and Nancy Bernkopf Tucker, April 18, 1998, 571, <https://www.adst.org/OH%20TOCs/Lord,%20Winston.pdf>.

a box... So we said that there must be significant, overall progress. It wasn't even put in terms that there must be overall progress in each of the five categories. There just had to be overall progress made, whether on each of them, all of them, or some of them. Therefore, there was some judgment calls on what needed to be done, but enough specificity to be credible to our domestic audience and comprehensible to the Chinese.”<sup>60</sup> After further negotiations with Congress, President Clinton issued an executive order on May 28, 1993, extending most favored nation status for China and placing the aforementioned human rights conditions on its renewal in 1994.<sup>61</sup>

Even though it was in China’s interest to have its most favored nation status extended since that would strongly support its export-driven economic policy by keeping the U.S. market open with low barriers and by also sending a positive signal to other countries around the world about trade with China, the leadership in Beijing barely lifted a finger to meet the human rights conditions set by Clinton in 1993. Why weren’t the Chinese making any “significant, overall progress” on human rights? Lord, who was the architect of this policy and was also tasked to work with the Chinese on “overall progress,” believes it had to do with the lack of commitment on each side. The lack of commitment on the U.S. side stemmed from the lack of unity within the administration: “We had no chance of getting any progress because of the disarray within the administration. The President did not back us up on this policy. He never made a speech on China. The economic agencies undercut us. He did not really enforce discipline within his own cabinet.”<sup>62</sup> Since the U.S. side showed no unity and no commitment, the Chinese

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<sup>60</sup> Winston Lord, *ADST Oral History*, 571.

<sup>61</sup> William J. Clinton, “Conditions for Renewal of Most-Favored-Nation Status for the People’s Republic of China in 1994,” Executive Order, May 28, 1993, *Digital National Security Archive*, China and the U.S., item number CH01590.

<sup>62</sup> Author’s interview with Winston Lord, September 11, 2020.

side did not feel compelled to work on fulfilling the conditions: “The Chinese were seeing the disarray within the U.S. administration, and they were sitting there thinking, if the Clinton administration is in a bind over this issue, why would we have to do anything? And they thought that when the time came, the President would do what he had to do.”<sup>63</sup> China made little effort to fulfill the conditions on MFN renewal and improve its human rights conduct because they sensed the disarray within the Clinton administration and the lack of strong support for Clinton’s shift toward balancing. Therefore, Beijing anticipated that, under such circumstances, President Clinton may not be in the position to revoke China’s MFN status when the time would come.

The Chinese leadership was right. When the deadline of MFN extension was approaching, the U.S. administration faced three options. The first option, cutting off MFN status entirely, was out of question, because it would have brought the bilateral relationship to a complete halt, and would have also hurt U.S. commercial interests. As the second option, the U.S. administration could have declared that there had been sufficient overall progress, but that would not have been true. As Lord argues, choosing this option would have made quite the uproar in the American public and the Congress, and it would have destroyed U.S. credibility in the eyes of their Chinese counterparts.<sup>64</sup> Therefore, the second option was out of the question, too. Taylor Branch, the chronicler of presidential decision-making in his unorthodox oral history *The Clinton Tapes*, recalls how Clinton felt at the time about choosing the third option and what its implications were: “The president turned somber again about China. Five days earlier, he had abandoned his trial effort to hold Chinese trade privileges contingent upon satisfactory improvement in basic human rights... His May 26 proclamation ‘de-linked’ trade from

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<sup>63</sup> Author’s interview with Winston Lord, September 11, 2020.

<sup>64</sup> Author’s interview with Winston Lord, September 11, 2020.

the government's annual human rights review, making China eligible for a permanent MFN (Most Favored Nation) agreement with the United States, and this opened the path to full Chinese participation in global commerce. Politically for Clinton, the proclamation marked a stinging retreat."<sup>65</sup> Lord believes that "the third choice, which we eventually selected, was the least bad alternative."<sup>66</sup>

The Clinton administration thus de-linked MFN status for China from its human rights record and renewed China's MFN unconditionally. When announcing his decision to de-link MFN extension from human rights on May 26, 1994, Clinton applied the logic of the *liberal ordering mission* to argue that it is precisely *engagement* that will lead to political liberalization in China: "I believe the question... is not whether we continue to support human rights in China, but how we can best support human rights in China and advance our other very significant issues and interests. I believe we can do it by engaging the Chinese... I am moving, therefore, to delink human rights from the annual extension of Most Favored Nation trading status for China."<sup>67</sup> It was a major turnabout for the Clinton administration. As Lord admits: "It was very embarrassing. It meant a reversal of policy."<sup>68</sup> Clinton's about-face was more than just embarrassing. It would have dire ramifications for the effectiveness of U.S. strategy vis-à-vis China. As Nancy Bernkopf Tucker argues, "Clinton's retreat simply confirmed the view among Chinese leaders that they had little to fear from Washington, that recalcitrance paid off."<sup>69</sup> By accepting that Beijing had not even tried to meet Washington's conditions and still rewarding them with

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<sup>65</sup> Taylor Branch, *The Clinton Tapes: Wrestling History with the President* (New York: Simon & Schuster, 2009), 147.

<sup>66</sup> Author's interview with Winston Lord, September 11, 2020.

<sup>67</sup> William J. Clinton, "Press Conference on Human Rights in China," *Public Papers of the President*, May 26, 1994.

<sup>68</sup> Winston Lord, *ADST Oral History*, 585.

<sup>69</sup> Tucker, "The Clinton Years: The Problem of Coherence," 53.



MFN extension, thus turning their backs on their own linkage policy (balancing), the Clinton administration forfeited U.S. leverage in the relationship with China, much like the Bush administration had before them.

Regarding their predictions for the 1993-1994 period, offensive realism fared better, but both of our contending theories were veracious on some things. Offensive realism was correct in predicting that the newly elected U.S. administration would start shifting U.S. strategy vis-à-vis China toward balancing. The Clinton administration's initial tougher stance on China and the linking of MFN renewal to progress on human rights amounted to such a shift toward balancing. Where offensive realism was incorrect and TELOS more accurate was that the Clinton administration ended up abandoning this shift in strategy in May 1994. TELOS was incorrect in predicting that the Clinton administration would not try to actually alter the engagement strategy, but its expectation that the administration would contemplate shifting strategy toward balancing but eventually cultural pressures would influence decisionmakers to stick with engagement was fairly accurate.

## **The China Strategy for 1993-1994 and the National Security Strategy of 1994**

While the MFN debate was happening on the surface, the Clinton administration was working in the background on defining its future strategy on China. Offensive realism would predict the continuation of the balancing shift that Clinton's 1993 MFN decision launched, while TELOS would expect that cultural pressures would bring the administration back to engagement. The first result of this work was an important development in the late summer and fall of 1993 that helped the Chinese leadership

realize that even “if China were to defy Clinton’s human rights policy and, in particular, his MFN executive order, the administration might back down.”<sup>70</sup> From July to September, the administration worked on producing the document “China Strategy for 1993-1994,” which signaled the beginning of an important shift in the Clinton administration’s China strategy. The administration decided to make a significant change to its China policy following increasing pressure from different groups within and around the administration throughout the first nine months of 1993. Judging by its “cover,” the policy paper was created to help implement Clinton’s executive order linking MFN renewal and human rights conditions. In essence, however, it outlined a new whole-of-government strategy on “comprehensive engagement” with China.

The China Strategy for 1993-1994 is a shift toward returning to the engagement strategy and the assumptions of the *liberal ordering mission* undergirding it. It identifies “as core U.S. interests China’s continued economic growth, its integration into the world community, its cooperation in the post-Cold War international order, and its peaceful evolution toward a more democratic society.”<sup>71</sup> Furthermore, it argues that U.S. strategy can facilitate China’s internal and external political and economic liberalization: “The challenge to U.S. policy is to channel China’s building momentum into constructive channels, bolstering prospects for political and economic liberalization internally as well responsible Chinese policies externally in the maintenance of world peace and stability, in non-proliferation, trade and the environment.”<sup>72</sup> If, with U.S. support, China liberalizes

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<sup>70</sup> Mann, *About Face*, 291.

<sup>71</sup> “China Strategy for 1993-1994: Implementing the President’s MFN Executive Order,” August 2, 1993, folder “DC0043 DC Meeting on China, July 21, 1993 [3],” OA/Box Number 3995, National Security Council, Records Management, Clinton Presidential Records, 1. This document is part of “Declassified Documents Concerning Principals Committee (PC) and Deputies Committee (DC) Meetings on China,” *declassified in response to Mandatory Declassification Requests 2015-0221-M and 2020-0898-M* (latter filed by Zoltan Feher on September 11, 2020) on April 12, 2022, William J. Clinton Presidential Library, 614.

<sup>72</sup> “China Strategy for 1993-1994,” 1 (614).

and becomes a democracy, it will also become a “responsible stakeholder” and a better partner in managing global challenges: “Democracy also is necessary for China effectively to manage increasingly important global issues, such as trade disputes, refugees/migration, the environment, narcotics, and terrorism.”<sup>73</sup> Overall, China’s liberalization will help strengthen U.S.-China strategic cooperation and it will follow the wave of democratization in East Asia: “Over time, a more open and democratic China will be an easier country with which to deal and a better partner for the U.S. strategically, politically and in economic terms. An increasingly democratic China will coincide with the emerging democratic trend in Asia, including in Taiwan and South Korea.”<sup>74</sup>

The China Strategy indicates a historic shift in perception in U.S. strategy as it is the first document to recognize China’s ascendance toward great power status: “China is an emerging great power.”<sup>75</sup> It captures how China, leaving behind its post-Tiananmen hangover and isolation, is rising economically and militarily: “China is feeling its new strength. Both double-digit economic growth and revived military modernization are boosting Beijing’s prominence in the region.”<sup>76</sup> China was rising and the Clinton administration now officially recognized it.

The new China Strategy “was a momentous change”<sup>77</sup> in U.S. strategy as it ended the post-Tiananmen era of only limited contacts between the U.S. and Chinese leaderships. It declares that “comprehensive U.S. engagement with China is the *sine qua non* for the realization of the President’s vision for a New Pacific Community.”<sup>78</sup> It calls for the resumption of (i) visits at the highest level (ii) military-to-military contacts, and

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<sup>73</sup> “China Strategy for 1993-1994,” 10 (630).

<sup>74</sup> “China Strategy for 1993-1994,” 10 (630).

<sup>75</sup> “China Strategy for 1993-1994,” 1 (614).

<sup>76</sup> “China Strategy for 1993-1994,” 7 (626).

<sup>77</sup> Mann, *About Face*, 291.

<sup>78</sup> “China Strategy for 1993-1994,” 1 (614).

(iii) the three U.S.-China joint commissions (Joint Commission on Commerce and Trade, Joint Economic Commission, and Joint Commission on Science and Technology) if they can achieve specific objectives. Based on this, the China Strategy plans for a number of high-level visits for the following months. President Clinton would meet for the first time with President Jiang Zemin at the APEC summit in Seattle. The Assistant Secretary of Defense, Chas Freeman would visit Beijing to resume military-to-military contacts, renew “dialogue on strategic issues,” and exert pressure on nonproliferation issues. Commerce Secretary Ron Brown would lead a business delegation to China in late 1993.

The policy paper intimates that the Clinton administration understands that “Chinese diplomatic strategy has tended to intricate tradeoffs and explicit quid pro quos.”<sup>79</sup> Therefore Clinton’s China strategy identifies the “carrots and sticks,” i.e. the incentives and sanctions, which the U.S. administration may effectively use to shape China’s conduct. The principal incentive is, of course, MFN renewal, but the other “carrots” of the strategy include: the acceleration of negotiations on China’s GATT (later WTO) membership; the approval of the sale of the Cray computer to the Chinese State Meteorological Agency; reopening of Trade and Development Agency (TDA) funding; and “high-level dialogue,” i.e. invitation to Chinese leaders traveling to the United States for multilateral (UNGA, APEC) meetings to visit Washington and meet with the President. On the other hand, the “sticks” may take the form of the following: a “Special 301” Report, i.e. an annual review of the state of intellectual property protection and enforcement; legislation on the transfer of nuclear materials in violation of Nonproliferation Treaty commitments and Helms Amendment sanctions (both for the

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<sup>79</sup> “China Strategy for 1993-1994,” 5 (624).

suspected Chinese transfer of M-11 missiles to Pakistan); the threat of boycotting the Beijing Olympics if China is selected as the host nation.<sup>80</sup>

The shift back to engagement was also reflected in the Clinton administration's first National Security Strategy, published in July 1994, which echoed some of the main messages of the China Strategy from facilitating China's internal and external economic liberalization to being watchful about China's military rise and shepherding China to be a better partner on nonproliferation, but it also codified Clinton's about-face on the linkage between MFN renewal from human rights:

We are developing a broader engagement with the People's Republic of China that will encompass both our economic and strategic interests. That policy is best reflected in our decision to delink China's Most Favored Nation status from its record on human rights. We are also working to facilitate China's development of a more open, market economy that accepts international trade practices. Given its growing economic potential and already sizable military force, it is essential that China not become a security threat to the region. To that end, we are strongly promoting China's participation in regional security mechanisms to reassure its neighbors and assuage its own security concerns. And we are seeking to gain further cooperation from China in controlling the proliferation of weapons of mass destruction.<sup>81</sup>

The China Strategy for 1993-1994 and the National Security Strategy of 1994 signaled a major shift in the Clinton administration's approach on China in several ways. The China Strategy was the first official post-Cold War document to officially recognize that China was rising economically and militarily. More importantly, it was a return to the engagement strategy and the assumptions of the *liberal ordering mission*. It also ended the post-Tiananmen era of only limited contacts with the Chinese leadership as it called for a resumption of high-level visits, military-to-military contacts, and the work of the three bilateral joint commissions. The National Security Strategy of 1994 codified the

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<sup>80</sup> "China Strategy for 1993-1994," 5-6 (624-625).

<sup>81</sup> The White House, *A National Security Strategy of Engagement and Enlargement*, July 1994, William J. Clinton, 24.

return to engagement vis-a-vis China within the administration's grand strategy. The China Strategy for 1993-1994 (finalized in August 1993), Clinton's decision to de-link MFN from human rights and renew it unconditionally in May 1994, and the Clinton administration's first National Security Strategy in July 1994, when taken together, indicated that the administration was abandoning its first attempt at shifting U.S. strategy toward balancing against China and returning to engagement. Offensive realism was incorrect in predicting the continuation of the balancing shift, while TELOS was right in predicting the reinstatement of engagement as the administration's China strategy.

## **Engage-and-balance: The Lake-Lord Strategic Review & the Nye Initiative**

Stuck between international pressures of China's rise and its lack of liberalization on the one hand and cultural pressures of American liberal strategic culture and the *liberal ordering mission* on the other (like between a rock and a hard place), we can discern the pattern of the Clinton administration's approach to China as oscillating between engagement and balancing, at least during their first term. Following the China Strategy for 1993-1994, the administration undertook two further exercises in the formulation of China strategy in 1995-1996: the Lake-Lord Strategic Review and the Nye Initiative. Both exercises came about upon the administration's recognition of the international systemic pressures of China's rise and its negative external behavior. On the basis of these, offensive realism would expect that these initiatives represent a shift in U.S. strategy toward balancing, while TELOS would expect such an attempted shift toward balancing to be mitigated by the commitment of many of the top decisionmakers (especially in the

White House and the State Department) to American liberal strategic culture and the *liberal ordering mission*.

Both the Lake-Lord Strategic Review and the Nye Initiative demonstrated the administration's intention to shift U.S. engagement strategy toward balancing by injecting balancing components into the existing engagement framework, creating the first Clinton presidency's signature approach to China strategy named *engage-and balance*. "Through a process of trial and error, Clinton midwifed a dual strategy of engagement and balancing toward China."<sup>82</sup> While both the Lake-Lord Strategic Review and the Nye Initiative could be characterized as "engage-and-balance" approaches, the two initiatives naturally differed in how much they emphasized elements of engagement and elements of balancing. In fact, the divisions within the Clinton administration between the White House and the State Department favoring engagement and the Pentagon favoring balancing could already be seen in the formulation of these two strategic documents.

Tony Lake, his deputy Sandy Berger, and Winston Lord conducted a strategic review of China policy in late 1995 and early 1996. As Lord recalls: "We began a process of intensive, strategic reviews, both in the State Department and at the White House." One part of the conclusions reached by this strategic review concerned *how* the United States could move with China toward a more workable relationship ("means"): "We not only looked at specifics about what we would do about IPR, ... about nuclear non-proliferation, ... about human rights. We also considered our approach to all of these issues, generally. It was agreed... that we really would try to make a much more aggressive effort to engage in a strategic dialogue with the PRC, even as we referred to individual issues."<sup>83</sup> Another part of the strategic review's conclusions set overall goals

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<sup>82</sup> Green, *By More Than Providence*, 458.

<sup>83</sup> Winston Lord, *ADST Oral History*, 601.

of the United States toward China (“ends”). They envisioned “two great powers heading into the next century... and how we could work together. We want to see China as a strong, stable, prosperous, and open society. We weren’t out to contain China, divide it, or subvert it... We would not oppose China in developing such a society and, indeed, would work with it.” However, the United States had to make clear also that it was “hard-headed” about defending its interests. “We would maintain our force levels and our alliances... We... would stand up for our values.”<sup>84</sup> The Lake-Lord Strategic Review, in a version of the *engage-and-balance* approach, focused on engagement and “strategic dialogue” with China, while it also advocated for a “hard-headed” approach about military balancing.

The Nye Initiative echoed many of the ideas of the Lake-Lord Strategic Review even if they differed on the emphases within *engage-and-balance*. Behind the Nye Initiative and a more strategic approach in the Clinton administration toward China in 1995-1996 was the arrival of a group of strategic thinkers at the Pentagon. Secretary of Defense William Perry “recruited senior officials to the Pentagon who knew Asia or shared his strategic views.”<sup>85</sup> He named Harvard professor Joseph Nye as his Assistant Secretary for International Security Affairs, the official overseeing all defense policy other than the former Soviet Union. Nye had already been working in the Clinton administration since 1993 as the Chair of the National Intelligence Council. When he became NIC Chair, he asked his former Harvard colleague Ezra Vogel to join the NIC staff as the national intelligence officer for East Asia. Once at the Pentagon, Nye brought in another Harvard colleague, Kurt Campbell, as his Deputy Assistant Secretary for East Asia. The three Harvard men were behind what has been known as the Nye Initiative.

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<sup>84</sup> Winston Lord, *ADST Oral History*, 604-605.

<sup>85</sup> Green, *By More Than Providence*, 457.



The Nye Initiative was launched to restore “the tools of American influence and engagement” in Asia and to get the U.S.-Japan relationship back on track. Its basic ideas were the strengthening of U.S.-Japan relations and the reinforcement of the U.S. commitment to maintaining its forward military presence in Asia, both in order to reassure allies and to introduce a balancing component to U.S. policy toward China. As Nye described this new strategy in *Foreign Affairs* in the summer of 1995: “There are three parts to the American security strategy for East Asia. Reinforcing our alliances to identify their new basis after the Cold War is at the heart of the strategy... The second component of the U.S. strategy is to maintain our forward-based troop presence... The third dimension of the strategy is to develop regional institutions.”<sup>86</sup> Nye left no doubt as to the fact that the maintenance of U.S. forward presence was necessary due to China’s rise: “The U.S. presence is a force for stability, reducing the need for arms buildups and deterring the rise of hegemonic forces... If China's recent growth rates continue, it will become the world's second-largest economy soon after the turn of the century. Its military strength will also naturally increase. Even if China does not increase its defense budget as a percentage of its GNP... the sheer magnitude of the rise in China's GNP means that impressive military capabilities will accompany its economic growth.”<sup>87</sup> The Nye Initiative, another version of the *engage-and-balance* approach, acknowledged the need for engagement, but placed the focus on developing balancing components in the form of reinforcing U.S. alliances in Asia, maintaining the forward deployment of U.S. troops in the region, and developing regional institutions.

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<sup>86</sup> Joseph Nye, “East Asian Security: The Case for Deep Engagement” *Foreign Affairs* 74, no. 4 (July / August 1995).

<sup>87</sup> Nye, “East Asian Security.”

The Lake-Lord Strategic Review and the Nye Initiative shared the conviction that the most important balancing tool for the United States vis-à-vis China was the shaping of the Asia-Pacific regional security context in a way that would prevent China from building a regional hegemonic role. In the shaping of the security context, the strengthening of U.S. alliances in the region would be prioritized: “About China and Japan, we were thinking in balance-of-power terms. The important thing was to reaffirm the U.S.-Japan alliance, so that we could shape the environment in which China grew. Containment was not an option—you could not contain China even if you wanted to. However, you could organize alliances in such a way that China would have to cope with a situation where, if it acted as a bully, it would face a closely aligned United States and Japan.”<sup>88</sup> On the other hand, the Lake-Lord Strategic Review, while it focused on engagement and “strategic dialogue,” also placed emphasis on incorporating balancing into the overall strategy through external balancing by strengthening regional alliances: “It wasn’t just blind naïveté or straight engagement, there was also a balancing or hedging component. Hedging meant that we put our allies first. What was the alternative? Containment? You couldn’t contain China. Containment wouldn’t work, unless it was global, and we weren’t going to get other countries to go along with. Furthermore, even though China grew stronger with our help, the United States also got a lot of benefits out of engagement with China, including economic advantages, China’s new approach to nonproliferation, and cooperation on several regional issues.”<sup>89</sup>

While the Lake-Lord Strategic Review and the Nye Initiative represented important strategic enterprises in advocating for shifting U.S. engagement strategy toward balancing at a time when international systemic factors required it, their impact

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<sup>88</sup> Author’s interview with Joseph Nye, September 14, 2020.

<sup>89</sup> Author’s interview with Winston Lord, September 11, 2020.

was short-lived for two reasons. First, the events of the Third Taiwan Strait Crisis (to be discussed in the next section), well underway when both of these initiatives were taking shape, were gradually overtaking all internal strategy-formulation exercises in 1995-1996. Secondly, the authors of the Lake-Lord Strategic Review and the Nye Initiative were soon on their way out of the government. Once they left, the voices of those opposing balancing due to their commitment to American liberal strategic culture and the *liberal ordering mission* would become more prominent. "It would soon become evident, however, that the strategy was still less than the sum of its parts. Many Clinton political appointees and State Department Asia hands were not comfortable with balance-of-power logic... Despite successes in 1996, Asia policy had no senior steward... and steadily lost the intellectual architects of the engage-and-balance strategy, such as Perry, Nye, and Campbell."<sup>90</sup> Nye left in December 1995, while Lord departed at the end of the first Clinton term. In their absence, the emphasis on shifting toward balancing (combining engagement and balancing) that all of them had worked so hard to create in America's China strategy would soon disappear, too.

As both the Lake-Lord Strategic Review and the Nye Initiative represented attempts at developing an *engage-and-balance* strategy toward China, there are merits in the predictions of both offensive realism and the *theory of the liberal ordering strategy*. Offensive realism was correct in predicting that the Clinton administration's new strategic initiatives in response to China's rise and increasingly assertive external conduct would have to signal a shift in U.S. strategy toward balancing. On the other hand, TELOS was also correct in two ways. First, as TELOS predicted, both the Lake-Lord Strategic Review and the Nye Initiative continued relying on engagement with China, albeit to

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<sup>90</sup> Green, *By More Than Providence*, 472-473.

different extents. Secondly, TELOS's prediction that the administration's push for a shift toward balancing would be mitigated by cultural pressures found truth in the fact that both the Lake-Lord Strategic Review and the Nye Initiative ended up being short-lived.

## **The Third Taiwan Strait Crisis in 1995-1996**

While the issue of the extension of China's Most Favored Nation status dominated U.S.-China relations during Clinton's first two years in office, it was the question of Taiwan that came to hang over the bilateral relationship in 1995-1996. These events have come to be known as the "Third Taiwan Strait Crisis," as they led to the third military confrontation between the United States and China over Taiwan after previous crises in 1954-1955 and in 1958. Given that China considers reunification with Taiwan a "core interest," U.S. policy over Taiwan is an integral part of overall U.S. strategy toward China. Based on the international systemic pressures of China's rise and its negative external and internal behavior, offensive realism would predict that the Clinton administration would adopt a shift in U.S. strategy toward balancing as manifested in an increasingly hawkish policy on Taiwan. Informed by both international and cultural pressures, however, TELOS would predict that, while the U.S. administration would consider a balancing posture on Taiwan or even make certain steps in line with balancing, it would eventually fall back on the engagement course due to the influence of American liberal strategic culture and the *liberal ordering mission*.

The Clinton administration launched a comprehensive policy review on Taiwan in 1993. They wanted to clarify U.S. policy on Taiwan partly in response to increasingly pro-Taiwan attitudes in the Congress. The process, however, dragged on for a long time in the government bureaucracy. By the time the review was completed in September

1994, everyone expected something earthshattering. As Winston Lord recalls, “If we had done all of this, say, in three or four months, people would have said: ‘It was a pretty good job.’ ... Taiwan, of course, was working with Congress to try to put a little pressure on the administration to undertake some bolder moves forward... By the time these changes came out, a lot of people probably thought that we had produced a mouse.”<sup>91</sup> The 1994 Taiwan Policy Review (TPR) codified many of the rules governing U.S.-Taiwan relations in the previous 15 years, only making a few notable changes. The review altered the name of the Coordination Council for North American Affairs to the Taipei Economic and Cultural Representative Office. Whereas U.S. and Taiwanese officials previously had to conduct their meetings in cafés and restaurants, the TPR allowed U.S. officials to enter the Ministry of Foreign Affairs in Taipei and the representatives of the Republic of China to enter government buildings in Washington although with the exception of the White House, the State Department, and the Pentagon. More importantly, the United States, for the first time, would send senior officials “from economic and technical agencies” on official visits to Taiwan.<sup>92</sup> As could be expected, no one was happy with the Taiwan Policy Review. NSC Senior Director for Asia Stanley Roth later recalled the reception: “In retrospect, it might have been wiser not to do it, since there wasn’t enough room to make anyone satisfied... It came down to an incredible series of nits.”<sup>93</sup> The 1994 Taiwan Policy Review left several administration officials, the Congress, China, and Taiwan all tremendously discontent.

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<sup>91</sup> Nancy Bernkopf Tucker, *China Confidential: American Diplomats and Sino-American Relations, 1945-1996* (Columbia University Press, 2001).

<sup>92</sup> Winston Lord, “Taiwan Policy Review – testimony before a hearing of the Senate Foreign Relations Committee,” September 27, 1994, *U.S. Department of State Dispatch*, October 17, 1994.

<sup>93</sup> James Mann quotes his interview with Stanley Roth in Mann, *About Face*, 319.

Among the most dissatisfied with the Taiwan Policy Review was Taiwanese president Lee Teng-hui, who wanted Washington to change the newly announced policies, including the rule of banning Taiwanese heads of state from visiting the United States. Lee had felt humiliated in May 1994 when the Clinton administration refused to give him a visa to stay overnight in Honolulu during his airplane's refueling stop on the way to Central America and Africa and offered instead to host him for a (rather modest) reception in a transit lounge at the U.S. air base there. After the Republicans won over both houses of Congress in the 1994 midterm elections, Lee organized a lobbying campaign in the Congress to help change the recently announced rules of the Taiwan Policy Review. In the spring of 1995, Lee, who had graduated with a PhD in Economics from Cornell in 1968, was invited to his university reunion. In April, Secretary of State Christopher assured Chinese Foreign Minister Qian at the United Nations in New York that the United States would not permit the visit. However, in May the U.S. Congress adopted a binding resolution calling on the Clinton administration to issue a visa for Lee to conduct a private visit. The House of Representatives voted 396-0 and the Senate voted 97-1 in favor of allowing Lee's trip, making it an almost unanimous and strongly bipartisan decision, which the administration could not reject. The Clinton administration ended up reversing course on Lee's visit.

The Clinton administration had been justifiably cautious about allowing the trip, as it turned out to be a major headache for the U.S. government. Lee's speech at the Cornell reunion, which he had not shared with his American hosts in advance and in which he referred to "the Republic of China on Taiwan" multiple times, earned the ire of both Beijing and Washington. Lord reflects on the sentiment in both the American and Chinese governments after the Lee visit: "He totally double crossed us. Of course, the PRC Chinese went ballistic. I must say that I went ballistic as well, as did others in the

U.S. Government. After all, on this issue President Clinton had stuck his neck out, risking our relationship with the PRC, and then Lee gave a big political speech on Taiwan.”<sup>94</sup> Contrary to Lord’s views (which represent the overall mood in the Clinton administration after the Lee visit), James Mann believes that it was not the speech at Cornell that really ruffled the feathers of the Chinese leadership: “More fundamentally, Beijing’s objection was not to Lee Teng-hui’s reunion speech but to the trip itself. Even if Lee had talked at Cornell exclusively about football and fraternities, China would have found some cause for complaint... No previous administration had permitted the president of Taiwan to visit the United States. Clinton had relaxed American policy, and the Chinese were not going to let this action pass quietly.”<sup>95</sup>

Indeed, the Chinese reaction to Lee’s visit was anything but quiet. First, China canceled all ongoing and upcoming high-level visits. They then recalled the Chinese ambassador from Washington on June 17 and delayed the *agrément* ceremony of the Clinton’s nominee for the post of U.S. ambassador to China, James Sasser. But the Chinese did not stop at diplomatic retaliation. In July and August, the People’s Liberation Army conducted military exercises in the East China Sea near Taiwan and fired M-9 missiles into the waters of the Taiwan Strait.<sup>96</sup> In an immediate and rather muted response by the Pentagon, the aircraft carrier USS Belleau Wood (LHA-3) transited the straits following normal procedures.<sup>97</sup>

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<sup>94</sup> Winston Lord, *ADST Oral History*, 598.

<sup>95</sup> Mann, *About Face*, 327.

<sup>96</sup> Kissinger, *On China*, 473-474; Mann, *About Face*, 328.

<sup>97</sup> National Security Council, E-mails, Joseph A. Sestak to Robert L. Suettinger and Joseph A. Sestak to Robert G. Bell, subject “Belleau Wood,” July 13 and July 24, 1995, folder “Spratly, China, Philippines,” OA/ID 59000, National Security Council and Records Management, Clinton Presidential Records, William J. Clinton Presidential Library.

The aggressive and belligerent Chinese responses to Lee's visit to Cornell prompted the Clinton administration to reappraise its relations with China and its China strategy in the summer of 1995. U.S. officials realized that China deserved much more attention and a much more focused approach: "In mid-1995, for the first time, China began to be treated as one of the principal problems confronting American foreign policy."<sup>98</sup> Lake, Christopher, and Secretary of Defense William Perry would start meeting regularly to discuss China strategy. The new focus resulted in two distinct responses, one more in line with engagement, and another more in line with balancing. First, President Clinton made some grand gestures toward the Chinese leadership in order to patch things up. When Christopher was meeting with the Chinese Foreign Minister in August 1995, he passed on a letter from President Clinton to Jiang Zemin, in which the president invited his Chinese counterpart for a visit to Washington for the first time. More importantly, the secret letter also contained new assurances about America's commitment to the "One China Policy" about Taiwan:

The United States recognizes the PRC as the sole legitimate government of China. The United States *respects* China's position that there is only one China in the world and that Taiwan is a part of China. The U.S. government will handle the Taiwan question on the basis of the one China policy. *The U.S. government is against Taiwan independence and does not support Taiwan's admission to the United Nations.*<sup>99</sup>

As Tucker argues, the "wording of the American position departed significantly from the carefully crafted language used by five presidents following the 1972 Shanghai Communiqué... In this letter... Clinton clearly used much stronger words, appearing to lean toward Beijing's interpretation of a one-China policy."<sup>100</sup> Clinton in his secret letter

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<sup>98</sup> Mann, *About Face*, 329.

<sup>99</sup> Originally published in John W. Garver, *Face off: China, the United States, and Taiwan's Democratization* (University of Washington Press, 1997), 79. Re-published in Tucker, "The Clinton Years: The Problem of Coherence," 62. I use Tucker's highlights in the text.

<sup>100</sup> Tucker, "The Clinton Years: The Problem of Coherence," 62.



to Jiang extended a long-denied invitation to the Chinese leader for an official visit and gave major concessions on Taiwan policy to Beijing, in line with the engagement posture.

The Pentagon, on the other hand, was increasingly seeing China as a rising competitor and recognizing the need for introducing elements of balancing into U.S. strategy. "Within the Defense Department, however, another, darker perspective on China was emerging... From this different outlook, China seemed like a possible long-term rival, a future threat to American interests... Those strategists responsible for long-range planning worried about the cumulative impact of China's growing economy and its rising defense budgets."<sup>101</sup> Pentagon strategists, including Michael Pillsbury in the Office of Net Assessment who had played an important role in building military partnership with China to counter the Soviet Union in the 1970s and 1980s, began to advocate for a balancing approach toward a post-Cold War China that was violating nonproliferation norms, starting territorial disputes, and modernizing its military in ways increasingly menacing to its neighbors. The beginnings of a strategic shift toward military balancing were reflected in the Defense Department's public policy pronouncements, including their East Asia Strategy Report in February 1995:

China's military posture and development have a great impact on the expectations and behavior of other states in the region. Although China's leaders insist their military build-up is defensive and commensurate with China's overall economic growth, others in the region cannot be certain of China's intentions... Other Asian nations may feel a need to respond to China's growing military power. This will be particularly true as China modernizes its strategic forces, naval assets and other forces capable of power projection.<sup>102</sup>

Following the crisis provoked by Lee Teng-hui's Cornell visit and China's belligerent reactions, the Pentagon began seeing China as a rising competitor and preparing for a shift in U.S. military strategy vis-à-vis China toward balancing, the White House however

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<sup>101</sup> Mann, *About Face*, 332.

<sup>102</sup> Department of Defense, *United States Security Strategy for the East Asia-Pacific Region*, 15.

sought once again to placate Beijing by offering serious concessions on Taiwan and high-level visits in line with the engagement course.

Even though the Clinton administration tried conciliating China on the Taiwan issue through significant concessions after the Lee visit in 1995, the anger and fury of the Chinese leadership did not subside, and their further belligerent actions led to the most serious military confrontation between the United States and China since the 1971 rapprochement. As Taiwan was preparing for its parliamentary elections planned for December 2, 1995, China began military exercises off the Taiwanese coast “with air, naval, and ground forces conducting joint maneuvers to simulate an amphibious landing on hostile territory... accompanied by an equally aggressive campaign of psychological warfare,”<sup>103</sup> with the obvious purpose of intimidating the Taiwanese population in the free exercise of their democratic rights. In a response in line with the Pentagon’s push for a shift toward balancing, the United States sent the aircraft carrier USS Nimitz (CVN-68) and four escort vessels to pass through the Taiwan Strait under the guise of “avoiding bad weather,” the first passage of the straits by a U.S. aircraft carrier since 1979.<sup>104</sup> In March 1996, the Chinese continued their military provocations to intimidate the Taiwanese population, this time ahead of the first-ever direct popular election of Taiwan’s president scheduled for March 23. Beijing conducted missiles tests “bracketing” offshore points north and south of Taiwan between March 8 and 15 and performed live-fire exercises near Penghu between March 12 and 25. Calling the Chinese actions “reckless and provocative,” the United States first sent the aircraft carrier USS Independence (CV-62) and her carrier battlegroup to the waters off the island on March

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<sup>103</sup> Kissinger, *On China*, 476.

<sup>104</sup> David M. Lampton, *Same Bed, Different Dreams: Managing U.S.-China Relations, 1989-2000* (University of California Press, 2001), 52.; Kissinger, *On China*, 476-477.

8, then dispatched the USS Nimitz and her battlegroup from the Persian Gulf back to the strait on March 11.<sup>105</sup>

When the Clinton administration took active steps to de-escalate tensions following the unprecedented U.S. and Chinese military shows of force around Taiwan in March 1996, U.S. responses initially demonstrated the division within the Clinton administration between those favoring the engagement posture and those favoring balancing. The Pentagon, focusing on international systemic pressures as they were growing concerned about China's military rise, favored balancing, while the White House and the State Department, under the influence of the cultural pressures of American liberal strategic culture and the *liberal ordering mission*, advocated for engagement. Vice Foreign Minister Liu Huaqiu happened to be in Washington for talks with Perry, Christopher, and Lake when Beijing launched the missile tests on March 7-8. Perry during his meeting with Liu "delivered a threat -- about as blunt as they come in contemporary diplomacy -- to go to war," warning China that "there would be 'grave consequences' should Chinese weapons strike Taiwan."<sup>106</sup> Perry, in line with the Pentagon's long-followed approach, communicated to Liu a policy of balancing.

The White House and the State Department, on the other hand, favored engagement and took an entirely different approach in their messages to Liu. Lake invited Liu to a farm in Middleburg, Virginia for talks that also included Lord, Lord's deputy Jeffrey Bader, and NSC Director for Asian Affairs Robert Suettinger. They took place on Pamela Harriman's estate in Middleburg, Virginia, and this informal setting was supposed to

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<sup>105</sup> Lampton, *Same Bed, Different Dreams*, 52-53; Kissinger, *On China*, 476-477.

<sup>106</sup> Barton Gellman, "U.S. and China nearly came to blows in '96," *Washington Post*, June 21, 1998, <https://www.washingtonpost.com/archive/politics/1998/06/21/us-and-china-nearly-came-to-blows-in-96/926d105f-1fd8-404c-9995-90984f86a613/>.

help the American and Chinese negotiators “let their hair down.”<sup>107</sup> The talks concluded with the “decision to invigorate engagement and to initiate a ‘strategic dialogue.’”<sup>108</sup> When the *Washington Post* looked back on the strategy-making in the aftermath of the Taiwan crisis two years later (ahead of Clinton’s first visit to Beijing), they argued that “the lessons learned in the crisis resolved the president’s ambivalence about the kind of ties he sought with China and set him firmly in pursuit of an ‘engagement’ that brings him this month to Beijing.”<sup>109</sup> Following the de-escalation of the Third Taiwan Strait Crisis, the internal divisions of the Clinton administration were resolved and the administration resolutely settled on pursuing the engagement strategy moving forward.

During the Third Taiwan Strait Crisis, the Clinton administration first shifted its China strategy toward balancing in standing up to China militarily over Taiwan, but following the peak of escalation in March 1996 it reverted back to its default course of engagement. For most of the duration of the crisis, the administration was divided between the Pentagon pushing for balancing, on the one hand, and the White House and the State Department preferring the engagement posture, on the other. While offensive realism correctly predicted the initial attempt at balancing, as international pressures pointed in that direction, but it failed to predict how cultural pressures would eventually push the administration to settle on the engagement course. On the other hand, whereas TELOS did not foresee the Pentagon’s initially successful push for balancing, it did correctly predict that the commitment of the top policymakers (Clinton, Christopher, Lake) to American liberal strategic culture and the *liberal ordering mission* would eventually bring about the Clinton administration’s reversion to engagement.

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<sup>107</sup> Lampton, *Same Bed, Different Dreams*, 53.

<sup>108</sup> Lampton, *Same Bed, Different Dreams*, 53.

<sup>109</sup> Gellman, “U.S. and China nearly came to blows in '96.”

## Return to engagement and proclamation of “strategic partnership”

In 1996-1998, China's rise was continuing in full force. Its economy was growing at 9.9% in 1996, at 9.2% in 1997, and at 7.8% percent in 1998 (the latter number reflecting the negative effect of the Asian Financial Crisis). Its military rise was already underway. Beijing was steadily increasing its political/diplomatic power by building new partnerships as well as becoming more active in regional organizations, co-founding the Shanghai Five in 1996 and the ASEAN Plus Three in 1997. On liberalization, China's political reforms were dead and its economic reforms were limited to sporadic sectoral reforms. Beijing continued its unfair economic practices, among which the Office of the U.S. Trade Representative was particularly concerned about intellectual property theft.<sup>110</sup> China's external conduct was demonstrated by its military provocations against Taiwan in 1996 and its New Security Concept of 1997 criticizing the hub-and-spokes system of U.S. alliances in Asia and proposing “an alternative concept for a new Sino-centric regional order.”<sup>111</sup> Altogether, international systemic pressures would have warranted a shift in U.S. strategy toward balancing, as offensive realism would predict. On the other hand, TELOS would recognize that, with the turnover in the U.S. foreign policy leadership (especially with Nye, Campbell, and Lord departing, while Lake and then his successor Berger growing in influence and Albright joining), the cultural pressures of American liberal strategic culture and the *liberal ordering mission* would be more prominent, significantly retarding the effect of international pressures and

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<sup>110</sup> Suettinger, *Beyond Tiananmen*, 271-275.

<sup>111</sup> Friedberg, *Getting China Wrong*, 129.

overshadowing the need for balancing. This would thus push the Clinton administration toward maintaining or even strengthening the engagement posture according to TELOS.

What began in March 1996 on Pamela Harriman's farm in Middleburg, Virginia, as the U.S. effort to de-escalate tensions after the Third Taiwan Strait Crisis ended up setting the course for U.S. strategy vis-à-vis China for the remainder of the Clinton's presidency. The Clinton administration returned to engagement. In May 1996, Christopher made this public with a speech before the National Committee on U.S.-China Relations, which defined what the Clinton administration meant by "engagement" and essentially set the course for the Clinton strategy toward China from 1996 to 2001:

The United States and China share many interests that can only be served when our two countries deal constructively and openly with each other. By deepening *China's integration into the international system*, we can best ensure that China's development as a strong and *responsible member of the international community* promotes our interests as well as its own... Our focus must be on the long term and we must seek to resolve our differences through *engagement*, not confrontation... The time has come to develop *a more regular dialogue* between our two countries. Holding periodic cabinet-level consultations in our capitals would facilitate a candid exchange of views, provide a more effective means for managing specific problems, and allow us to approach individual issues within the *broader strategic framework of our overall relationship*.<sup>112</sup>

Christopher's words and ideas make clear how deeply the policymaking center of the Clinton administration was influenced by American liberal strategic culture and the *liberal ordering mission* in their choice of engagement.

Soon after, Lake made his first visit to China in July 1996, where his message "was especially reassuring to Chinese leaders."<sup>113</sup> What he delivered in his "stat rap" (the rap about strategy) to the Beijing leadership demonstrated Lake's (and the Clinton

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<sup>112</sup> Warren Christopher, "American Interests and the U.S.-China Relationship," Address to the Asia Society, the Council on Foreign Relations and the National Committee on U.S. - China Relations, May 17, 1996, accessed May 16, 2023, <https://1997-2001.state.gov/current/debate/96517qa.html>. Author's (Zoltan Feher's) highlights.

<sup>113</sup> Mann, *About Face*, 343.

administration's) commitment to American liberal strategic culture and the *liberal ordering mission*: "China is a great nation... America respects China... America wants China to help design [the system of governing the world in the 21<sup>st</sup> century]." <sup>114</sup> The National Security Advisor essentially confirmed to the Chinese that Washington had returned to engagement and cooperation after years of shifting toward balancing. Following the trip, Lake expressed how the administration would move forward in the framework of engagement: "China's economic transformation was truly phenomenal. Thus Beijing couldn't be pushed around... Before issues could be effectively addressed with the Chinese, relations had to be put into a larger, strategic framework." <sup>115</sup> Lake's visit and "stat rap" closed the circle on the administration's years-long search for China strategy and put an end to their attempts at balancing. "Lake's approach represented the completion of the Clinton administration's transformation on China policy. [He] was repudiating the policies of Clinton's first two years, not just on trade benefits, but more broadly. In contrast to the administration's earlier way of doing business with China, Lake now asserted that administration was seeking to avoid confrontation on human rights and arms proliferation." <sup>116</sup> Engagement was in, balancing was out.

The Clinton administration's choice of returning to the engagement course was deeply influenced by American liberal strategic culture and the *liberal ordering mission*, as Lake's words above suggested. The wording of the 1996 National Security Strategy also makes this quite explicit by linking U.S. engagement and U.S. support for China's global economic access with China's liberalization, opening, and respect for human rights:

"A stable, open, prosperous and strong China is important to the United States and to our friends and allies in the region. A stable and open China is more likely to work cooperatively

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<sup>114</sup> Mann, *About Face*, 343.

<sup>115</sup> Lampton, *Same Bed, Different Dreams*, 53-54.

<sup>116</sup> Mann, *About Face*, 343.

with others and to contribute positively to peace in the region and to respect the rights and interests of its people... In support of these objectives, we have adopted a policy of comprehensive engagement designed to integrate China into the international community as a responsible member and to foster bilateral cooperation in areas of common interest... China's accession to the WTO is also an important objective for the United States.”<sup>117</sup>

Clinton was running for reelection in November 1996, but his Republican challenger, Senator Bob Dole, did not challenge his China policy during the election campaign. Clinton waited until after his successful reelection to meet Jiang Zemin for the first time at the APEC summit in Manila at the end of November 1996. At their meeting, Clinton put into action his administration's recently renewed commitment to engagement and to starting a “strategic dialogue.” Clinton (finally officially) invited Jiang for a visit to Washington the next year while the Chinese leader extended an invitation to the U.S. president for a visit to China in 1998.

In the second Clinton administration, Lake's former deputy Sandy Berger became the new national security advisor, and “from early in the second term Berger reaffirmed NSC control of China policy and made it his issue.”<sup>118</sup> Berger laid out his views on China strategy in a speech he gave at the Council on Foreign Relations in New York City in June 1997. Berger's speech made the case for engagement and “strategic dialogue” on the basis of the assumptions of American liberal strategic culture and the *liberal ordering mission*. The national security advisor stated that the Clinton administration has “moved away from five years” of China policy defined by the MFN debate (and balancing) “toward a renewed strategic dialogue with China.” If the United States continues engagement with China “for the long haul,” expanding markets and “encouraging the evolution of the rule

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<sup>117</sup> The White House, *A National Security Strategy of Engagement and Enlargement*, February 1996, William J. Clinton, 41.

<sup>118</sup> Tucker, “The Clinton Years: The Problem of Coherence,” 58.



of law and civil society in China through contacts... among people and between governments," this will increase the chances that "the roots of a more open society will gain strength." A key part of engagement is U.S. support for China's economic expansion, and already "the United States has played a central role in China's modernization and economic progress." Berger warned that "we must avoid making a false choice between human rights and engagement," because engagement and "growing interdependence will have a liberalizing effect on China." Beyond internal liberalization, economic expansion, and growing interdependence, U.S. engagement will also help China's external liberalization and its transformation into a responsible actor in the U.S.-led international order: "The emergence of China as a great power that is stable, open and nonaggressive; that embraces political pluralism and international rules of conduct; that works with us to build a secure international order... profoundly is in America's interest."<sup>119</sup> Berger, now the lead administration official on the China file, reiterated the logic of the second Clinton administration's engagement strategy vis-à-vis China as underpinned by American liberal strategic culture and the *liberal ordering mission*.

In line with the Clinton administration's renewed commitment to engagement and "strategic dialogue," Bill Clinton finally welcomed Jiang Zemin on an official visit to the United States in October 1997. At the summit, Clinton took the engagement posture one step further with the controversial proclamation of "strategic partnership" with China. In reality the two leaders' joint statement only declared that they were "determined to build toward a constructive strategic partnership,"<sup>120</sup> but "almost immediately, and

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<sup>119</sup> Samuel R. Berger, "Building a New Consensus on China," Remarks at the Council on Foreign Relations, June 6, 1997, accessed May 20, 2023, <https://clintonwhitehouse3.archives.gov/WH/EOP/NSC/html/speeches/srb060697.html>.

<sup>120</sup> "Joint United States-China Statement," October 29, 1997, Washington DC, *Public Papers of the Presidents of the United States, William J. Clinton, 1997, Book 2, July 1 to December 31 1997* (Government Printing Office, 1999).

unsurprisingly, the detail and nuance disappeared and the infelicitous concept of strategic partnership alone remained.”<sup>121</sup> Although the United States went out of its way to please the Chinese side with agreeing to this label and the visit provided the first opportunity for the two leaders to spend an extended period in a more relaxed atmosphere together, the summit was a disappointment in terms of tangible results. As the *New York Times* reported, echoing the accounts of U.S. officials, “there was... talk of ‘a constructive strategic partnership,’ but precious little flesh was put onto those bare rhetorical bones.”<sup>122</sup> China agreed to sign the United Nations Covenant on Economic, Social and Cultural Rights, but did not promise to ratify it. Much-awaited WTO negotiations stalled, and “no broader progress on human rights resulted.”<sup>123</sup> The first summit between Clinton and Jiang in October 1997, organized in line with the U.S. administration’s renewed commitment to engagement and announcing “strategic partnership,” failed to move the relationship forward.

The U.S. president reciprocated the Chinese leader’s trip and traveled to China in June 1998, despite strong Congressional opposition to the visit in the shadow of the “Chinagate” scandal over U.S. exports of missile technology to China and campaign donations to the Democratic National Committee by people close to the Beijing leadership. The stark contrast between the administration’s own assessment of the visit, on the one hand, and the facts on the ground as well as the views of external China analysts, on the other, sheds light on the hollowness and ineffectiveness of the administration’s pursuit of engagement and strategic partnership. According to NCS

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<sup>121</sup> Tucker, “The Clinton Years: The Problem of Coherence,” 59-60.

<sup>122</sup> R. W. Apple Jr., “Summit in Washington: The Implications; A Yield of Little More Than ‘Normalization’ of Abnormal Relations,” *The New York Times*, October 30, 1997, sec. World, <https://www.nytimes.com/1997/10/30/world/summit-washington-implications-yield-little-more-than-normalization-abnormal.html>.

<sup>123</sup> Tucker, “The Clinton Years: The Problem of Coherence,” 60.

documents evaluating the visit, “engagement strategy offers best opportunity both to pursue [U.S.] interests and advance U.S. values, especially democracy and human rights, in China. President's trip illustrates this.”<sup>124</sup> Furthermore, the administration believed that “success of President's trip [was] due in significant measure because we had strategy dating back several years,” and “contrary to some public discussion there was real progress on issues of substance.”<sup>125</sup>

A close look at the achievements of the visit does not bear this assessment out. In order to shape China's conduct on nonproliferation, Washington requested China to join the Missile Technology Control Regime (MTCR), Jiang however only promised that Beijing would be “actively studying joining MTCR.” China also rejected the U.S.-proposed end-use monitoring of high-tech exports. The Chinese side did agree to an agreement on the detargeting of missiles but “the agreement did not actually solve any problems, since the missiles could be retargeted in minutes.” As Tucker argues, “the targeting agreement, heralded as an important step forward, reflected the dearth of genuine progress.”<sup>126</sup> The administration also boasted that the live television broadcast of Clinton's remarks at Peking University was the “first time Chinese people have heard free public discussion of issues such as Tiananmen, human rights, democracy, Tibet since 1989.”<sup>127</sup> In reality, the Chinese authorities did not publicize Clinton's speech, therefore very few Chinese could watch it. “Administration assertions that this had been a watershed event, introducing China to freer discourse, rang hollow. At the same time, political and religious dissidents were placed in detention, staffers from Radio Free Asia

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<sup>124</sup> National Security Council, Memorandum, “The President' Trip to China,” folder “1998 POTUS Trip – Talking Points,” OA/ID 2622, Asian Affairs/Holly Smith, National Security Council and Records Management, Clinton Presidential Records, William J. Clinton Presidential Library, 4.

<sup>125</sup> Memorandum, “The President' Trip to China,” 1-2.

<sup>126</sup> Tucker, “The Clinton Years: The Problem of Coherence,” 61.

<sup>127</sup> Memorandum, “The President' Trip to China,” 4.

were barred from China.”<sup>128</sup> Finally, Clinton made a further concession to Jiang by announcing the “Three No’s” on Taiwan (from his 1995 letter) in his speech in Shanghai.

Contrary to administration claims, China analysts concluded that Clinton’s visit to China brought very few results to the U.S. administration. Suettinger argues that “all in all, there was little substantive content to the summit.”<sup>129</sup> Tucker believes that, compared to Jiang’s trip to the United States, “Clinton’s return visit suffered the same strengths and weaknesses... There was much ceremony but little negotiation and few agreements.”<sup>130</sup> Overall, Clinton’s visit to China achieved very little in terms of advancing U.S. interests and U.S. values, while it gave concessions and victories to the Chinese side.

Regarding the 1996-1998 period, the predictions of offensive realism that the U.S. administration would shift U.S. strategy toward balancing due to international systemic pressures were completely incorrect. TELOS was correct in predicting that the outgoing first and the incoming second Clinton administration, based on the composition of its foreign policy leadership (Clinton, Christopher, Lake, Albright, Berger), would be highly susceptible to the ideas of American liberal strategic culture and the *liberal ordering mission*, allow these cultural pressures to retard the impact of international pressures, and thus choose to maintain and even strengthen its commitment to pursuing the engagement strategy. As we have seen, this commitment nonetheless came at a great cost to advancing U.S. interests and U.S. values.

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<sup>128</sup> Tucker, “The Clinton Years: The Problem of Coherence,” 60-61.

<sup>129</sup> Suettinger, *Beyond Tiananmen*, 345.

<sup>130</sup> Tucker, “The Clinton Years: The Problem of Coherence,” 60-61.

## Getting China into the World Trade Organization

In the last years of the Clinton presidency, China's economic, military, and political rise continued at a great pace. Its economy took a hit during the Asian Financial Crisis of 1997-1998, but it was already recovering in 1998-1999. China continued steadily expanding its political influence globally, including establishing the Forum on China-Africa Cooperation in October 1999. Instead of political liberalization, Beijing was increasingly repressive against dissidents and minority groups, including persecuting the recently founded China Democratic Party. China adopted the Western China development strategy and the securities reform package in 1999, but other economic reforms stalled. Violating its 1995 joint statement with the Philippines, Beijing began constructing structures on the disputed Mischief Reef in the South China Sea in January 1999. China's only real effort at liberalization occurred in its external economic conduct, when Prime Minister Zhu Rongji took a leadership role in facilitating reforms necessary for Beijing's WTO membership. China was becoming a great power challenger and, beyond undertaking the otherwise substantial WTO reforms, it was not liberalizing its internal political and economic affairs or external political behavior. Based on these international systemic signals, therefore, offensive realism would predict that the United States would shift its strategy vis-à-vis China toward balancing. On the other hand, the Clinton administration had committed itself to the engagement strategy and "strategic partnership" in the previous two years, and the cultural pressures of American liberal strategic culture and the *liberal ordering mission* would continue to have strong influence on the top foreign policy leadership. Therefore TELOS would predict that the administration would "go all in" and continue pursuing and even strengthen engagement in its last two years.

Much like the centrality of the MFN debate in the beginning, the final years of the Clinton administration witnessed again a focus of their China strategy on supporting China's international economic integration, this time in the form of helping China become a member of the World Trade Organization (WTO). Talks regarding China's joining the General Agreement on Tariffs and Trade (GATT) and its successor the WTO go back all the way to 1986 when China became an observer in GATT. After Tiananmen, negotiations were discontinued, and the Clinton administration resumed them in March 1993. Deputy U.S. Trade Representative Charlene Barshefsky, who would become the engine behind the negotiation process in the following years, provided her Chinese interlocutors in November 1995 a road map on how to achieve an accession treaty to the WTO with the United States. The process halted in 1996, but at their meeting in Manila in November 1996 Clinton and Jiang decided to expedite negotiations the following year. After major progress in 1997, talks slowed down once again in 1998.<sup>131</sup>

The impetus for picking up WTO talks came from the Clinton administration. In late October 1998, NSC Senior Director for Asia Kenneth Lieberthal "was convinced it had become important to find a structural framework to facilitate China's western orientation and to undergird the U.S.-China relationship" and therefore "suggested to Sandy Berger that perhaps a renewed push for a World Trade Organization (WTO) agreement might suit the purpose."<sup>132</sup> In November, Clinton wrote a letter to Jiang suggesting that they should try to reach a deal on the WTO issue in early 1999. In January 1999, Zhu indicated to visiting Federal Reserve chairman Alan Greenspan in Beijing that China was willing to make significant concessions on the WTO. Clinton wrote a second letter to Jiang on February 8 suggesting that the two sides conclude an agreement during

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<sup>131</sup> Green, *By More Than Providence*, 472.

<sup>132</sup> Suettinger, *Beyond Tiananmen*, 359.

Zhu's upcoming visit to Washington, followed by a third (!) letter by Clinton on February 12 expressing his wish that a package deal on China's WTO membership and the United States giving China "permanent normal trade relations" status could be achieved.<sup>133</sup> With Zhu's leadership, China made a turnabout and offered new concessions, lowering tariffs on cars, electronics, and agricultural products, opening up banking, telecommunications, and insurance to foreign companies (but only in joint ventures), and softening restrictions on distribution and trade.<sup>134</sup> In late 1998 and early 1999, the Clinton administration, in line with engagement, resuscitated WTO talks and went out of its way to make China's WTO membership a reality, prompting the Chinese side to make substantial concessions.

Although it seemed in early 1999 that the prospects of the United States and China reaching a WTO deal soon were bright, major challenges lay ahead. First, policymakers in the Clinton administration were divided over the issue. Pro-engagement Berger, Albright, and Barshefsky supported the agreement. On the other hand, Chief of Staff John Podesta, National Economic Council Director Gene Sperling, Commerce Secretary William Daley, and Treasury Secretary Robert Rubin opposed it "for fear of arousing fresh accusations that Clinton was going soft on Beijing."<sup>135</sup> On substance, they "urged greater protection of U.S. industry and more far-reaching access to Chinese banking and security sectors" than Beijing had offered.<sup>136</sup> Second, while the White House was optimistic that U.S. high-tech, chemicals, wood, and paper industries as well as the farm belt would welcome China's concessions on lowering tariffs and opening up new sectors to foreign companies, Hollywood, auto makers, the telecommunications and textile

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<sup>133</sup> Joseph Fewsmith, "The Politics of China's Accession to the WTO," *Current History* 99, no. 638 (September 1, 2000): 268-73, <https://doi.org/10.1525/curh.2000.99.638.268>.

<sup>134</sup> Blustein, *Schism*, 36; Ian Johnson and Leslie Chang, "China Offers an Array of Reforms Plan to Open Sectors Reflects Broad Effort to Gain WTO Entry," *Wall Street Journal*, Eastern edition, March 25, 1999, 1.

<sup>135</sup> Blustein, *Schism*, 37-39; Suettinger, *Beyond Tiananmen*, 366.

<sup>136</sup> Tucker, "The Clinton Years: The Problem of Coherence," 67.

industries were dissatisfied with the leaked terms of the deal.<sup>137</sup> Third, the *New York Times* broke the Los Alamos spy scandal, according to which a Taiwan-born scientist at the Los Alamos laboratories was alleged to have provided classified information to Chinese scientists and as a result China was able to steal the design of the United States' state-of-the-art miniature nuclear warhead W-88. The scandal "not only complicated the decision on WTO but sent the entire U.S. government into a bizarre and confusing tailspin."<sup>138</sup>

The two sides continued the negotiations and came very close to an agreement in early April, with China announcing a set of new concessions in software piracy, aviation, and insurance. On April 7, Zhu arrived in Washington but was concerned that the nuclear espionage scandal might overshadow his visit. Still, everyone in Washington expected that Clinton and Zhu would ink a deal during the visit. However, while in the morning of Zhu's arrival Clinton said that "if China is willing to play by the global rules of trade, it would be an inexplicable mistake for the United States to say no," the president ended up saying no to Zhu and calling off the deal that evening, to the shock and awe of many in the U.S. government and the media who all found it *inexplicable* indeed.<sup>139</sup> Zhu left Washington disappointed, but did not know that things could still get worse. Eager to capture what the two sides had agreed on before Clinton called the deal off, the Office of the U.S. Trade Representative compiled a 17-page document on Chinese commitments and Barshefsky got the White House communications office to publish it on their website. As a result, when Zhu returned to China from his visit, he was blamed both for not concluding a deal *and* for giving too much away. Even though the Chinese were extremely angry over the outcome of Zhu's visit, the two sides continued the WTO talks

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<sup>137</sup> Blustein, *Schism*, 38-39.

<sup>138</sup> Suettinger, *Beyond Tiananmen*, 360-362.

<sup>139</sup> Blustein, *Schism*, 39-40; Suettinger, *Beyond Tiananmen*, 363-368.



after April 21, but PRC representatives made clear that they were not bound by the concessions contained in the 17-page document. Negotiations were set back significantly when the United States accidentally bombed China's embassy in Belgrade during NATO's Kosovo air campaign on May 7. Even though the bombing was a tragic accident and the United States apologized, the Chinese leadership was convinced that it was deliberate and aimed at weakening the People's Republic, and so were the thousands of anti-American protesters in cities across China.<sup>140</sup>

After several months of frustration and coldness in the relationship following the Zhu visit and the Belgrade embassy bombing, Clinton met Jiang at the APEC summit in September 1999 in Auckland, New Zealand. During their meeting, the U.S. president attacked Taiwanese president Lee for recent statements, reaffirmed U.S. commitment to the "One China Policy," and urged the Chinese leader to restart the WTO negotiations. The Chinese decided "to play hard to get," and only agreed to return to negotiations after several phone calls and a visit by Treasury Secretary Larry Summers to meet Zhu.<sup>141</sup> In November, Barshefsky, Sperling, and Lieberthal returned to China for a tumultuous few days of negotiations that featured ups and downs and much theatricality from both sides. The U.S. delegation had to re-negotiate many of the areas that the Chinese had agreed on before the Zhu visit, but in the end the two sides concluded an agreement, even though the United States had to concede in the last minute on several issues where the Chinese had hardened their stance since April.<sup>142</sup>

With the WTO accession agreement finalized, there remained one important piece of the puzzle to be put in place. In order for China's WTO commitments and concessions

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<sup>140</sup> Blustein, *Schism*, 40-46.

<sup>141</sup> Suettinger, *Beyond Tiananmen*, 386.

<sup>142</sup> Suettinger, *Beyond Tiananmen*, 386-388.

to actually benefit U.S. businesses (and not only their foreign competitors), Washington had to once again renew China's MFN status, but as the American side had committed itself in the WTO agreement, this time MFN renewal would be permanent. The Congress had to approve a package deal of China's membership in the WTO and its Permanent Normal Trade Relations (PNTR) status. Clinton faced strong opposition to this package deal in the Congress, especially from his own Democratic Party, where labor unions and environmentalists held considerable influence. When the president was trying to convince them, he argued on the basis of American liberal strategic culture and the *liberal ordering mission* that the best way "to increase the chances that China will become more open, more democratic, and a constructive member of the global community of the 21<sup>st</sup> century" is to let China into the WTO and "to let liberty spread from within."<sup>143</sup> The House of Representatives approved China's WTO membership and Permanent Normal Trade Relations status on May 24, 2000 and the Senate followed suit on September 19, 2000. President Clinton signed it into law on October 10, 2000.

In 1998-2000, the Clinton administration's commitment to engagement, strategic partnership, and China's WTO membership was strongly underpinned by the belief of the top policymakers in the ideas and assumptions of American liberal strategic culture and the *liberal ordering mission*. When Clinton delivered remarks at Johns Hopkins University's School of Advanced International Studies in March 2000, it was on the basis of these ideas and assumptions that he explained his support for China's WTO membership: "By joining the WTO, China is not simply agreeing to import more of our products; it is agreeing to import one of democracy's most cherished values: economic

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<sup>143</sup> William J. Clinton, "Remarks at a Democratic Leadership Council Conference in San Jose, California," April 3, 2000, *Public Papers of the President* (Federal Register Division, National Archives and Records Service, General Services Administration, 2000), 608.

freedom. The more China liberalizes its economy, the more fully it will liberate the potential of its people... And when individuals have the power, not just to dream but to realize their dreams, they will demand a greater say.”<sup>144</sup> Secretary Albright was also a firm believer in American liberal strategic culture and the *liberal ordering mission*, and her State Department’s case for China’s WTO membership also reflected the deep influence of these ideas: “China’s accession to the WTO... will encourage reform in China. China will have to make its trade regime consistent with its WTO obligations. This will lead to a deepening of its market reforms... Chinese and foreign businessmen in China will gain greater economic freedom... Opening of China’s telecommunications market... will over time expose the Chinese people to information, ideas, and debate from around the world. This process will also strengthen the rule of law in China.”<sup>145</sup>

The influence of American liberal strategic culture and the *liberal ordering mission* on the Clinton administration’s China strategy in their last years is also evident in the administration’s 2000 and 2001 National Security Strategies. President Clinton’s 2000 National Security Strategy emphasized that the diplomatic facilitation of China’s WTO membership will lead to China’s political and economic liberalization:

Most recently, we reached agreement to bring China into the World Trade Organization on fair commercial terms – a landmark accord that will create jobs and opportunities for Americans through opening of Chinese markets, promote economic reform in China, and help spread the message and the tools of freedom to the Chinese people.<sup>146</sup>

Finally, the 2001 National Security Strategy outlines how the Clinton administration believed U.S. engagement and (economic) incentives should lead to China’s political and

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<sup>144</sup> Bill Clinton, “Speech on China Trade Bill at the Paul H. Nitze School of Advanced International Studies of the Johns Hopkins University,” March 9, 2000, *Public Papers of the President*.

<sup>145</sup> Department of State, “Fact Sheet on China: WTO Accession and Permanent Normal Trade Relations (PNTR),” May 24, 2000, accessed May 25, 2023, [https://1997-2001.state.gov/regions/eap/fs-china\\_pntr-wto\\_000524.html](https://1997-2001.state.gov/regions/eap/fs-china_pntr-wto_000524.html).

<sup>146</sup> The White House, *A National Security Strategy for a New Century*, December 1999, William J. Clinton, 38.

economic liberalization as well as becoming a responsible global stakeholder. It states that U.S. engagement with China “over the last eight years has been focused on encouraging them to undertake important political and economic reforms.” The United States has encouraged China to be a responsible member of the world community, which “means progress in respecting the rights of individuals and nations in areas as diverse as the environment, humanitarian issues, the rule of law, and economic fairness.”<sup>147</sup> Just like the administration’s actions, their communications from speeches to fact sheets to National Security Strategy documents attest to the deep impact of American liberal strategic culture and the *liberal ordering mission* on the Clinton administration’s formulation of China strategy in its last years.

With the United States helping China acquire full membership in the World Trade Organization and granting Beijing the status of Permanent Normal Trade Relations, the process of China’s integration into the world economy with the active support of the United States, which had begun in 1980 when the Congress first granted China MFN status, was complete. Regarding 1998-2001, offensive realism was incorrect in predicting a shift in U.S. strategy toward balancing as a response to international systemic signals. TELOS was correct in predicting that the cultural pressures of American liberal strategic culture and the *liberal ordering mission* would retard the effect of international pressures and push the Clinton administration toward maintaining and even strengthening the engagement posture, as manifested in their enhancement of “strategic partnership” and their facilitation of China’s WTO membership and Permanent Normal Trade Relations status.

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<sup>147</sup> The White House, *A National Security Strategy for a Global Age*, December 2000, William J. Clinton, 6.

## ANALYSIS: U.S. STRATEGY, CHINA'S RISE, AND INTERNATIONAL ORDER 1993-2001

### The efficacy of U.S. strategy

The Clinton administration's China strategy, integrated into its overall grand strategy of "engagement and enlargement," pursued several goals. As the administration defined the position of the United States as "the world's premier economic and military power,"<sup>148</sup> its primary goal was to retain that position. This entailed preventing other major powers from challenging that preeminent position. The administration's second goal was enshrined in its grand strategy as the promotion of democracy abroad since "democratic states are less likely to threaten our interests and more likely to cooperate with the U.S. to meet security threats and promote sustainable development."<sup>149</sup> More specifically on China, the Clinton administration set out that its "policy will be to seek to facilitate a broad, peaceful evolution in China from communism to democracy by encouraging the forces of economic and political liberalization in that great and highly important country."<sup>150</sup>

On the first goal, retaining America's position as the world's premier economic and military power and preventing the rise of potential challengers, the Clinton administration's China strategy was not effective, in fact it was counterproductive, as the administration contributed to China's rise as a potential rival. Even though the United States stayed the world's leading economic and military power through Clinton's presidency, U.S. strategy significantly facilitated China's economic, military, and political

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<sup>148</sup> The White House, *A National Security Strategy of Engagement and Enlargement*, July 1994, William J. Clinton, 9.

<sup>149</sup> The White House, *National Security Strategy*, July 1994, i-ii.

<sup>150</sup> Warren Christopher, Testimony to the Senate Foreign Relations Committee, January 13, 1993.

rise. Measured in purchasing power parity, China rose from the No. 4 economy in January 1993 to the No. 2 economy in January 2001. Among all major economies, China also grew at the fastest rate between 1993-2001 (between 7.7% and 13.8%). The United States strongly supported China's continued integration into the world economy by extending China's MFN status in 1993, de-linking it from liberalization in 1994, and making it permanent in 2000 as well as by single-handedly negotiating China's full membership in the World Trade Organization in 1998-2000.

China's military rise took off in 1993-2001. China's military modernization, which was launched after the Gulf War, continued after 1992, and accelerated from the mid-1990s, substantially altered the military balance in Asia. The Clinton administration indirectly contributed to China's military rise by facilitating China's economic ascendance and by transferring certain military technologies to Beijing. Finally China also rose in terms its political power, significantly expanding its political-diplomatic relationships, its network of "strategic partners," and its participation in multilateral and regional organizations in 1993-2001. The Clinton administration helped China's political rise by ending Beijing's post-Tiananmen isolation through diplomatic engagement. They even took it one step further by declaring China a strategic partner in 1998, thereby encouraging other countries to strengthen their relationships with China. The Clinton administration's China strategy of engagement, inadvertently or not, contributed to China's rise as a great power competitor.

The Clinton administration's China strategy also failed to achieve its second goal, China's liberalization. Clinton and his top advisors admitted this failure themselves. At the first press conference of his second term, when President Clinton was asked why his engagement strategy had failed to bring about results on human rights and liberalization, he answered: "We have not made the progress in human rights that... I had hoped to

make, yes... I still believe over the long run, being engaged with China... has the greatest likelihood of having a positive impact on China.”<sup>151</sup> During the Clinton presidency, China stalled on political reforms and actually increased repression; only pursued a few sectoral economic reforms and those required by WTO membership; and its external political-security behavior remained suspicious and at times hostile toward the United States, continuing actively proliferating dangerous weapons to rogue regimes and exerting increasingly aggressive conduct toward Taiwan. The Clinton administration’s engagement strategy did not bring about China’s liberalization either internally or externally.

The focus of the second Clinton presidency in supporting China’s integration into the world economy, i.e. negotiating China’s full membership in the World Trade Organization and granting it Permanent Normal Trade Relations, has also not stood the test of time in terms of advancing U.S. national interests. There are two aspects of this failure: on the one hand, how WTO membership has helped China’s economic rise, and on the other, how it has destroyed some U.S. manufacturing sectors and thus hindered U.S. economic growth in the so-called “China shock.” PNTR and China’s WTO accession catapulted China’s economic rise into previously unseen heights. China’s GDP growth, after slowing down in the 1990s but still producing solid economic expansion, was skyrocketing in the 2000s, reaching 14% in 2007-2008. Between 2000 and the global financial crisis (2007-2008), China’s exports increased at 30% annually, toppling the United States from the rank of No. 1 exporter on the globe. Foreign direct investment in China grew threefold during the 2000s. Its share of global manufacturing production

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<sup>151</sup> William J. Clinton, “Presidential News Conference,” January 28, 1997, *C-SPAN*, accessed May 27, 2023, <https://www.c-span.org/video/?78357-1/presidential-news-conference>.

quadrupled, replacing the United States in the position of the largest producer of manufactured goods in the world.<sup>152</sup>

China's WTO membership and PNTR status have both benefited and harmed the U.S. economy. The benefits have manifested themselves in the low prices of most consumer goods arriving from China and keeping the expenses of the U.S. middle class down. However, China's WTO and PNTR integration have had serious detrimental effects on the U.S. economy as well. According to the groundbreaking 2016 study by economists Autor, Dorn, and Hanson on "the China shock," China's imports were responsible for the elimination of 2.4 million U.S. jobs, including nearly 1 million manufacturing jobs.<sup>153</sup> In the decade following China's WTO accession, U.S. manufacturing employment decreased by 30 percent.<sup>154</sup> China's integration did not have the positive effect on U.S. trade that so many had expected, as China's imports to the United States increased by more than U.S. exports to China.<sup>155</sup> China's WTO membership has also resulted in "the rapid and dramatic deterioration" of real U.S. median household income.<sup>156</sup> In sum, the Clinton administration's support for China's WTO membership and PNTR status had serious mid- and long-term detrimental consequences for the U.S. economy and therefore cannot be said to have advanced U.S. prosperity and interests.

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<sup>152</sup> Friedberg, *Getting China Wrong*, 99; Stewart Paterson, *China, Trade and Power: Why the West's Economic Engagement Has Failed: Why the West's Economic Engagement Has Failed* (Do Sustainability, 2018), 33-53.

<sup>153</sup> David H. Autor, David Dorn, and Gordon H. Hanson, "The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade," *Annual Review of Economics* 8, no. 1 (October 31, 2016): 228, <https://doi.org/10.1146/annurev-economics-080315-015041>. This is a modest estimate, albeit from a highly trusted source. Paterson attributes 5 million lost U.S. jobs to the China shock in 2001-2006, see Paterson, *China, Trade and Power*, 96.

<sup>154</sup> Paterson, *China, Trade and Power*, 96.

<sup>155</sup> Autor, Dorn, and Hanson, "The China Shock," 212.

<sup>156</sup> Paterson, *China, Trade and Power*, 99.



## Assessment of the predictive value of the two contending theories

If the Clinton administration's engagement strategy, including its support for strategic partnership, China's preferential trading status, and its WTO membership, did not serve U.S. goals and the U.S. national interest well, why did the administration insist on maintaining this strategic posture toward China? The assessment of the explanatory power of our two contending theories helps answer this question, too.

Offensive realism and the *theory of the liberal ordering strategy* have both provided great insights into U.S. strategy vis-à-vis China but their predictions did not fare equally well. Mearsheimer's offensive realism predicted in all of the six mini-cases that, based on the international systemic pressures of China's rise and its lack of liberalization, the Clinton administration would start shifting its China strategy toward balancing. Offensive realism was partially correct because in fact the Clinton administration in their first term attempted to make such a shift in three of our mini-cases, specifically during the MFN debate in 1993-1994, during the formulation of new China/Asia strategies by the State Department and the Pentagon in 1995-1996, and during the Third Taiwan Strait Crisis in 1995-1996. In all three of these periods, it was a number of policymakers in the State Department and the Pentagon who pushed for a shift toward balancing, especially in the economic and military realms. Offensive realism captured well the intention of Clinton and these top advisors to stand up to Beijing and to actively shape China's rise in the first term of the Clinton presidency. However, offensive realism failed to predict that each of these attempts at balancing would eventually fail.

TELOS can explain why the balancing initiatives failed. It also predicted that these attempts would remain limited and short-lived. In each of the six mini-cases, TELOS correctly predicted that, even if there is a push within the administration toward

balancing due to international systemic pressures, the Clinton administration would eventually return to engagement. TELOS based these predictions on the enduring influence of the cultural-ideational pressures of American liberal strategic culture and the *liberal ordering mission*, especially by recognizing that the composition of the Clinton administration and the changes thereof would increase the impact of cultural pressures and thus favor the maintenance of the engagement posture. The first Clinton administration featured in the top leadership a set of policymakers who were roughly equally divided between engagers, balancers, and those in the middle (favoring some kind of an engage-and-balance posture). As the administration's top personnel was going through changes, especially toward the end of the first term and Clinton's reelection, policymakers focusing more on international pressures and thinking more in terms of the balance of power were exiting the government, while those more committed to the principles and assumptions of American liberal strategic culture and the *liberal ordering mission* were entering or being promoted, and as a result, the influence of these cultural pressures on policymaking was growing. TELOS also factored in that, after several failed attempts at balancing, the administration decided not to try again and to re-commit itself to engagement in 1996-1997, creating a certain level of path dependence for the rest of the Clinton presidency. It is based on these factors that TELOS predicted in the last three "mini-cases" that the cultural pressures of American liberal strategic culture and the *liberal ordering mission* would retard the effect of international systemic pressures, and therefore the administration would be swayed into maintaining and even strengthening the strategy of engagement. Overall, the Clinton administration's China strategy confirms the explanatory power of TELOS.

**Table 4.1** The assessment of the predictions of offensive realism and the *theory of the liberal ordering strategy* about the Clinton administration's China strategy in six mini-cases

| Mini-case (period)                                              | The prediction of offensive realism   | The prediction of TELOS                                                                                     | The Clinton administration's chosen strategy                                         | Was offensive realism correct?                                                                       | Was TELOS correct?                                                                                                                   |
|-----------------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| The next fight over MFN                                         | Shift toward balancing                | Contemplation of a shift toward balancing, but in the end the continuation of engagement                    | Initial attempt at balancing, but eventually settling on engagement                  | Partially no, as it correctly predicted the shift toward balancing, but not its eventual abandonment | Partially yes, as it did not predict the initial shift toward balancing, but it correctly expected the eventual return to engagement |
| 1993-1994 China Strategy and NSS 1994                           | Continuing the shift toward balancing | Return to engagement                                                                                        | Return to engagement                                                                 | No                                                                                                   | Yes                                                                                                                                  |
| Engage-and-balance: Lake-Lord Strategic Review & Nye Initiative | Shift toward balancing                | Attempts at introducing balancing into U.S. strategy mitigated by cultural factors (engagement to dominate) | Shifting toward balancing (introducing balancing elements) but short-lived           | Yes                                                                                                  | Yes                                                                                                                                  |
| Third Taiwan Strait Crisis                                      | Shift toward balancing                | Contemplation of a shift toward balancing, but in the end continuation of engagement                        | Contemplation of a shift toward balancing, but in the end continuation of engagement | No                                                                                                   | Yes                                                                                                                                  |
| Return to engagement & proclamation of "strategic partnership"  | Shift toward balancing                | Continuing engagement                                                                                       | Engagement                                                                           | No                                                                                                   | Yes                                                                                                                                  |
| Getting China into the WTO                                      | Shift toward balancing                | Continuing engagement                                                                                       | Engagement                                                                           | No                                                                                                   | Yes                                                                                                                                  |

## 5. Chapter 5:

# The George W. Bush Administration's China Strategy:

## From "Strategic Competitor" to "Responsible Stakeholder"

*"We shall continue to depend primarily on our own national strength, for we know that the failure of a great state to consider power means its eventual destruction and conquest. It has meant the downfall of all the empires that have been tempted by the flabby ease of unpreparedness."*

Nicholas Spykman, 1944<sup>1</sup>

*"Chinese leaders are discovering that economic freedom is the only source of national wealth. In time, they will find that social and political freedom is the only source of national greatness. America will encourage the advancement of democracy and economic openness in [China], because these are the best foundations for domestic stability and international order."*

George W. Bush, *National Security Strategy*, 2002<sup>2</sup>

## INTRODUCTION

When the George W. Bush administration took office in January 2001, they faced "a China undeniably 'arriving' as a world power, with interests in every corner of the globe."<sup>3</sup> In the first decade of the 21<sup>st</sup> century, China's rise reached its most important and most dynamic period. Having seen the shortcomings of Clinton's strategy focused on engagement, Bush and his mostly hawkish closest advisors initially planned to recognize China as a strategic competitor and to generate a shift in U.S. strategy toward balancing, as evident in the administration's Defense Strategy Review and the early drafts of its

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<sup>1</sup> Nicholas John Spykman, *The Geography of the Peace* (Harcourt, Brace, 1944), 59.

<sup>2</sup> The White House, *The National Security Strategy of the United States of America*, September 2002, George W. Bush, ii.

<sup>3</sup> Kissinger, *On China*, 489.

National Security Strategy. On September 11, 2001, the terrorist attacks on the World Trade Center and the Pentagon changed U.S. grand strategy as well as U.S. strategy vis-à-vis China for the rest of the Bush 43 presidency. China became a partner in the War on Terror and the Bush administration oversaw as China officially took its place as a member of the World Trade Organization. Even though the ascension of Hu Jintao and Wen Jiabao to the top of the Chinese leadership brought with it an increasingly ambitious and assertive posture in foreign and security policy, the Bush administration continued engagement for the most part. Throughout the Bush presidency, China's aggressive economic expansion resulted in the so-called "China Shock," wiping out several U.S. manufacturing industries and millions of American jobs. While Bush's economic advisors advocated for the imposition of import safeguards, the president rejected their pleas and continued long-standing U.S. economic engagement and support for China's economic integration. The second Bush administration continued political engagement with a slight shift toward balancing, and this combination of engagement with balancing components was manifested in the strategy outlined in Robert Zoellick's "responsible stakeholder" speech, high-level bilateral summitry, the strategic rapprochement with India, and the launching of the U.S.-China Senior Dialogue. On the other hand, the Bush administration made a significant shift in the military domain when it adopted a reorientation strategy to shift the focus of the U.S. military toward the Asia-Pacific and thereby started balancing against China militarily. The Pentagon implemented the reorientation strategy through numerous internal and external balancing initiatives.

Throughout the eight years of the George W. Bush presidency, the international systemic pressures of China's rise and its mixed record of internal and external liberalization should have prompted a medium-to-full shift in U.S. strategy toward balancing, in line with offensive realism. However, the Bush administration only effected

a significant (medium) shift toward balancing in the military domain, while pursuing the engagement strategy in the economic and political-diplomatic domains of statecraft throughout both terms (with a slight shift in political strategy toward balancing in later years). While international systemic pressures pointed to the need for a significant (medium or full) shift in U.S. strategy toward balancing (as offensive realism would predict), the Bush administration's strategy overwhelmingly continued the engagement posture. Offensive realism and international pressures cannot fully account for U.S. strategy during these years.

The insight of my *theory of the liberal ordering strategy* (TELOS), a neoclassical realist approach, is that cultural-ideational factors made a strong impact on the formulation of the Bush administration's China strategy. President Bush and his top advisors' deep commitment to American liberal strategic culture and the *liberal ordering mission* meant that they genuinely believed, even against evidence from international systemic signals about China's rise and lack of internal and external liberalization, that continued engagement with China would eventually bring about Beijing's liberalization and full integration into the U.S.-led liberal international order. These expectations were overly optimistic.

In this chapter, I first present the international systemic and cultural-ideational pressures relevant for the formulation of the George W. Bush administration's strategy vis-à-vis China. I begin with international systemic conditions, specifically China's rise in the global distribution of power and China's lack of liberalization internally and externally. I outline the predictions of offensive realism, a theory building on these international pressures, for the Bush administration's China strategy. I then describe the cultural pressures upon the formulation of America's China strategy, particularly American liberal strategic culture and the *liberal ordering mission*. Integrating international

pressures with cultural-ideational pressures, I outline the predictions of my *theory of the liberal ordering strategy* for U.S. strategy toward China during this period.

In the second part of the chapter, I present the evolution of the Bush administration's strategy vis-à-vis China. I focus on key events that represented turning points in the relationship and are key to understanding the development of the strategy. I divide the term of the Bush administration along key events into six periods. In five of the six "mini-cases," I outline the predictions of the two competing theories, lay out the actual historical record of the evolution of U.S. strategy, and draw my conclusions about the explanatory value of the two theories. The six mini-cases are:

8. Campaign, election, and the first 200 days: China as a strategic competitor
9. The 9/11 terror attacks and the Bush administration's about-turn on China
10. The evolution of the 2002 National Security Strategy
11. The China Shock and the Bush administration's economic strategy
12. Political strategy in Bush's second term: China as a responsible stakeholder
13. Military balancing: "The Pivot before the Pivot"

Finally, in the third part of the chapter, I present the analysis of my findings, discussing the efficacy of U.S. strategy and assessing the predictive power of the alternative theoretical explanations for the choice of U.S. strategy.

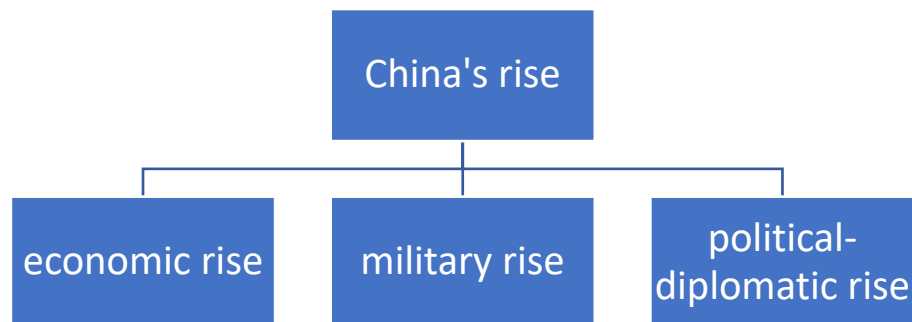
## BACKGROUND: INTERNATIONAL AND CULTURAL PRESSURES 2001-2009

### International pressures

#### *China's rise and the changing global balance of power*

The Bush administration arrived in the last minute of America's unipolar moment and faced a China rising at an accelerated pace economically, militarily, and politically throughout the 2000s. In the international system, the United States stood as the sole great power, but it now had a rival as China was an emerging great power competitor.

**Figure 5.1** The compartments of China's rise



#### *China's economic rise*

What began in earnest in China's economic rise in the 1990s continued with full speed during the Bush administration's tenure in the 2000s. Between 1993 and 2001, China's GDP nearly quadrupled in size from \$1.34 trillion to \$5.1 trillion (Figure 5.2). Similarly, in the same period, China's per capita GDP nearly quadrupled from \$1053.10 to \$3,832.20 (Figure 5.3).



**Figure 5.2** The growth of China's GDP between 2001 and 2009<sup>4</sup>

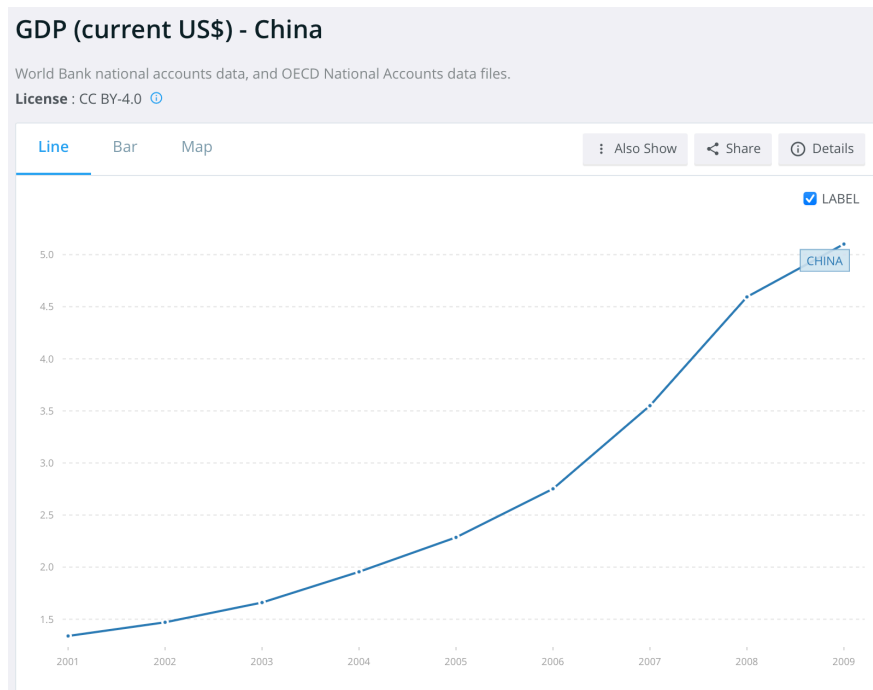
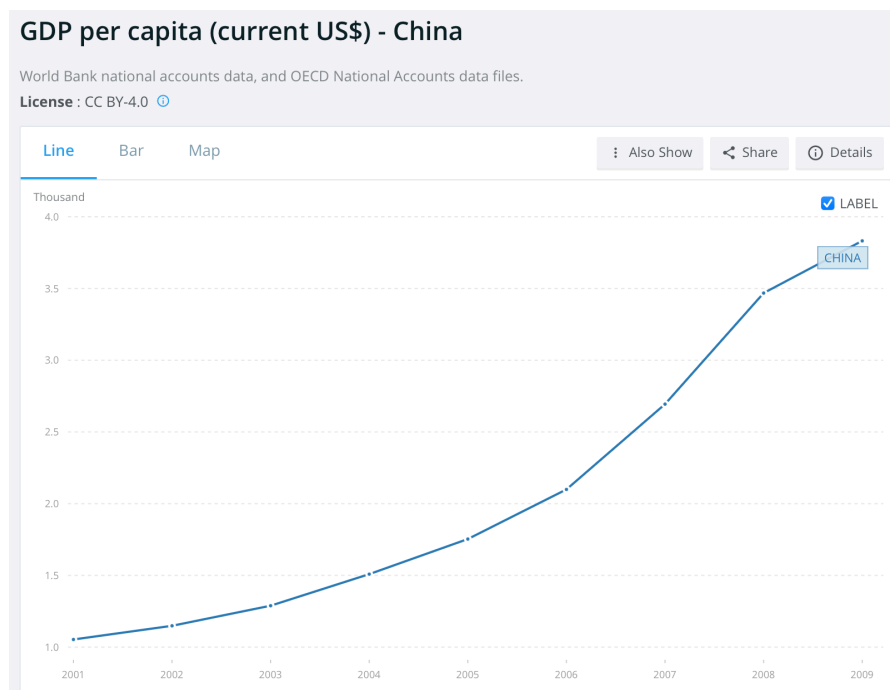


**Figure 5.3** The growth of China's GDP per capita between 1993 and 2001<sup>5</sup>



<sup>4</sup> "World Bank Open Data | Data," accessed March 30, 2023, <https://data.worldbank.org/>.

<sup>5</sup> "World Bank Open Data | Data."

During these years, China climbed from being the No 6 economy in the world to being the No 3 economy in the world, as measured in GDP (Figures 5.4 and 5.5).

**Figure 5.4** China was the 6<sup>th</sup> largest economy (measured in GDP) in the world in 2001<sup>6</sup>

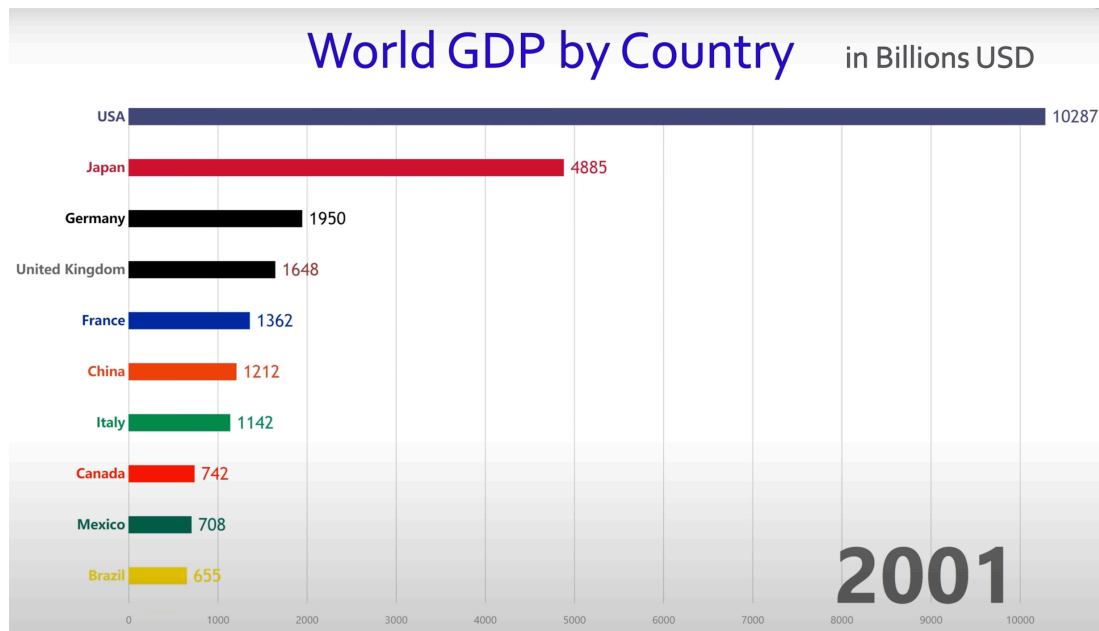
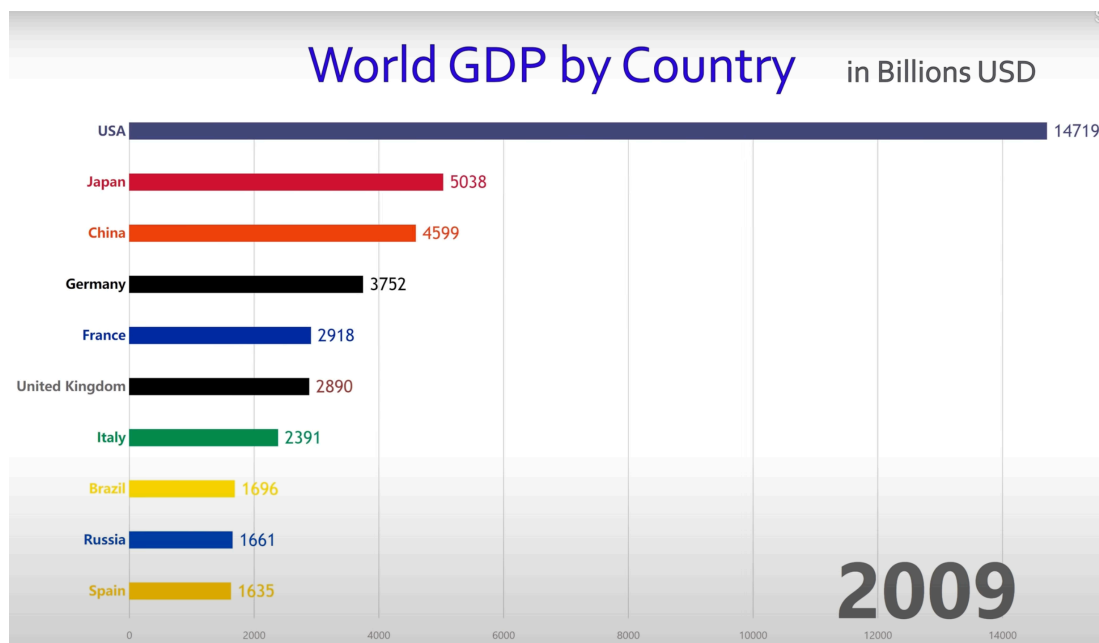


**Figure 5.5** China became the 3<sup>rd</sup> largest economy (measured in GDP) in the world by 2009<sup>7</sup>



<sup>6</sup> Jeff Desjardins, "The World's 10 Largest Economies."

<sup>7</sup> Jeff Desjardins, "The World's 10 Largest Economies."

Putting China's phenomenal growth rate in the context of the global balance of power in 2001-2009, while China's overall GDP growth rate oscillates between 8.3% and 14.2%, that of the United States moves on the spectrum between -2.6% (contraction) and 3.9% (Figure 5.5). The contrast between their *per capita* GDP growth rates is even starker: China's per capita GDP grows annually between 7.6% and 13.6%, America's per capita GDP was growing or shrinking in this period between -3.5% and 2.9% (Figure 5.7)

**Figure 5.6** The growth of the United States' and China's GDP between 2001 and 2009<sup>8</sup>



<sup>8</sup> "World Bank Open Data | Data."

**Figure 5.7** The growth of the United States' and China's per capita GDP between 2001 and 2009<sup>9</sup>



### *China's military rise*

China's military rise, which had started in the early 1990s, continued at an accelerated pace in the 2000s. While China's economy grew at approximately 10% annually, its military spending enjoyed even higher rates of increase.<sup>10</sup> Based on its weapons imports and its theft of foreign technological know-how, China in the 2000s was capable of producing many of the weapons and weapons systems its military needed, including "submarines, advanced fourth-generation aircraft, cruise missile systems, advanced air defenses, and satellite and radar systems."<sup>11</sup> China's weapons industry has focused on developing missiles, including short-range missiles able to reach Taiwan, longer-range conventional missiles capable of targeting Japan, South Korea, or the Philippines, and intermediate-range ballistic missiles with warheads equipped with terminal guidance systems adept at reaching U.S. aircraft carriers.<sup>12</sup> The results of China's

<sup>9</sup> "World Bank Open Data | Data."

<sup>10</sup> Christensen, *China Challenge*, 28.

<sup>11</sup> Christensen, *China Challenge*, 29.

<sup>12</sup> Christensen, *China Challenge*, 29-31.

missile programs and their anti-satellite capabilities were demonstrated when Beijing successfully shot down one of its satellites with a Chinese-made missile in January 2007. China's military modernization has also extended to its strategic nuclear forces, where the PLA complemented its liquid-fueled missiles with mobile solid-fueled missiles and "submarine-launched, nuclear-tipped ballistic missiles."<sup>13</sup> In this period, China also focused on developing Anti-Access Area Denial (A2AD) capabilities.

As a result, Hugh White assessed that by the early 2010s China was "much more capable of finding and sinking American ships than it [had been] fifteen years ago... In many situations, deploying extraordinarily valuable ships like aircraft carriers against China in the face of Chinese sea-denial forces is no longer a viable strategic option for Washington."<sup>14</sup> Edward Luttwak believes that China's military modernization during this period was only comparable to major military development programs of the Cold War superpowers: "All this results in rapid and all-round military aggrandizement, of the kind last seen in the United States long ago during the years of the Korean War rearmament, and in the Soviet Union from the later 1960s until the 1980s."<sup>15</sup>

Besides modernizing its military capabilities, China gradually transformed its military strategy and doctrines in the 2000s. In some aspects, China continued its blunting strategy and the development of 'shashoujian' (asymmetric) weapons, which it had begun in the early 1990s and pursued until 2009, where "the focus was on winning... wars against the United States."<sup>16</sup> However, China's military strategy became more assertive, counterintuitive, and asymmetric in the course of the 2000s. It became deeply

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<sup>13</sup> Christensen, *China Challenge*, 31-32.

<sup>14</sup> Hugh White, *The China Choice. Why We Should Share Power* (Oxford: Oxford University Press, 2013), 68.

<sup>15</sup> Edward Luttwak, *The Rise of China vs. the Logic of Strategy* (Cambridge, MA, and London: The Belknap Press of Harvard University Press, 2012), 3.

<sup>16</sup> Doshi, *The Long Game*, 80.

Clausewitzian in that it applied the use of force not mainly for military, but increasingly for political and strategic objectives. It built on compellence and nuclear deterrence. China's military strategy was aimed at driving up the costs of security for its regional rivals (United States, Japan, India), while gradually expanding China's military perimeter (cabbage strategy). In sum, in the 2000s China continued its military modernization, focused on developing 'shashoujian' weapons, its own missile systems, and A2AD capabilities, while its military strategy became more assertive, counterintuitive, and asymmetric, with both its modernization and strategy focusing on the United States as its main adversary.

### *China's political-diplomatic rise*

China continued its rise in political-diplomatic influence around the world in the 2000s. Beijing expanded its network of "strategic partners" in all the major continents. It signed strategic partnership agreements with Venezuela, Mexico, Argentina, Canada, and Peru in the Americas; with South Africa, Nigeria, and the African Union in Africa; with France, Germany, Italy, the United Kingdom, Spain, Portugal, Greece, Denmark, Serbia, and the European Union in Europe; and with Pakistan, Kazakhstan, India, Indonesia, South Korea, Vietnam, Laos, and ASEAN in Asia between 2001 and 2009.<sup>17</sup>

Beijing also continued actively expanding its reach and influence in multilateral institutions in Asia and beyond. In 2001, China joined the World Trade Organization. In 2002, China signed the China-ASEAN Free Trade Area agreement and the China-ASEAN Declaration on the Conduct of Parties in the South China Sea. In 2003, China founded the

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<sup>17</sup> Feng Zhongping and Huang Jing, "China's Strategic Partnership Diplomacy: Engaging with a Changing World," *ESPO Working Papers* no. 8 (2014), FRIDE.

Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries and co-founded the Six Party Talks on North Korea's nuclear program. In 2004, Beijing launched the China–Arab States Cooperation Forum, and in 2005 founded the East Asia Summit and the China–Caribbean Economic and Trade Cooperation Forum. In 2006, China hosted the China–Africa cooperation conference. In 2008, China joined the G20.<sup>18</sup>

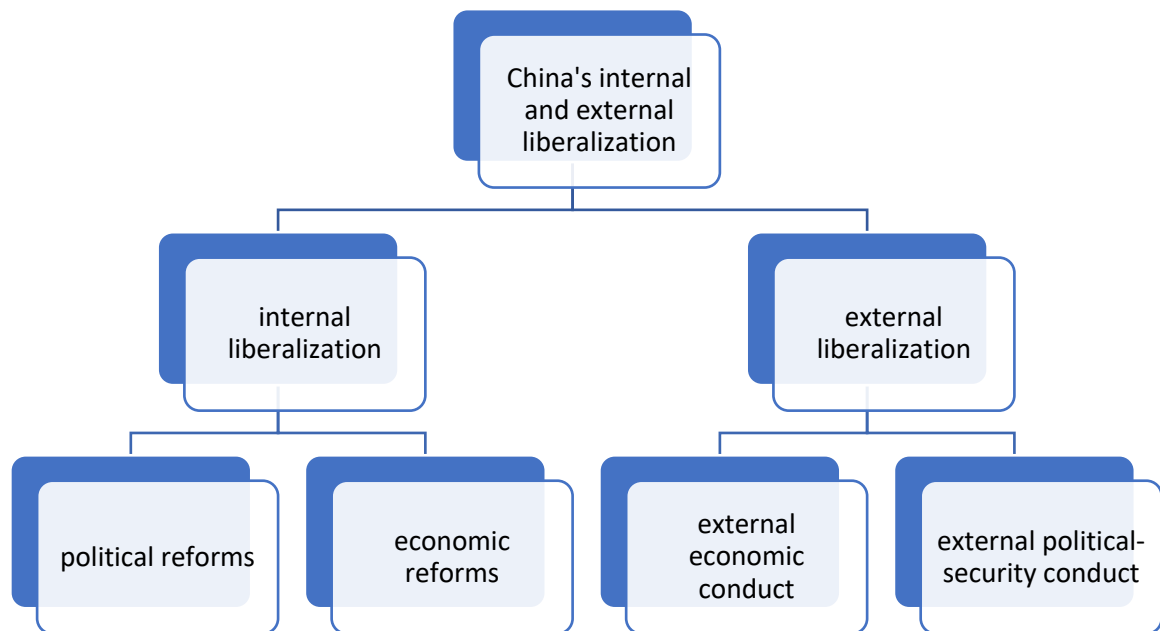
### *China's approach to liberal order: internal and external liberalization*

When providing background to the formulation of the George W. Bush administration's China strategy (dependent variable) and the factors shaping it, it is imperative that we examine China's internal and external behavior in 2001-2009 as international systemic signals (part of the independent variable). In this section I outline China's internal and external behavior during this period in four parts: (i) China's internal political reforms (liberalization), (ii) internal economic reforms (marketization), (iii) external political conduct (China's approach to the United States and to the international order), and (iv) external economic conduct (China's adherence to the rules of the international economy).

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<sup>18</sup> Christensen, *China Challenge*, 23-27.

**Figure 5.8** China's approach to the liberal international order: the components of China's internal and external liberalization



### *Political reforms*

In the early 2000s, during the last years of Jiang's rule and the first years of Hu in power, the Chinese Communist Party, in an attempt at reducing rising discontent and social unrest, experimented with different ways to create a kind of "consultative Leninism" and open political discourse to new swaths of society, including cooptation, "inner-Party democracy," and allowing the work of NGOs, but with little success. Upon the realization that cooptation and other techniques of "soft authoritarianism" failed to garner greater loyalty and support from society to the CCP's policies, the leadership returned to the all-to-familiar pattern of increasing repression and ratcheting up nationalist sentiments. After the color revolutions of 2003-2004 in the former Soviet Union, the leadership tightened state control over the Internet and media and increased pressure on foreign NGOs. In 2006, they started a campaign on the "socialist rule of law," pushing back against Western concepts of the rule of law and emphasizing allegiance to



the CCP. In the wake of the global financial crisis around 2008, the regime began increasing domestic security, especially in the rebellious provinces of Tibet and Xinjiang, followed by the encouragement of nationalist demonstrations and a steady increase in political imprisonments. The 2000s did not usher in a new era of political reform in China; on the contrary, after an initial phase of “soft authoritarianism” and cooptation, the Chinese leadership became increasingly repressive and nationalistic as the decade progressed.<sup>19</sup>

### *Economic reforms*

China’s becoming a member of the WTO in 2001 created a lot of illusions in the West about the acceleration of economic reforms and the irreversibility of marketization in China, but “these conclusions reflected an understandable, if also rather naïve, belief that Beijing intended to live up to the letter of the agreement it had just signed.”<sup>20</sup> In reality, even the policies of Prime Minister Zhu Rongji (1998-2003), celebrated in advanced economies as a leading reformist and the main shepherd of China’s WTO accession, focused on strengthening the state’s control over the market. His policies of reforming state-owned enterprises (SOE) and shrinking the size of public sector “aimed to cut costs, increase efficiency, and boost sagging growth rates, but contrary to the interpretation of many Westerners, they were not meant to be the next steps... in China transformation into a ‘fully-fledged market economy.’”<sup>21</sup>

The rule of Hu Jintao and Wen Jiabao (2002-2012) followed a similar path and, instead of advancing the cause of economic reform, it further enhanced the CCP’s grip

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<sup>19</sup> Friedberg, *Getting China Wrong*, 52-70.

<sup>20</sup> Friedberg, *Getting China Wrong*, 98.

<sup>21</sup> Friedberg, *Getting China Wrong*, 96.

on power over China's economy. Even though China was still benefiting from the successes of China's export- and investment-driven economic model of the 1990s, the new leadership also began seeing its unsustainability due to its weaknesses, including rising inequality, environmental destruction, worsening demography, and high energy demand. Hu and Wen considered following the advice of Western economists and international organizations, which proposed decreasing China's reliance on capital investment and exports and increasing the level of domestic consumption, but they ended up rejecting this path because it would have required transferring power and influence from the state to the private sector. Instead, they opted for creating a grandiose high-technology state industrial policy designed to make China's economy be less dependent on foreign technology and able to increase its added value in global supply chains. For this purpose, the Chinese leadership adopted the National Medium- and Long-Term Program for Science and Technology (MLP) in 2006 setting out a plan to make the Chinese economy become more competitive than other countries by "original innovation" and the "assimilation and absorption of imported technology" in cutting-edge industries. Overall, Hu and Wen's leadership in the 2000s dismissed market-oriented reforms to remedy the ills of China's previous economic model and chose to strengthen the Chinese economy through industrial policies that maintained and further increased the Communist Party's control in economic matters.<sup>22</sup>

### *External economic behavior*

Hu and Wen's opting for industrial policies (instead of market reforms) and adoption of the National Medium- and Long-Term Program for Science and Technology

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<sup>22</sup> Friedberg, *Getting China Wrong*, 99-105.

(MLP) had important implications for China's external economic conduct. The independent Commission on the Theft of American Intellectual Property found that "the MLP had indeed provided the 'justification for greater theft of foreign-generated IP [intellectual property],' helping to create a problem that had grown to 'unprecedented' dimensions."<sup>23</sup> Besides an increasing level of intellectual property theft, China would break many of its promises made in the WTO accession agreement. In violation of its WTO obligations, Beijing maintained several of its protectionist or mercantilist policies, including the preferential treatment of and state subsidies for SOEs, forced mergers of foreign corporations, and the devaluation of its currency, throughout the 2000s.

#### *External political-security behavior*

China's cooperation with the United States and the international community on global security issues in the 2000s was reluctant and it waxed and waned depending on the Beijing leadership's threat perception of the United States. On the increasingly pressing issue of North Korea's nuclear weapons program, Jiang first refused to help Washington in pursuing multilateral diplomatic negotiations in March 2003, but upon seeing U.S. troops help Iraqis bring down Saddam Hussein's statue in Bagdad in April, Beijing eventually agreed to host the Six Party Talks.<sup>24</sup> China coordinated and hosted this series of negotiations over Korean denuclearization with North Korea, South Korea, the United States, Russia, and Japan from 2003 to 2007. Thomas Christensen, who served as Deputy Assistant Secretary of State for East Asia and the Pacific (2006-2008), gives a

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<sup>23</sup> Friedberg, *Getting China Wrong*, 105. Friedberg quotes "The IP Commission Report: The Report of the Commission on the Theft of American Intellectual Property," *The National Bureau of Asian Research (NBR)*, 2013, accessed June 15, 2023, <https://www.nbr.org/publication/the-ip-commission-report/>.

<sup>24</sup> Green, *By More Than Providence*, 505.

telling summary about China's role on North Korea and other global issues: "Despite Beijing's severe concerns about destabilizing North Korea through international pressure, China has played a relatively assertive leadership role in the international effort to halt and reverse Pyongyang's nuclear weapons program... But one can find limited solace in such progress in terms of China's willingness to accept an assertive leadership role in other aspects of global governance."<sup>25</sup> While China was initially reluctant to help the multilateral effort to stop the DPRK's nuclear armament, it ended up supporting the process of the Six Party Talks, but it was otherwise unwilling to cooperate with the United States or other major powers on pressing global challenges.

During Hu and Wen's leadership period, China moved away from Deng's "peaceful development" grand strategy ("hide our strength, bide our time") and Jiang's interim calculative grand strategy (combining "hide our strength" with working against U.S. hegemony) toward an assertive grand strategy. China's military modernization accelerated and continued to target the United States. China started building its "spring of pearls," a network of military and commercial infrastructure along its sea lines of communication on the Indian Ocean's periphery. In 2004, Hu announced that the Chinese military would engage in "new historic missions" requiring the expansion of China's power projection capabilities. Throughout the 2000s, Beijing adopted an increasingly aggressive posture against Taiwan through its military buildup and the anti-secession law of 2005 threatening Chinese military action to prevent Taipei's independence.<sup>26</sup>

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<sup>25</sup> Christensen, *China Challenge*, 222-223.

<sup>26</sup> Dan Blumenthal, "China's Steps Backward Began Under Hu Jintao," *Foreign Policy*, June 4, 2020, <https://foreignpolicy.com/2020/06/04/china-xi-jingping-hu-jintao-aggression-ideology/>; Christensen, *China Challenge*.

### *International pressures and the expectations of offensive realism*

During the period 2001-2009, China's economic, military, and political rise in the global distribution of capabilities was reaching new heights and Beijing achieved the status of a great power. China's economic rise continued with full speed during the Bush administration's tenure, with Beijing quadrupling its GDP between 2001-2009. China continued its military modernization, focusing on developing asymmetric weapons, missile systems, and A2AD capabilities, while its military strategy became more assertive, counterintuitive, and asymmetric, continuing to target the United States as its main adversary. China also continued its rise in political-diplomatic power by expanding its network of "strategic partners" around the world and widening its reach in multilateral institutions in Asia and beyond. Hu and Wen did not usher in a new era of political reform, in China, and after an initial phase of "soft authoritarianism," the leadership became increasingly repressive and nationalistic. They also dismissed market-oriented reforms to remedy the ills of China's previous economic model and chose to strengthen the Chinese economy through industrial policies that further increased the Communist Party's grip on markets. China was breaking many of its promises made in its 2000 WTO accession agreement, maintaining several of its protectionist policies and supercharging its intellectual property theft in the service of its new industrial policies. With the exception of the Six Party Talks, China was reluctant to help the United States and other major powers resolve global issues. Beijing adopted a new, assertive grand strategy and prepared its armed forces for "new historic missions" requiring expanded power projection capabilities.

International systemic pressures, therefore, would not point toward a continuation of U.S. engagement strategy during the George W. Bush presidency. Offensive realism

would have predicted that the United States, under these international systemic pressures, would shift its China strategy toward balancing. Under an offensive realist strategy, Washington would have not continued the bilateral “strategic partnership” and U.S. support for China’s integration in the global economy and the international community – unless China demonstrated real progress on internal and external political and economic liberalization, including improving its record on human rights, continuing its market reforms, abiding by its WTO commitments, ending its protectionism and intellectual property theft, stopping its military buildup targeting the United States and its allies, and ceasing its menacing conduct against Taiwan and its other neighbors in the Indo-Pacific region. At the same time, Washington would have also engaged in internal and external military balancing against Beijing, including growing its military presence in the Indo-Pacific as well as strengthening its existing security alliances and forging new ones in the region.

## **Cultural-ideational pressures**

The George W. Bush administration continued U.S. engagement strategy vis-à-vis China with a shift toward balancing in the military realm. International systemic pressures, including China's now full-fledged rise in the global distribution of capabilities and its lack of internal and external liberalization, should have prompted U.S. policymakers to generate a *decisive* shift in U.S. strategy toward balancing *in all realms*, as expected by offensive realism. International pressures and offensive realism cannot explain the George W. Bush administration's China strategy, because cultural-ideational pressures played an important role in shaping the views of U.S. foreign policymakers.

### ***American liberal strategic culture and the liberal ordering mission***

American liberal strategic culture and the *liberal ordering mission* heavily influenced the Bush administration's thinking about China strategy in a way that strongly moderated the effect of international systemic pressures that would have otherwise pushed Washington to adopt a decisive shift toward balancing in all realms.

Perhaps more than any other president's in the post-Cold War era, President Bush's worldview has been characterized by democratic idealism and neo-Wilsonianism. As a result, President Bush and his top advisers' ideational commitment to American liberal strategic culture was obvious in the formulation of their grand strategy and the management of their foreign policy throughout their time in office. The Bush administration's grand strategy of the War on Terror and the Freedom Agenda was based on the ideals and assumptions of American liberal strategic culture and democratic idealism. President Bush's transmittal letter to his administration's 2002 National Security Strategy demonstrates these ideational commitments:

The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom—and a single sustainable model for national success: freedom, democracy, and free enterprise. In the twenty-first century, only nations that share a commitment to protecting basic human rights and guaranteeing political and economic freedom will be able to unleash the potential of their people and assure their future prosperity... These values of freedom are right and true for every person, in every society—and the duty of protecting these values against their enemies is the common calling of freedom-loving people across the globe and across the ages... The United States welcomes our responsibility to lead in this great mission.<sup>27</sup>

The Bush administration's 2006 National Security Strategy gives an eloquent formulation of its Freedom Agenda building on the principles of American liberal strategic culture:

It is the policy of the United States to seek and support democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world. In the world today, the fundamental character of regimes matters as much as the distribution of power among them. The goal of our statecraft is to help create a world of democratic, well-governed states that can meet the needs of their citizens and conduct themselves responsibly in the international system. This is the best way to provide enduring security for the American people.<sup>28</sup>

Finally, as President Bush was leaving in December 2008 after serving two terms in office, his parting words to the students of the U.S. Army War College emphasized the Freedom Agenda and the values of American liberal strategic culture underpinning it:

We leave behind an unprecedented commitment to extending the reach of liberty and democracy. Key organizations devoted to supporting freedom enjoy stronger government support than ever before. Official U.S. policy now requires our diplomats to seek out and support dissidents and democratic reformers in unfree nations. And it is now the stated policy of the United States to seek the end of tyranny in all nations, for all time.<sup>29</sup>

Beyond the general principles of American liberal strategic culture, the Bush administration's top decisionmakers were also strongly committed to the assumptions of the *liberal ordering mission*. They firmly believed that U.S. support for China's global

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<sup>27</sup> The White House, *National Security Strategy*, September 2002, i, iii.

<sup>28</sup> The White House, *National Security Strategy*, March 2006, 1.

<sup>29</sup> George W. Bush, "President Bush Discusses National Security, Homeland Security and the Freedom Agenda at U.S. Army War College," December 17, 2008, <https://georgewbush-whitehouse.archives.gov/news/releases/2008/12/20081217-6.html>.



economic integration will eventually lead to China's internal and external liberalization and its full embrace of the U.S.-led liberal international order. They demonstrated this commitment throughout the campaign, the transition, and the tenure of the administration. In the Bush campaign's primary foreign policy statement, Condoleezza Rice elaborated on the commitment of the Bush team to the *liberal ordering mission*: "It is in America's interest to strengthen the hands of those who seek economic integration because this will probably lead to sustained and organized pressures for political liberalization... Trade in general can open up the Chinese economy and, ultimately, its politics too. This view requires faith in the power of markets and economic freedom to drive political change."<sup>30</sup> Bush made the case for engagement on the basis of the assumptions of the *liberal ordering mission* in the 2002 National Security Strategy: "Chinese leaders are discovering that economic freedom is the only source of national wealth. In time, they will find that social and political freedom is the only source of national greatness. America will encourage the advancement of democracy and economic openness in [China], because these are the best foundations for domestic stability and international order."<sup>31</sup>

The cultural-ideational factors of American liberal strategic culture and the *liberal ordering mission* heavily influenced the Bush administration's thinking about China strategy to the extent that they significantly retarded the effect of international systemic pressures. While the administration shifted its military strategy toward balancing, its strategies in economic and political affairs continued following the engagement posture.

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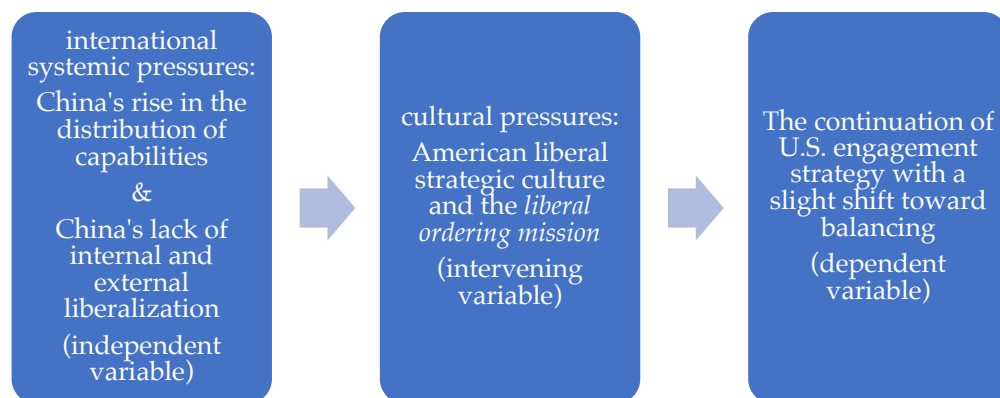
<sup>30</sup> Condoleezza Rice, "Campaign 2000: Promoting the National Interest," *Foreign Affairs*, January 1, 2000, <https://www.foreignaffairs.com/united-states/campaign-2000-promoting-national-interest>.

<sup>31</sup> The White House, *The National Security Strategy of the United States of America*, September 2002, George W. Bush, ii.

### *The expectations of the theory of the liberal ordering strategy*

The *theory of the liberal ordering strategy* integrates the effects of both international systemic pressures and cultural-ideational pressures in predicting U.S. strategy vis-à-vis China. In 2001-2009, while the changes in the distribution of capabilities (China's rise) and China's lack of liberalization would have generated a significant shift in U.S. strategy toward balancing, this theory recognizes that such systemic signals, even though U.S. policymakers were by and large aware of them, were to some extent retarded by cultural-ideational pressures, specifically American liberal strategic culture and the *liberal ordering mission*. The *theory of the liberal ordering strategy* therefore would predict that the Bush administration, cognizant of the international pressures, would be inclined toward adopting a balancing strategy vis-à-vis China, but the cultural-ideational pressures would moderate this inclination and influence them to overall maintain the engagement posture and "strategic partnership," with only a slight shift toward balancing. This would mean continuing to seek to effect change in China's behavior through support for China's integration into the world economy and the international community, while also shifting one of the strategic realms (economic, military, or political) significantly toward balancing or injecting some elements of balancing into one or more of these realms.

**Figure 5.9** The George W. Bush administration's China strategy as predicted by the *theory of the liberal ordering strategy*



## **NARRATIVE: THE GEORGE W. BUSH ADMINISTRATION'S CHINA STRATEGY**

### **Campaign, election, and the first 200 days: China as a strategic competitor**

Clinton's China strategy, as we saw in the last chapter, fully embraced engagement and "strategic partnership" from the second year of its first term throughout his entire second term in office. Cultural-ideational pressures were responsible for this posture as the members of the Clinton administration's top foreign policy leadership were deeply committed to the ideas of American liberal strategic culture and the *liberal ordering mission*. Even though the Clinton administration settled on engagement, international systemic signals about China's rise in capabilities and its continued lack of liberalization in the last Clinton years did not justify the choice of engagement and were pointing in the opposite direction. Offensive realism would therefore predict that the incoming new administration, especially if it is from the opposite party to the incumbent, would place greater emphasis on these international systemic signals and the shortcomings of the engagement strategy, and thus adopt a medium shift toward balancing. TELOS, based on the same systemic pressures, would also predict some shift or attempted shift toward balancing, but would expect that cultural pressures would moderate the impact of systemic signals and the influence of democratic idealism and American liberal strategic culture would prevent or eventually kill the shift toward balancing.

Much like Bill Clinton did against George H. W. Bush in 1992, Republican frontrunner George W. Bush attacked President Clinton during the primaries and the

presidential election campaign in 1999-2000 for his China policy being too soft, vowing to push back against Beijing much harder if elected president. As early as in May 1999, Bush said that the Cox Report detailing China's theft of American atomic secrets for decades lays bare the Clinton administration's "failed policies toward China." Bush believed that "the thefts 'dramatically accelerated' China's emergence as a major nuclear power, resulting in 'major implications for United States foreign policy.'" He also took aim at the Clinton administration's "strategic partnership" policy for China: "China is not America's strategic partner. China is a competitor, a competitor which does not share our values but now, unfortunately, shares many of our nuclear secrets."<sup>32</sup> In August 1999, Bush called China a strategic competitor, but went even further, stressing the need for a harder strategy on China: "The next president needs to understand that China, while we can find some areas of agreement such as opening their markets, [needs] to be viewed as a competitor, and a strategic competitor. We need to be tough and firm."<sup>33</sup> Speaking with CNN's Larry King in February 2000, Bush reiterated his criticism of Clinton's policy of strategic partnership with China: "I believe our relationship needs to be redefined as competitor. Competitors can find areas of agreement, but we must make it clear to the Chinese that we don't appreciate any attempt to spread weapons of mass destruction around the world, that we don't appreciate any threats to our friends and allies in the Far East."<sup>34</sup> Throughout the primaries and the election campaign, Bush criticized Clinton for pursuing the engagement strategy toward China and vowed to replace Clinton's

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<sup>32</sup> UPI, "Bush: Cox Report Shows Clinton Failure," May 25, 1999, accessed June 18, 2023, <https://www.upi.com/Archives/1999/05/25/Bush-Cox-report-shows-Clinton-failure/7261927604800/>.

<sup>33</sup> Richard Baum, "From 'Strategic Partners' to 'Strategic Competitors': George W. Bush and the Politics of U.S. China Policy," *Journal of East Asian Studies* 1, no. 2 (August 2001): 195, <https://doi.org/10.1017/S1598240800000497>.

<sup>34</sup> Larry King, "Transcript - Larry King Live: South Carolina Republican Debate," CNN, February 15, 2000, accessed June 19, 2023, <http://www.cnn.com/TRANSCRIPTS/0002/15/lkl.00.html>.

“strategic partnership” posture to one of “strategic competition” and thus adopt a tough stance of balancing vis-à-vis China.

It was not only Bush, however, who wanted the United States to start balancing against China, but also several of his closest foreign policy advisors and many others in the Republican ecosystem. Within Bush’s foreign policy team, the “Vulcans,” several members supported a new strategy centered on balancing against China as a strategic competitor, particularly Paul Wolfowitz, Robert Blackwill, and Richard Perle. The leader of the Vulcans, Condoleezza Rice initially also agreed with this approach, arguing in a major foreign policy statement that “China is not a ‘status quo’ power but one that would like to alter Asia’s balance of power in its own favor. That alone makes it a strategic competitor, not the ‘strategic partner’ the Clinton administration once called it.”<sup>35</sup> (On the other hand, some of the Vulcans like Robert Zoellick and Richard Armitage, along with Colin Powell, took a much more moderate, pro-engagement stance.) Although not members of the Vulcans, Dick Cheney and Donald Rumsfeld were also among Bush’s closest foreign policy mentors who advocated for shifting U.S. strategy vis-à-vis China toward balancing.<sup>36</sup> Bush’s advisors “argued that the elder Bush and Clinton had been too accommodating to the Chinese, that they were strategic ‘competitors’ rather than partners,” and members of Bush’s team “were eager to confront China and to demonstrate that the United States would not tolerate any challenge to its preeminence in East Asia—or anywhere else.”<sup>37</sup> Rumsfeld and Wolfowitz had an especially firm stance on the need for balancing against China, and given that the two of them ended up leading

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<sup>35</sup> Rice, “Campaign 2000.”

<sup>36</sup> David Rothkopf, *Running the World: The Inside Story of the National Security Council and the Architects of American Power* (PublicAffairs, 2005), 415-417; Donald Rumsfeld, *Known and Unknown: A Memoir* (Sentinel HC, 2011), 311-312 ; Green, *By More Than Providence*, 484-485.

<sup>37</sup> Cohen, *America’s Response to China*, 266-267.

the Department of Defense, it is no surprise that “these hawkish views would be nested in the Pentagon” after Bush was elected.<sup>38</sup>

In the broader conservative world, a new grouping called the “Blue Team” emerged during the late Clinton years, “who reject not only the Clinton concept of a ‘strategic partnership’ with China but also the mainstream Republican policy of trade-based engagement to encourage reforms.”<sup>39</sup> The Blue Team believed that “the last thing that Washington should do is to promote increased trade with China, thereby assisting in the growth of its economy.”<sup>40</sup> Instead, “the United States should abandon engagement in all its forms and surround China with an impregnable ring of US and allied military bases.”<sup>41</sup> The Blue Team firmly advocated that “the communist regime should be contained and confronted, much as the Soviet Union was treated, and that Taiwan’s democracy should receive robust military support.”<sup>42</sup> The Blue Team had significant influence on the evolving views of a potential new Republican administration and later Rumsfeld would fill many Pentagon posts from among their ranks once he became Secretary of Defense.

Separately from the strategic thinking in the Republican foreign policy world but in line with their proposals for balancing, the bipartisan Armitage-Nye Report in 2000 proposed strengthening the U.S.-Japan relationship as well as enhancing bilateral defense and intelligence cooperation and encouraged Japan “to make a greater contribution and

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<sup>38</sup> Green, *By More Than Providence*, 484-485.

<sup>39</sup> Jay Branegan, “A ‘Blue Team’ Blocks Beijing,” *Time*, April 8, 2001, <https://content.time.com/time/magazine/article/0,9171,105595,00.html>.

<sup>40</sup> Michael T. Klare, “‘Congagement’ With China?,” *The Nation*, April 12, 2001, <https://www.thenation.com/article/archive/congagement-china/>.

<sup>41</sup> Klare, “‘Congagement’ With China?”

<sup>42</sup> Branegan, “A ‘Blue Team’ Blocks Beijing.”

to become a more equal alliance partner.”<sup>43</sup> This very much echoed the ideas of the Nye Initiative from 1995-1995. The study group producing the report was led by Armitage and Joseph Nye and included Wolfowitz, Green, and Kurt Campbell. The report’s proposals essentially called for external balancing through strengthening U.S. alliances in order to counter China’s challenge in the Asia-Pacific.

After Bush, several of his closest advisors among the Vulcans and beyond, the Blue Team and other experts in the conservative foreign policy orbit were advocating for a shift toward balancing vis-à-vis China during the primary and campaign periods, it should not be surprising that upon Bush’s election to the presidency, his newly formed administration began implementing a shift toward a balancing strategy in their first 200 days in office. Shortly after his inauguration, in February 2000, Bush announced that the United States will sponsor a resolution on China’s human rights violations. The same month, the president authorized the U.S. military to carry out a bombing attack on fiber optic cables linking radar stations in Iraq because, as Bush alleged, “evidence of China’s aid to Iraq in building radar systems to use against American and British warplanes had ‘risen to the level where we are going to send a message to the Chinese.’”<sup>44</sup> In May, Bush received the Dalai Lama at his residence, the first official appointment of the Tibetan Buddhist leader for a meeting with a U.S. president at the White House, against the fierce objections of the Chinese government.

In April 2001, a U.S. Navy EP-3 reconnaissance aircraft collided with a Chinese F-8 interceptor over international waters and made an emergency landing on Hainan

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<sup>43</sup> *The United States and Japan: Advancing Toward a Mature Partnership*, INSS Special Report (Washington, DC: National Defense University Press, October 2000).

<sup>44</sup> David E. Sanger and Steven Lee Myers, “Bush Faults China on Its Aid to Iraq for Radar System,” *The New York Times*, February 23, 2001, sec. World, <https://www.nytimes.com/2001/02/23/world/bush-faults-china-on-its-aid-to-iraq-for-radar-system.html>.

Island, where the PLA took the EP-3 aircraft and its 25-member crew hostage. Beijing blamed the United States for the incident and demanded an official apology in exchange for the return of the aircraft and crew. In the following days, the pro-engagement policymakers headed by Secretary of State Colin Powell favoring a diplomatic solution, on the one hand, and the pro-balancing advisors led by Secretary of Defense Rumsfeld favoring a hard-line military approach, on the other, fought over the handling of the EP-3 incident, but Powell's side won out because Rumsfeld's new Pentagon leadership had not been sworn in yet. Powell and U.S. Ambassador Joseph Prueher (a Clinton holdover and former head of U.S. Pacific Command) negotiated a return of the crew and sent a letter of apology.<sup>45</sup> On the issue of the return of the aircraft, the Pentagon took the lead in negotiations, but the Chinese felt deeply affronted by DoD's demands and only sent the plane back to the U.S. military in pieces.<sup>46</sup>

Continuing the pattern seen in the George H.W. Bush and Clinton administrations, the major push for balancing and the bulk of the balancing effort against China came from the Pentagon, especially with Rumsfeld and Wolfowitz at the helm. A central part of this balancing effort by the Pentagon was the Defense Strategy Review (DSR), which Rumsfeld initiated and Andrew Marshall, the long-time director of the Office of Net Assessment, drafted in March 2001. The DSR identified some unpropitious trends for America's global military advantage, and "with respect to those trends, China's rise was [seen as] the key case of 'concern.'"<sup>47</sup> As a result, the DSR recommended a "redirection of attention within DoD towards Asia" as a "long-term shift in focus."<sup>48</sup> The DSR set out

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<sup>45</sup> Rothkopf, *Running the World*, 415; Green, *By More Than Providence*, 489.

<sup>46</sup> Rothkopf, *Running the World*, 416.

<sup>47</sup> Nina Silove, "The Pivot before the Pivot: U.S. Strategy to Preserve the Power Balance in Asia," *International Security* 40, no. 4 (April 1, 2016): 55, [https://doi.org/10.1162/ISEC\\_a\\_00238](https://doi.org/10.1162/ISEC_a_00238).

<sup>48</sup> Andrew Marshall, "Memo to Secretary of Defense: Near Term Actions to Begin Shift of Focus Towards Asia," May 2, 2002, Rumsfeld Archive, <http://library.rumsfeld.com/doclib/sp/2518/2002-05->



“dissuasion” as the most important of four defense policy ends, and “the goal of dissuasion was to discourage potential competitors—and China was the proximate candidate—from developing capabilities that countered the U.S. military advantage.”<sup>49</sup> The instruments of the dissuasion effort were discussed in the DSR as a “candidate portfolio for investment,” specifying “aerial warfare, sea control, space operations, and unmanned systems” as areas for the U.S. military to invest in.<sup>50</sup> The reorientation toward Asia that the Defense Strategy Review proposed was the backbone of the Bush administration’s efforts at internal balancing vis-à-vis China as “the DSR clearly identified China’s rise as the most serious imminent challenge to U.S. interests.”<sup>51</sup>

While the DSR was never made public, the essence of the DSR’s goals and arguments were incorporated into the Quadrennial Defense Review (QDR), which was completed by early September 2001 and released on September 30. The QDR also included the goal of dissuasion formulated as “dissuading future military competition.”<sup>52</sup> It set out six operational goals for the U.S. military’s transformation, which greatly overlapped with the DSR’s “candidate portfolio” and which were “really—albeit not exclusively—about China.”<sup>53</sup> In addition to the strategic reviews of the DSR and the QDR proposing a reorientation of the U.S. military with the goal of internal balancing to “[dissuade] China from competing with the United States in the Asia Pacific,”<sup>54</sup> the Pentagon under Rumsfeld’s leadership suspended all military contacts and exchanges

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<sup>49</sup> Silove, “The Pivot before the Pivot,” 56.

<sup>50</sup> Silove, “The Pivot before the Pivot,” 56.

<sup>51</sup> Silove, “The Pivot before the Pivot,” 57.

<sup>52</sup> Office of the Secretary of Defense, “Quadrennial Defense Review Report” (Washington, D.C.: U.S. Department of Defense, 2001): 11, <http://archive.defense.gov/pubs/qdr2001.pdf>; Silove, “The Pivot before the Pivot,” 57.

<sup>53</sup> Silove, “The Pivot before the Pivot,” 58.

<sup>54</sup> Silove, “The Pivot before the Pivot,” 58.

with China in June 2001 “to signal deep displeasure over China's handling” of the EP-3 incident.<sup>55</sup>

Besides military reorientation, the recalibration of Taiwan policy was also a focal element of the lobbying of Republican foreign policy wonks and the signaling of the Bush team during the primaries and the election campaign about the need for balancing as well as the Bush administration's balancing efforts in their first 200 days in office. In response to Chinese official threats against Taiwan, 23 conservative national security experts signed a joint statement in August 1999 (published by the Heritage Foundation and the Project for a New American Century) criticizing the Clinton administration for pressuring Taipei “to cede its sovereignty” and calling for an end to “strategic and moral ambiguity with regard to Taiwan.”<sup>56</sup> The statement was signed, among others, by Paul Wolfowitz, Richard Armitage, I. Lewis “Scooter” Libby, and Richard Perle, all of whom would go on to serve on the high echelons of the Bush administration. The same month, Bush said that the protection of Taiwan could require the United States to use force if China made an attack on the island.<sup>57</sup> In February 2000, he indicated that, if elected president, he would end the policy of strategic ambiguity, saying “it's important for the Chinese to understand that if there's a military action, we will help Taiwan defend itself.”<sup>58</sup> Once in office, Bush made good on his campaign promises to shift Taiwan policy.

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<sup>55</sup> Michael R. Gordon, “Rumsfeld Limiting Military Contacts with the Chinese,” *The New York Times*, June 4, 2001, sec. World, <https://www.nytimes.com/2001/06/04/world/rumsfeld-limiting-military-contacts-with-the-chinese.html>.

<sup>56</sup> Elliott Abrams et al., “Statement on the Defense of Taiwan” (Washington DC: Heritage Foundation and Project for the New American Century, August 20, 1999), [http://militarist-monitor.org/images/uploads/PNAC\\_Statement\\_on\\_the\\_Defense\\_of\\_Taiwan.pdf](http://militarist-monitor.org/images/uploads/PNAC_Statement_on_the_Defense_of_Taiwan.pdf).

<sup>57</sup> Thomas W. Lippmann, “Bush Makes Clinton's China Policy an Issue,” *Washington Post*, August 20, 1999, <https://www.washingtonpost.com/wp-srv/politics/campaigns/wh2000/stories/chiwan082099.htm>.

<sup>58</sup> Nicholas D. Kristof, “The 2000 Campaign: The Texas Governor; Bush Says He Is Reagan's Heir and Candidate of Future,” *The New York Times*, February 26, 2000, sec. U.S., <https://www.nytimes.com/2000/02/26/us/2000-campaign-texas-governor-bush-says-he-reagan-s-heir-candidate-future.html>.

In April 2001, the Pentagon authorized weapons sales in the amount of \$4 billion to Taiwan, including 4 Kidd-class destroyers, 8 diesel submarines, MH-53 helicopters, and 12 P-3 Orion “sub hunter” reconnaissance planes.<sup>59</sup> One day later and following angry protestations from China, when asked during an interview on ABC if the United States would employ “the full force of the American military” in case of a Chinese attack on Taiwan, President Bush answered, “whatever it took to help Taiwan defend herself.”<sup>60</sup> In May, the State Department issued a visa for Taiwanese president Chen Shui-bian, who visited New York City and Houston for meetings with American politicians on May 23, provoking outrage from Beijing.

During the 1999-2000 primaries and the 2000 election campaign, George W. Bush, several members of the Vulcans, his other close advisors, and prominent members of the Republican foreign policy orbit harshly criticized the Clinton administration’s engagement strategy and “strategic partnership” with China as well as China’s theft of U.S. nuclear secrets, and therefore signaled their intention to shift U.S. strategy toward balancing. They conceived that such a balancing strategy would mean a tougher stance toward Beijing, measures of internal and external military balancing, including strengthening U.S. alliances in the Asia-Pacific, and an end to strategic ambiguity about U.S. military support for Taiwan in the event of a Chinese attack. Once in office, the Bush administration, counting among its ranks many of the hawkish advisors who played a role in the campaign in 1999-2000, made good on these statements and shifted U.S. strategy vis-à-vis China toward balancing, especially in the military realm, between

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<sup>59</sup> *CNN.com*, “White House Announces Arms Sale to Taiwan,” April 24, 2001, <https://www.cnn.com/2001/ALLPOLITICS/04/24/us.taiwan.arms/index.html>; Baum, “From ‘Strategic Partners’ to ‘Strategic Competitors,’” 196.

<sup>60</sup> *CNN.com*, “Bush Pledges Whatever It Takes to Defend Taiwan,” April 25, 2001, <https://edition.cnn.com/2001/ALLPOLITICS/04/24/bush.taiwan.abc/>.

January and September 2001. The sponsorship of a UN resolution on China's human rights violations, the bombing of Chinese fiber optic cables linking Iraq's radar systems, the handling of the EP-3 aircraft, the \$4 billion arms sales to Taiwan, the statements about U.S. military help to Taiwan in the event of a Chinese attack, the Defense Strategic Review and the Quadrennial Defense Review proposing a reorientation of the U.S. military's focus toward Asia, and the suspension of military-to-military contacts with Beijing are all different components of an evolving balancing strategy vis-à-vis China. This evolution obviously took place in the context of a new administration still in flux and consisting of a wide array of views, with some in the administration (especially in the State Department and the economic agencies) not in agreement with the balancing strategy, but not in a position to prevent it, either. In terms of the predictions of our contending theories, offensive realism was correct in expecting such a shift to a balancing strategy, while TELOS was correct in predicting the attempt to shift U.S. strategy toward balancing but incorrect in expecting that such a shift toward balancing would be prevented or eventually killed. At least not yet.

## **The 9/11 terror attacks and the Bush administration's about-turn on China**

The al-Qaeda terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001, shocked America and the world. They changed U.S. grand strategy and they significantly impacted U.S. strategy vis-à-vis China. They interjected another international systemic variable into the international environment influencing the formulation of U.S. strategy toward China. This systemic variable was (mis)perceived as "the threat of global Jihadist terrorism" and as a challenge trumping all other systemic

signals, which it turned out not to be, i.e. from a structural perspective the Bush administration overestimated the role of global terrorism in the international system. Offensive realism does not support the conclusion that the September 11 attacks created an international systemic variable of global terrorism that trumps all other systemic factors; in fact, since offensive realist theory focuses on the role of great powers in the international system, Mearsheimer argued for responding to the September 11 attacks by going after al-Qaeda and not by starting a global war on terrorism.<sup>61</sup> Therefore, among international systemic factors offensive realism would take into account al-Qaeda's attacks, but continue to prioritize China's rise and its lack of liberalization for the most part, notwithstanding that China exhibited "positive" external political conduct by supporting the United States' global aims after September 11 (partial external liberalization). On the basis of these international systemic pressures, offensive realism would predict the continuation of the balancing strategy that evolved in the campaign and the first 200 days of the administration, albeit with some moderation.

While the September 11 attacks affected the international system, they also had an impact on the strength of the cultural-ideational pressures of American liberal strategic culture and the *liberal ordering mission*. American democracy and the American way of life being under the threat of Jihadist terrorism enhanced the influence on policymakers of the main values of American liberal strategic culture, including freedom, democracy, free markets, international order, cooperation, diplomacy, trade, collective security, and peace. Furthermore, the fact that the threat of terrorism was presented as global in scope and menacing other countries in the world implied that the emphasis on cooperation,

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<sup>61</sup> "The United States should not engage in a global war on all terrorist organizations wherever they might arise, but should focus on destroying Al-Qaeda and its close allies." John J. Mearsheimer, "'Hearts and Minds,'" *The National Interest*, no. 69 (Fall 2002), 15; Mearsheimer, *Tragedy of Great Power Politics*.

diplomacy, peace, and collective security would receive an added boost in the minds of U.S. policymakers. Moreover, the increasing value of such principles of American liberal strategic culture amplified the voices of those policymakers in the Bush administration who were the strongest advocates of liberalism and democratic idealism (Bush, Rice, Powell, Zoellick, Christensen, Zelikow among others). Such cultural-ideational pressures would significantly moderate the effect of international systemic pressures, and therefore TELOS would predict that following the September 11 attacks the Bush administration would return to the pursuit of engagement and “strategic partnership” with China.

The al-Qaeda terrorist attacks on September 11, 2001, redirected the Bush administration’s attention from all their policies and initiatives of their first seven months in office to fighting global terrorism. Every foreign policy area, including the relations with China, was now perceived in the light of the administration’s evolving grand strategy of the War on Terror and the Freedom Agenda. As the 2002 National Security Strategy stated: “The events of September 11, 2001, fundamentally changed the context for relations between the United States and other main centers of global power, and opened vast, new opportunities.”<sup>62</sup> September 11 brought about the Bush administration’s return to engagement and the policy of “strategic partnership” toward China and helped the United States and China move closer to one another. There were several reasons for these developments. First, as mentioned above, the terrorist attacks bolstered the importance of the values of American liberal strategic culture (especially peace, diplomacy, cooperation, collective security, trade) and raised the voices of those policymakers who were most strongly committed to liberalism, democratic idealism, and engagement. Second, the United States found itself in a situation of vulnerability when it

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<sup>62</sup> The White House, *National Security Strategy*, September 2002, 28.

needed and welcomed the empathy, support, and collaboration of countries around the world, especially those of the major powers. Third, the Bush administration's focus on fighting Jihadist terrorism found sympathetic ears in Beijing, who were themselves allegedly dealing with Jihadist terrorism from Uyghurs in Xinjiang province. Fourth, the attacks forced the United States to shift its attention away from the Asia-Pacific to the Middle East and the Subcontinent, which was a welcome development for China.<sup>63</sup> Fifth, the United States was getting ready to fight a war against al-Qaeda and the Taliban in Afghanistan in China's immediate neighborhood, which necessitated collaboration with China. After September 11, Beijing immediately offered its condolences, condemned international terrorism, and cooperated with Washington's on the war on terrorism.<sup>64</sup> All of this underpinned the Bush administration's return to engagement and "strategic dialogue" in U.S. strategy vis-à-vis China.

In the wake of the September 11 attacks, cooperation between the United States and China significantly expanded. The War on Terror provided a new strategic foundation for U.S.-China relations. China provided many different kinds of support to America's War on Terror, including bringing Pakistan on board, supporting resolutions in the UN Security Council, facilitating support from Asian countries as the chair of APEC, providing intelligence about Jihadist terrorist groups, closely guarding its border with Afghanistan to prevent getting more weapons into al-Qaeda or Taliban hands, helping with U.S. efforts to cut off the financial support of terrorist groups, and lending international political support to the U.S. war in Afghanistan.<sup>65</sup>

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<sup>63</sup> Kissinger, *On China*, 492.

<sup>64</sup> Jacques deLisle, "9/11 and U.S.-China Relations," *E-Notes*, September 3, 2011, Foreign Policy Research Institute, <https://www.fpri.org/article/2011/09/911-and-u-s-china-relations/>.

<sup>65</sup> John W. Garver, "Sino-American Relations in 2001: The Difficult Accommodation of Two Great Powers," *International Journal* 57, no. 2 (2002): 301–305, <https://doi.org/10.2307/40203663>.

Increased cooperation and renewed “strategic partnership” also took the form of high-level summitry between the Bush administration and the Beijing leadership between 2001 and 2004. Bush’s attendance of the China-chaired APEC summit in Shanghai in October 2001, reciprocal visits by Bush, former president Nixon, and Jiang in February and October 2002 to mark the 50<sup>th</sup> anniversary of the Nixon-Kissinger “China opening,” Chinese Vice President Hu’s visit to Washington in May 2002, China hosting the Six Party Talks in April 2003, Wen’s visit to Washington in December 2003, Vice President Cheney’s visit to China in April 2004, and Bush’s meetings with Hu at the APEC summit in Santiago in November 2004 were different milestones of close U.S.-China relations in this period. As Yu Wanli observes, “in just two years and two months, the leaders of China and the United States had as many as eight meetings and talks, with the frequency and intensity of the exchanges between the two countries unprecedented in history.”<sup>66</sup> In the midst of the summitry, the level of cooperation was further showcased by China’s behavior in the lead-up to the Iraq war when, even though Beijing opposed the war, its leadership did not protest it too loudly. Even the visit by Cheney, long considered one of the more hawkish and pro-balancing members of the Washington leadership, fit into the change of tone and the change of U.S. strategy. The vice president praised the expansion of freedoms for the Chinese people and, while he acknowledged that he had frank discussions with his Chinese hosts about areas where differences in views exist, he argued that U.S.-China relations were “in good shape” and that “further expanding reciprocal co-operation would benefit” both countries.<sup>67</sup>

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<sup>66</sup> Yu Wanli, “Breaking the Cycle?: Sino-US Relations under George W. Bush Administration,” *NIDS Joint Research Series No. 3* (Tokyo: The National Institute for Defense Studies, 2009), 89, [http://www.nids.mod.go.jp/english/publication/joint\\_research/series3/series3.html](http://www.nids.mod.go.jp/english/publication/joint_research/series3/series3.html).

<sup>67</sup> C-SPAN, “U.S.-China Relations,” April 15, 2004, <https://www.c-span.org/video/?181383-1/us-china-relations>; Xiao Hu, “Cheney: US-China Relations in Good Shape,” *China Daily*, April 14, 2004, [https://www.chinadaily.com.cn/english/doc/2004-04/14/content\\_323364.htm](https://www.chinadaily.com.cn/english/doc/2004-04/14/content_323364.htm).



The Bush administration's post-9/11 return to engagement and "strategic partnership" extended to their Taiwan policy, where they also performed a major turnabout. After the staunchly pro-Taiwan statements and questioning of the policies of "one China" and strategic ambiguity during the campaign, in the course of 2002 the president and other top decisionmakers backpedaled on these communications and re-committed the United States to the policies of "one China" and "no change in Taiwan's status quo." At the behest of Hu during his visit in Washington in May 2002, Bush allegedly reassured him that the United States "neither seeks nor supports Taiwan independence."<sup>68</sup> The same month, Wolfowitz (who was otherwise considered hawkish, pro-Taiwan, and pro-balancing) reiterated the president's stance at a Brookings Institution seminar, stating "there is no intention, no desire to separate Taiwan from the mainland or have an independent Taiwan," but when reporters requested a clarification, he added that this meant that "we're opposed to Taiwan independence."<sup>69</sup> In response to some provocative statements by Chen regarding Taiwan's sovereignty, Deputy Secretary of State Armitage asserted during his visit to Beijing in August 2002 that the United States "does not support Taiwan independence."<sup>70</sup>

In late 2003, Chen announced during his campaign for Taiwan's upcoming presidential elections that he would organize "defensive referenda" on Taiwan's status. In response, President Bush made the (new) American position clear standing next to Wen during his December 2003 visit to Washington, stating that "we oppose any unilateral decision by either China or Taiwan" and that he also opposed Chen's intention

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<sup>68</sup> Alan D Romberg, "Addressing the Taiwan Question: The U.S. Role," Henry L. Stimson Center, 2002, 17.

<sup>69</sup> Romberg, "Addressing the Taiwan Question," 17; "Taiwan Communique No. 102," *Taiwan Communique*, September 2002, <https://www.taiwandc.org/twcom/102-no2.htm>.

<sup>70</sup> Christensen, *China Challenge*, 210.

to make any decisions to unilaterally alter the status quo.<sup>71</sup> The new, post-9/11 Taiwan policy expressed in these statements in 2002-2003 would go on to determine the Bush administration's stance on Taiwan for the rest of the Bush presidency.

Offensive realism was incorrect in predicting that, based on China's rise and its lack of liberalization (with some "positive" external political conduct), after September 11 the Bush administration would continue the balancing strategy, albeit with some moderation. After the 9/11 terrorist attacks, the Bush administration embraced engagement and "strategic partnership," taking a highly cooperative posture toward China, proving the predictions of TELOS correct.

## **The evolution of the 2002 National Security Strategy**

A close examination of the evolution of the 2002 National Security Strategy (NSS) through original internal documents gives us another glimpse into the transformation of the Bush administration's strategy toward China in the course of 2001 and 2002 and as a result of the grand strategic shock of the September 11 terrorist attacks.<sup>72</sup> When comparing the different drafts, we find that while there are some continuities between the contents of the different drafts, the language and structure of the document changed considerably over 14 months and there are important (if subtle) discontinuities in the substance and formulation of the administration's policies of interest. It is important to note here that most of the authors of the different drafts were proponents of the

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<sup>71</sup> "President Bush and Premier Wen Jiabao Remarks to the Press," December 9, 2003, The White House, <https://georgewbush-whitehouse.archives.gov/news/releases/2003/12/20031209-2.html>; Christensen, *The China Challenge*, 211.

<sup>72</sup> The author is grateful to Philip Zelikow, a member of the President Bush's Foreign Intelligence Advisory Board and one of the drafters of the 2002 National Security Strategy, for providing him with early drafts of the National Security Strategy and with invaluable insights about the drafting process.

engagement strategy vis-à-vis China (Zelikow, Richard Haas, State Department leadership; Rice's views evolved over time, from balancing toward engagement). Therefore we expect that the substance and language of the different drafts (even the pre-9/11 first draft) will lean towards a preference of the engagement posture and will not advocate for a balancing strategy. With that in mind, although the differences in the wording of the subsequent drafts may sometimes seem minor, they still serve as subtle indicators of the transformation of the Bush administration's thinking about its grand strategy and its strategic planning vis-à-vis China.

The subsequent drafts of the NSS demonstrate how the Bush administration shifted its grand strategic focus from the prevention of the return of great-power competition and the upholding of the positive constellation of international circumstances for the United States – to the struggle against global terrorist groups and rogue states and the prevention of the proliferation of weapons of mass destruction. Regarding China, the administration's outlook remained constant on worrying whether China will continue its path toward liberalization and openness and on the U.S. commitment to supporting China on that path. However, we can detect important changes, too. The focus of the administration's outlook on China changed from being concerned that Beijing could rise to be a great-power competitor to Washington and to challenge the U.S.-led liberal international order – to being committed to partnering with China for Asia-Pacific stability and to expecting that U.S. support for the bilateral trade relationship and Beijing's WTO membership will lead to China's liberalization.

The different NSS drafts showcase the evolution of the Bush administration's thinking about great-power rivalry. Regarding the concern that great-power competition will return to the international system, the earliest draft of the National Security Strategy, from July 2001, emphasizes the real threat of the emergence of peer competitors

challenging the U.S.-led liberal international order and Washington's task of providing disincentives for such emergence:

There is always the potential for the rise of a great power... who will seek to find an alternative path and try to upset the consensus. This is a danger today because so many potential great powers are in the midst of internal transition... We will do this by providing incentives to choose constructive relations with us, and by creating disincentives for renewed security competition.<sup>73</sup>

The second draft of the NSS was written after the September 11 attack. Its formulation about the potential revival of great power competition is much more subdued compared to the first draft. The *potential* for the return of rivalry is omitted from the first draft and the reference to the whole phenomenon is embedded in a paragraph about fostering a U.S.-friendly international milieu and perpetuating an international system based on peace among great powers (showing the influence of American liberal strategic culture):

We seek to foster an international environment that favors those who share our goals and values and will work with us to advance them. The renewal of great power competition would inevitably disrupt these efforts. We must, therefore, work to ensure that this period of peace among the world's major powers becomes an enduring feature of the international landscape.<sup>74</sup>

Zelikow wrote the third draft of the NSS and sent it for Rice and Hadley's review in March 2002. Its formulation about great-power rivalry is significantly more optimistic than even the 2<sup>nd</sup> draft, essentially envisioning a new world order without major power competition and territorial war:

The centuries-old habits of great power rivalry may be giving way to new patterns. The great nations of the 21<sup>st</sup> century will be those that share basic underlying conceptions of human dignity... Nations no longer battle for trade routes, colonies, or *lebensraum*.<sup>75</sup>

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<sup>73</sup> Condoleezza Rice et al., *Draft of the 2002 National Security Strategy* (1<sup>st</sup> draft of the 2002 National Security Strategy), July 23, 2001, 4. Courtesy of Philip Zelikow.

<sup>74</sup> Department of State, *Draft National Security Strategy* (2<sup>nd</sup> draft of the 2002 National Security Strategy), December 17, 2001, 7. Courtesy of Philip Zelikow.

<sup>75</sup> Philip Zelikow, *The Basic National Security Policy of the United States* (3<sup>rd</sup> draft of the 2002 National Security Strategy), March 5, 2002, 2. Courtesy of Philip Zelikow.

The final version of the NSS presents transcending great-power rivalry as an aspiration and expresses great optimism that the internal transitions of all three potential great powers (Russia, India, and China) are leading to a global consensus about the basic principles of democracy, economic openness, global security, and peace and cooperation among great powers:<sup>76</sup>

We will preserve the peace by building good relations among the great powers. [...] America is now threatened less by conquering states than we are by failing ones. [...] We are attentive to the possible renewal of old patterns of great power competition. Several potential great powers are now in the midst of internal transition—most importantly Russia, India, and China. In all three cases, recent developments have encouraged our hope that a truly global consensus about basic principles is slowly taking shape. [...] The events of September 11, 2001, fundamentally changed the context for relations between the United States and other main centers of global power, and opened vast, new opportunities.<sup>77</sup>

The evolution of the 2002 National Security Strategy also shows relative alignment with the transformation of the Bush administration's thinking about China and reflects the changing of their China strategy after September 11. It is important to note that the differences between the drafts as concern China strategy are more subtle than in the case of great-power competition. In terms of continuities, all drafts advocate for the continuation of engagement, even though the 1<sup>st</sup> draft strikes a more critical tone and combines elements of engagement and balancing. In another continuity, the language on Taiwan remains more or less constant between Rice's 1<sup>st</sup> draft, the State Department's 2<sup>nd</sup> draft, and the final version of the NSS: all of these versions clearly state the United States' commitment to help Taiwan defend itself. (This is more in line with a pro-balancing stance.) On the other hand, there are four main changes in the different formulations of China strategy and they all point to a shift toward engagement. First, Rice's 1<sup>st</sup> draft (the

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<sup>76</sup> This paragraph in the NSS does not enumerate these "basic principles," but based on other parts of the NSS, I have concluded that it is most likely to imply the principles of democracy, economic openness, global security, and peace and cooperation among great powers.

<sup>77</sup> The White House, *National Security Strategy*, September 2002, i, 1, 26, 28.

only pre-9/11 draft) highlights the existence of differences in views between the United States and China, while all of the post-9/11 drafts either ignore or diminish them. Second, subsequent drafts offer more and more praise for China's progress in internal and external liberalization and other achievements. Third, the same can be said about the international areas of cooperation with China: whereas the pre-9/11 1<sup>st</sup> draft only mentions regional stability and nonproliferation as potential areas where the United States and China can collaborate for a better world, both the State Department-authored 2<sup>nd</sup> draft and the final version indicate the stability peace, and prosperity of the Asia-Pacific region, health and environmental threats (including the spread of HIV/AIDS), counterterrorism, nonproliferation, stability on the Korean peninsula, the future of Afghanistan, and trade as areas for U.S.-China cooperation. Fourth, we can detect the increasing prominence of the values of American liberal strategic culture, the assumptions of the *liberal ordering mission*, and the benefits of engagement as we proceed through the different NSS drafts between July 2001 and September 2002.

The analysis of the several drafts of the 2002 National Security Strategy uncovers subtle but important differences in the messaging and wording regarding the prospect of the return of great-power competition and the relations with China – differences which are in relative alignment with the changing of the Bush administration's China strategy in 2001-2002 (especially as a result of September 11). Our finding that there is only *relative* alignment with the actual strategic shift and even the pre-9/11 draft does not clearly advocate for balancing can be attributed to the facts that the Bush administration's decision-making on China lacked full consensus among the many diverse views and that most of the authors of the NSS drafts were proponents of engagement. Still, it is apparent that while the pre-9/11 draft recognizes the danger of the emergence of a great power unfriendly to Washington and the world order and posits a tougher stance toward China

combined with continued engagement, post-9/11 drafts are increasingly optimistic about cooperative great-power relations and the emergence of a “global consensus,” and advocate for a China strategy fully in line with engagement and strategic partnership.

## **The China Shock and the Bush administration’s economic strategy**

The 2002 National Security Strategy stated that the United States’ “important trade relationship will benefit from China’s entry into the World Trade Organization, which will create more export opportunities and ultimately more jobs for American farmers, workers, and companies.”<sup>78</sup> This commitment and these expectations defined the Bush administration’s economic engagement strategy vis-à-vis China. However, these expectations that the U.S.-China trade relationship and China’s U.S.-supported WTO membership will create more opportunities for American businesses and more jobs for American workers did not completely materialize; in fact, in several segments of U.S. manufacturing they had the opposite effect: they wiped out entire industries and took away hundreds of thousands of American jobs. This phenomenon has since come to be known as “the China Shock.” Considering the adverse effects of U.S. economic engagement toward China and Beijing’s WTO membership (and economic blunting strategy) in the first Bush term, offensive realism would predict that the Bush administration in its second term generates a medium-to-full shift in its economic strategy toward balancing and starts protecting U.S. manufacturing industries from Chinese competition. On the other hand, factoring in the increasing influence of American liberal strategic culture and the *liberal ordering mission*, TELOS would predict that the Bush administration continues economic and political engagement and the

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<sup>78</sup> The White House, *National Security Strategy*, September 2002, 28.

pursuit of strategic partnership vis-à-vis China with only a slight shift toward balancing (interjecting balancing components).

After the Clinton administration had concluded the agreement about China's membership in the World Trade Organization, the Bush administration oversaw the completion of China's accession in December 2001. Washington expected that China's WTO membership will facilitate Beijing's economic reform process, help China adapt to international rules and norms, and strengthen U.S.-China economic relations, thereby expanding trade and investment opportunities for U.S. businesses and creating tens of thousands of jobs for American workers. U.S. policymakers also expected that further solidifying China's integration into the world economy through WTO membership will lead to China's internal and external political liberalization. Speaking on the campaign trail in 2000 in support of President Clinton's stance on helping China join the WTO, candidate Bush argued that

for businesses and workers and farmers [China's WTO accession] will mean lower trade barriers and important opportunities for U.S. exports and more work and jobs for United States workers... For the people of China it holds out the hope of more open contact with the world of freedom... The doors will open to providers of U.S. services -- the import-export trade, banking, insurance, telecommunications, accounting, computers, motion pictures and more. China will also adhere to W.T.O. rules on intellectual property rights and investments.<sup>79</sup>

A month after September 11, President Bush stood next to Jiang and characterized China's WTO accession as a benefit to both countries as well as a milestone in integrating Beijing into the global order and in ushering in both economic and political freedoms:

We welcome and support China's accession into the World Trade Organization. We believe it's a very important development that will benefit our two peoples and the world. In the long run, the advance of Chinese prosperity depends on

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<sup>79</sup> "Excerpts of George W. Bush's Speech in Washington State," *New York Times*, May 17, 2000, <https://archive.nytimes.com/www.nytimes.com/library/world/asia/051800bush-text.html>.



China's full integration into the rules and norms of international institutions. And in the long run, economic freedom and political freedom will go hand in hand.<sup>80</sup>

U.S. Trade Representative Zoellick also emphasized China's commitment to abiding by the norms of the global economy as well as the benefits of its WTO accession for American businesses and jobs: "China has made a firm commitment to the rest of the world to open its markets and adhere to international, market-based rules, which will help American workers, consumers, farmers and exporters."<sup>81</sup>

In the accession agreement with the United States as well as the multilateral agreements and its accession protocol signed upon joining the WTO, China indeed made serious commitments to abide by the rules and norms of the international economy and to liberalize its economic and legal system. China vowed to implement systemic reforms to increase the transparency of its laws and regulations, enhance the rule of law and fairness, and allow the judicial review of administrative actions in trade and economic affairs. China pledged to substantively reduce tariffs on industrial goods and to eliminate quotas on most agricultural products. China agreed not to discriminate between foreign and Chinese companies trading in China. Important obligations follow from this commitment: first, China agreed to eliminate discrimination in the trading distribution system whereby Chinese companies exerted exclusive control over trading networks and foreign companies were denied the necessary licenses; second, China agreed to eliminate export subsidies on Chinese-made industrial and agricultural products. China also pledged to eliminate dual pricing practices existing for goods produced for domestic

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<sup>80</sup> "U.S., China Stand Against Terrorism," Remarks by President Bush and President Jiang Zemin, Western Suburb Guest House Shanghai, October 19, 2001, <https://georgewbush-whitehouse.archives.gov/news/releases/2001/10/20011019-4.html>.

<sup>81</sup> Office of the U.S. Trade Representative, "U.S. Trade Representative Robert B. Zoellick Welcomes Developments on China's WTO Accession," September 17, 2001, [https://ustr.gov/archive/Document\\_Library/Press\\_Releases/2001/September/US\\_Trade\\_Representative\\_Robert\\_B\\_Zoellick\\_Welcomes\\_Developments\\_on\\_China%27s\\_WTO\\_Accession.html](https://ustr.gov/archive/Document_Library/Press_Releases/2001/September/US_Trade_Representative_Robert_B_Zoellick_Welcomes_Developments_on_China%27s_WTO_Accession.html).

consumption and goods intended for export. They committed to respecting intellectual property rights in line with the rules laid down in the Trade-related Aspects of Intellectual Property Rights (TRIPS) Agreement, which meant that China had to clamp down on intellectual property theft. Importantly, China vowed to stop the forced mergers of foreign companies and the related practice of forged technology transfer (FTT).<sup>82</sup>

Contrary to the extensive commitments it made upon its WTO accession, China did not fully abide by its WTO agreements and protocols and did not progress toward liberalization. In fact, China's employment of unfair and non-WTO-compliant trade and economic practices reached previously unprecedented levels in the years following Hu and Wen's arrival to power, affecting U.S. businesses in a negative way. China continued using barriers to U.S. exports, failed to enforce labor laws, failed to protect intellectual property rights, provided substantial state subsidies to Chinese companies, and gave preference to Chinese industries.<sup>83</sup> In a view representative of the wide range concerns among many American experts and commentators, a Congress-mandated report in 2006 concluded that "China's record of adhering to the obligations it incurred upon its entry

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<sup>82</sup> Hongyi Harry Lai, "Behind China's World Trade Organization Agreement with the USA," *Third World Quarterly* 22, no. 2 (2001): 237–55, <https://www.jstor.org/stable/3993409>; Karen Halverson Cross, "China's WTO Accession: Economic, Legal, and Political Implications," *Boston College International & Comparative Law Review* 27 (January 11, 2008), 319–370, <https://papers.ssrn.com/abstract=1082546>; Romi Jain, "China's Compliance with the WTO: A Critical Examination," *Indian Journal of Asian Affairs* 29, no. 1/2 (2016): 57–84, <https://www.jstor.org/stable/44123129>; Jennifer Hillman, "China's Entry into the WTO - A Mistake by the United States?," *SSRN Electronic Journal*, 2022, <https://doi.org/10.2139/ssrn.4094346>; Ting-Wei Chiang, "Chinese State-Owned Enterprises and WTO's Anti-Subsidy Regime," *Georgetown Journal of International Law* 49 (August 2018); "USTR - Background Information on China's Accession to the World Trade Organization," December 11, 2001, [https://ustr.gov/archive/Document\\_Library/Fact\\_Sheets/2001/Background\\_Information\\_on\\_China's\\_Accession\\_to\\_the\\_World\\_Trade\\_Organization.html#](https://ustr.gov/archive/Document_Library/Fact_Sheets/2001/Background_Information_on_China's_Accession_to_the_World_Trade_Organization.html#); World Trade Organization, "WTO Successfully Concludes Negotiations on China's Entry - Press 243," September 17, 2001, [https://www.wto.org/english/news\\_e/pres01\\_e/pr243\\_e.htm](https://www.wto.org/english/news_e/pres01_e/pr243_e.htm); Department of State, "Fact Sheet on China, WTO, and PNTR," May 24, 2000, [https://1997-2001.state.gov/regions/eap/fs-china\\_pntr-wto\\_000524.html](https://1997-2001.state.gov/regions/eap/fs-china_pntr-wto_000524.html); United States Trade Representative, "Fact Sheet: WTO Case Challenging Chinese Subsidies," September 2012, <http://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2012/september/wto-case-challenging-chinese-subsidies>.

<sup>83</sup> United States Trade Representative, "U.S.-China Trade Relations: Entering a New Phase of Greater Accountability and Enforcement," February 2006, <http://ustr.gov/about-us/policy-offices/press-office/reports-and-publications/archives/2007/us-china-trade-relations-entering-new-p>.

into the World Trade Organization has been inconsistent, and it remains an open question whether China will change its domestic practices to observe international trade norms or will continue to bend current norms to suit its domestic practices.”<sup>84</sup>

Many of the unfair and discriminatory practices that China employed to advantage its own economy and firms at the expense of U.S. and other foreign players stemmed from the Chinese leadership’s new strategy of building a system of state capitalism in the early 2000s. Hu and Wen’s leadership transformed the Chinese economic system from 2003 establishing a greater role for state intervention and giving the Chinese Communist Party firmer control over the economy and economic actors. Starting in 2003, continuing and expanding on a practice it had used since 1994, China kept the value of its currency, the renminbi, artificially low, which gave Chinese exporters significant advantages and contributed to China’s rise as the leading exporter in the world in the early 2000s. In 2003, Hu and Wen established the State-owned Assets Supervision and Administration Commission (SASAC) and transferred control of the Chinese state’s shares in the largest 200 state-owned enterprises, giving SASAC the power to appoint or fire executives and the mission of increasing the competitiveness of the state economy. The same year, the Beijing leadership also founded the National Development and Reform Commission, also referred to as the “superministry,” with the authority to design China’s five-year plan, set prices for the major commodities, allocate state investment funds, and approve large infrastructure and industry projects. In 2006, Hu and Wen adopted the National Medium- and Long-Term Program for Science and Technology (MLP) in 2006 setting out a plan to make the Chinese economy become more

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<sup>84</sup> U.S.-China Economic and Security Review Commission, “2006 Annual Report to Congress | U.S.-CHINA | Economic and Security Review Commission,” November 2006, 2, <https://www.uscc.gov/annual-report/2006-annual-report-congress>.

competitive than other countries by “original innovation” and the “assimilation and absorption of imported technology” in cutting-edge industries. This new program, called “indigenous innovation,” ushered in a new era of intellectual property theft and forced technology transfer to the detriment of Western countries and companies.<sup>85</sup>

One of the most serious issues, Beijing’s currency manipulation acted “as a subsidy for Chinese exports to the United States and a tax on imports from the United States” and served “as an incentive for U.S. and foreign firms to move production to China.”<sup>86</sup> China’s currency devaluation has been the main factor behind the China Shock, the decimation of U.S. manufacturing industries and the loss of millions of American jobs due to China’s unfair trade practices. According to the most-cited study on the China Shock, China’s exports were responsible for the elimination of 2.4 million U.S. jobs, including nearly 1 million manufacturing jobs.<sup>87</sup> (Another analyst attributes 5 million lost U.S. jobs to the China Shock in 2001-2006.)<sup>88</sup> In the decade following China’s WTO accession, U.S. manufacturing employment decreased by 30%.<sup>89</sup> China’s integration did not have the positive effect on U.S. trade many had expected, as China’s imports to the United States grew by more than U.S. exports to China.<sup>90</sup> China’s WTO membership has also resulted in “the rapid and dramatic deterioration” of real U.S. median household income.<sup>91</sup>

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<sup>85</sup> Blustein, *Schism*; Friedberg, *Getting China Wrong*, 99-105; Paul Blustein, “The Untold Story of How George W. Bush Lost China,” *Foreign Policy*, July 28, 2019, <https://foreignpolicy.com/2019/10/04/the-untold-story-of-how-george-w-bush-lost-china/>; Richard McGregor, “China’s Private Party: The Hidden Power of China’s Communist Party,” *Wall Street Journal*, May 14, 2010, sec. Life and Style, <https://www.wsj.com/articles/SB10001424052748704250104575238590027868792>.

<sup>86</sup> U.S.-China Economic and Security Review Commission, “2005 Annual Report to Congress | U.S.-CHINA | Economic and Security Review Commission,” November 2005, 4, <https://www.uscc.gov/annual-report/2005-annual-report-congress>.

<sup>87</sup> Autor, Dorn, and Hanson, “China Shock,” 228.

<sup>88</sup> Paterson, *China, Trade and Power*, 96.

<sup>89</sup> Paterson, *China, Trade and Power*, 96.

<sup>90</sup> Autor, Dorn, and Hanson, “China Shock,” 212.

<sup>91</sup> Paterson, *China, Trade and Power*, 99.

What did the Bush administration do in response to China's unfair practices and the China shock? Under the influence of American liberal strategic culture and the *liberal ordering mission*, they had first expected China to comply with its WTO commitments and waited for liberalization to begin in their first term, but as developments were not confirming their expectations, they turned to diplomacy. Once reelected, Bush appointed Goldman Sachs chairman and CEO Hank Paulson to be treasury secretary in 2005 and put him in charge of coordinating administration strategy on economic relations with China. Congress was up in arms over the China Shock and the Senate threatened to pass a bipartisan bill to put a 27.5% tariff on Chinese imports if Beijing did not revalue its currency.<sup>92</sup> Paulson, building on his longstanding personal relationships with members of the Chinese leadership, tried to resolve the currency manipulation issue and convinced Hu in a rare one-on-one meeting to agree to appreciate the renminbi by 3% against the dollar by the end of 2006. Paulson persuaded the Senate bill's sponsors to scrap the legislation, however the value of the renminbi only gained 1.3% by late 2006 and 2.2% by the spring of 2007.<sup>93</sup>

Congress was not the only actor who tried to push the Bush administration to stand up to China. In its WTO accession agreements, China agreed to the special "transitional-product safeguard" rule, whereby other WTO members may impose tariffs or quotas in case Chinese imports have caused or may potentially cause market disruption to domestic manufacturers.<sup>94</sup> If Chinese imports threaten U.S. producers with market disruption, the U.S. International Trade Commission may recommend imposing protective measures to the president. The Trade Commission made three such

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<sup>92</sup> Greg Robb, "China Tariff Bill Gaining Support - Schumer Says," *MarketWatch*, June 8, 2005, <https://www.marketwatch.com/story/key-lawmaker-defends-bill-to-slap-tariffs-on-china>.

<sup>93</sup> Blustein, *Schism*, 129-130.

<sup>94</sup> World Trade Organization, "WTO Successfully Concludes Negotiations on China's Entry."

recommendations to President Bush in his first five years in office in order to protect U.S. industrial sectors threatened by Chinese imports: (i) recommended safeguards on pedestal actuators in 2002, (ii) recommended safeguards on wire hangers in 2003, (ii) recommended safeguards on ductile iron waterworks fittings in 2004, (iii) recommended safeguards on steel pipes in 2005. In each of these cases, President Bush rejected the recommendation, sending the message to U.S. companies and his economic advisors that “the China product-specific safeguard wouldn’t be much use, at least while he was in office.”<sup>95</sup> Even in the face of the China Shock, the Bush administration rejected adopting a balancing strategy or even some balancing measures because cultural factors had them convinced that they needed a highly cooperative strategy vis-à-vis China and that Beijing would eventually come around to liberalizing. As a top Bush administration official summarized: “The general view was that we’re going to have bumps in the road with China, and they’ve just swallowed a huge elephant [i.e., WTO membership commitments], so we should be a little patient with them... Their policies will align with ours—not over months, but it’s going to happen. There was great confidence in that. And if you’re confident about the endpoint, it allows you to be more patient about missteps along the way.”<sup>96</sup>

After their initial patience waiting for China’s liberalization to begin, many in the administration started voicing their concerns about where things were heading with U.S. economic engagement toward China. In a later widely publicized speech in late 2005, Deputy Secretary of State Zoellick criticized Beijing’s increasingly statist and mercantilist approach: “China has been more open than many developing countries, but there are increasing signs of mercantilism, with policies that seek to direct markets rather than

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<sup>95</sup> Blustein, *Schism*, 125.

<sup>96</sup> Blustein, *Schism*, 123.

opening them.”<sup>97</sup> He called on the Chinese leadership to make good on its commitments to global norms and rules on fighting intellectual property theft and counterfeiting, market opening to U.S. business in services, agriculture, and manufacturing, as well as exchange rate policy and trade imbalances.<sup>98</sup> In 2006, U.S. Trade Representative Portman ordered his office to conduct a top-bottom review of U.S.-China trade relations, and after identifying a set of China’s unfair and discriminatory practices (mentioned above), the final report made very specific proposals for a substantial expansion of the enforcement, investigative, and coordination capacities of several U.S. economic and diplomatic agencies regarding trade issues with China.<sup>99</sup> Both Zoellick’s diplomatic pressure and Portman’s proposals for expanding administration capacities pointed to combining balancing components with the existing tools of economic engagement to protect the U.S. economy from the detrimental effects of China’s import tsunami.

Although Portman’s proposals and thus a new strategy combining engagement and balancing started being implemented, Paulson initiated a shift back to economic engagement with the establishment of the U.S. Strategic Economic Dialogue. The results were disappointing. The first session was held in Beijing in December 2006, and as the USTR’s general counsel assessed later: “It was interesting—there were these canned presentations, but absolutely nothing I could tell came out of it.”<sup>100</sup> Although two Strategic Economic Dialogues were held the next year, the Global Financial Crisis beginning in mid-2007 eventually swept Paulson’s initiative away. By 2008, the Chinese interlocutors, who had been the at the vanguard of pushing for U.S.- and WTO-inspired

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<sup>97</sup> Zoellick, “Whither China.”

<sup>98</sup> Zoellick, “Whither China,” 7-8.

<sup>99</sup> United States Trade Representative, “U.S.-China Trade Relations: Entering a New Phase of Greater Accountability and Enforcement,” 24-29.

<sup>100</sup> Blustein, *Schism*, 123.

reforms, were disappointed in the U.S. economic system. Washington lost the leverage over China that it had enjoyed as an exemplar market economy.<sup>101</sup> The Bush administration had dismissed the many proposals from top administration officials, the U.S. International Trade Commission, and the Congress for balancing against China's economic onslaught and the China Shock and ended up sticking with economic engagement that would not produce results. In the end, China emerged as the strongest player from the financial crisis while the United States fell into deep recession.

In the face of the China Shock, the Bush administration produced neither a medium nor a full shift in U.S. economic strategy toward balancing as some policymakers, economic advisors, and the Congress suggested – and as offensive realism (incorrectly) predicted. The shift to balancing remained slight and short-lived, with only some balancing components (Zoellick's diplomacy, Portland's proposals) injected. TELOS, therefore, correctly expected that Washington would continue the economic engagement strategy with only slight shifts toward balancing – due to the ideational commitments of top policymakers to the cultural factors of American liberal strategic culture and the *liberal ordering mission*.

## **Political strategy in Bush's second term: China as a responsible stakeholder**

By the start of Bush's second term, U.S. political-diplomatic engagement had helped produce an unprecedentedly close U.S.-China strategic partnership, especially in the war on terror. At the same time, Washington did not feel that Beijing was acting like a "responsible stakeholder" and pulling its weight in solving global issues. Hu and Wen's

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<sup>101</sup> Blustein, "Untold Story."



leadership began preparing the Communist Party for pursuing new “strategic opportunities” and the PLA for “new historic missions” expanding China’s power projection capabilities. Domestically, the regime started a campaign on the “socialist rule of law,” pushing back against Western concepts of the rule of law, and began increasing domestic repression in the wake of the global financial crisis. On the basis of these mixed but altogether more negative-tilting international systemic signals, offensive realism would expect the Bush administration to produce a *medium* shift in U.S. strategy toward balancing, producing an engage-and-balance type of posture, combining the strengths of cooperation and pushback. On the other hand, cultural pressures would continue to exert significant influence on the Bush administration, because those top policymakers most committed to the ideas of the American liberal strategic culture and the *liberal ordering mission* (Bush, Rice, Paulson, Zoellick, Thomas Christensen, Zelikow) became more dominant in strategic planning on China, especially with the 2005 departure of several of the more hawkish, realist, pro-balancing decisionmakers (Rumsfeld, Wolfowitz, Libby). On the basis of the combined impact of these pressures, TELOS would predict the continuation of the political-diplomatic engagement strategy with a *slight* shift toward balancing in President Bush’s second term.

While Beijing was enjoying a close “strategic partnership” with Washington in the early- to mid-2000s made possible by U.S. engagement strategy, the Chinese leadership was targeting new, ambitious goals for China’s continued rise and was also busy concealing such goals from the United States and the wider international community. In November 2003, Hu laid out at a high-level CCP internal meeting his new theory that “the first twenty years of the twenty-first century represented a distinct ‘strategic opportunity period’ for China” and that “a unique convergence of domestic and international trends put China in the position to advance its development by ‘leaps and

bounds.”” He also warned that “if China ‘lost the opportunity’ presented, ‘it might become a straggler.’”<sup>102</sup> A few years later, Wen echoed this concept in a 2007 newspaper op-ed, stating that “the first fifth of the new century was an opportunity period ‘which we must tightly grasp and in which we can get much accomplished.’”<sup>103</sup> Between the lines, the leaders of China were preparing the party and the public for the coming 15-year fight for “national rejuvenation” and China’s rise into a world power, which would provoke resistance that they would have to overcome.

While Hu and Wen’s leadership was setting out ambitious goals for China’s long-deserved place in the international system and preparing their armed forces for “new missions” and the expansion of the power projection capabilities, they also took pains to hide these ambitions from Washington and the wider world, assuring everyone that China’s rise will be peaceful. In September 2005, Zheng Bijian’s *Foreign Affairs* article “China’s ‘Peaceful Rise’ to Great-Power Status” served to allay the potential concerns and fears of the outside world from China’s rise. According to the article, China pursues a “strategy to transcend the traditional ways for great powers to emerge.” China “will not follow the path of Germany leading up to World War I or those of Germany and Japan leading up to World War II, when these countries violently plundered resources and pursued hegemony” and “neither will China follow the path of the great powers vying for global domination during the Cold War.” Although China does seek “a new international political and economic order,” it wants to achieve it “through incremental reforms and the democratization of international relations.”<sup>104</sup>

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<sup>102</sup> Kissinger, *On China*, 497-498.

<sup>103</sup> Kissinger, *On China*, 498.

<sup>104</sup> Zheng Bijian, “China’s ‘Peaceful Rise’ to Great-Power Status,” *Foreign Affairs*, September 1, 2005, <https://www.foreignaffairs.com/articles/asia/2005-09-01/chinas-peaceful-rise-great-power-status>.

Washington was quick to respond to Zhen's article.<sup>105</sup> On September 21, Robert Zoellick delivered his speech "Whither China? From Membership to Responsibility" at the National Committee for U.S.-China Relations in New York City – a speech that has since become one of the most-cited documents on U.S.-China relations. While Zoellick was one of the staunchest advocates of U.S. engagement strategy in the Bush administration and has remained one of its most ardent defenders since,<sup>106</sup> the speech is notable for combining components of both engagement and balancing. Its overall framework is engagement, but it prominently integrates elements of balancing or hedging. This engage-and-balance posture seems to have reflected the administration's consensus on political-diplomatic strategy, as Zoellick had gotten both President Bush and Rice's blessing for the speech,<sup>107</sup> and the approach was also very much aligned with the administration's Asia Strategy produced by an interagency process led by Michael Green in 2003-2004 (which will be discussed in the next section due to its interconnectedness with the administration's military strategy).

In his speech, after praising the success of China's rise and of U.S. engagement to integrate Beijing into the international system since the 1970s, Zoellick wondered how China will use its newly found influence and urged Beijing "to become a responsible stakeholder in that same system." In response to Zhen's statement that China seeks "a new international political and economic order," he argued that "China has a responsibility to strengthen the international system that has enabled its success." Zoellick criticized China's increasingly statist and mercantilist economic strategy, calling on the leadership to fulfil its commitments to global norms and rules on intellectual

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<sup>105</sup> Author interview with Robert Zoellick, May 27, 2022.

<sup>106</sup> Robert B. Zoellick, "The China Challenge," *The National Interest*, February 14, 2020, <https://nationalinterest.org/feature/china-challenge-123271>.

<sup>107</sup> Author interview with William Inboden, March 2, 2022.

property rights, market opening, exchange rate policy, and trade imbalances. He also assailed Beijing for failing to make progress on political liberalization. At the same time, he echoed the optimism of the *liberal ordering mission*, expecting that economic liberalization will lead to political reform.<sup>108</sup>

Zoellick spoke in sharply critical terms about the Chinese leadership's increasingly ambitious and assertive political-security conduct, including its military modernization, dealings with rogue states, and expansive posture in the Asia-Pacific region, arguing that "concerns will grow if China seeks to maneuver toward a predominance of power" in the region. Zoellick warned Beijing quite explicitly that "uncertainties about how China will use its power will lead the United States – and others as well – to hedge relations with China." He called on China to become more transparent about military modernization, to work with the United States, ASEAN, and other regional players for Asia-Pacific security, to resolve its differences with Taiwan peacefully, and to assume greater roles in solving the global challenges of terrorism and the proliferation of weapons of mass destruction. At the end of his speech, however, Zoellick returned to engagement and the assumptions of American liberal strategic culture and the *liberal ordering mission*. His words suggested that the United States continue building its China strategy on engagement, arguing that "cooperation as stakeholders will not mean the absence of differences – we will have disputes that we need to manage. But that management can take place within a larger framework where the parties recognize a shared interest in sustaining political, economic, and security systems that provide common benefits." Finally, he expressed the hope in line with the *liberal ordering mission* that such

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<sup>108</sup> Zoellick, "Whither China".

engagement can eventually lead to China's democratization: "We can cooperate with the emerging China of today, even as we work for the democratic China of tomorrow."<sup>109</sup>

The strategy outlined in Zoellick's 2005 speech combining elements of engagement and balancing (engagement with a slight shift toward balancing) became a landmark and a blueprint for the Bush administration's political-diplomatic strategy during its second term. As part of engagement, in 2005 the Bush administration launched the U.S.-China Senior Dialogue (also known as U.S.-China Strategic Dialogue) to provide a high-level forum for discussing larger strategic issues, including trade, energy security, human rights, democracy, terrorism, nonproliferation, and pandemics. Zoellick, the co-chair from the U.S. side, succeeded to convince the Chinese through the Senior Dialogue to help U.S. efforts in Afghanistan and in Sudan/Darfur. After Zoellick's departure and Paulson's arrival in 2006, the latter became the lead voice on China within the Bush administration and the focus shifted from the Senior Dialogue to Paulson's Economic Dialogue.<sup>110</sup> A balancing component of the second term's China strategy was a major strategic rapprochement with India (which will also be discussed in the next section).

The more dominant, pro-engagement side of the strategy was further manifested in high-level summitry between the United States and China, with Hu traveling to Washington in April 2006 and Bush reciprocating by going to Beijing in November 2006. Both visits focused on the areas where the two sides could cooperate, reflected by Bush's remarks that "as stakeholders in the international system, our two nations share many strategic interests"<sup>111</sup> and that the two leaders "agreed to comprehensively move forward

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<sup>109</sup> Zoellick, "Whither China".

<sup>110</sup> Author interview with Robert Zoellick, May 27, 2022; author interview with William Inboden, March 2, 2022.

<sup>111</sup> George W. Bush and Hu Jintao, "President Bush and President Hu of People's Republic of China Participate in Arrival Ceremony," April 20, 2006, <https://georgewbush-whitehouse.archives.gov/news/releases/2006/04/20060420.html>.

the constructive and cooperative China-U.S. relationship in the 21st century.”<sup>112</sup> The engage-and-balance approach was on full display in the last major event in the bilateral relationship during the Bush administration, the president’s attendance of the 2008 Beijing Olympics, in spite of calls for a boycott. While Bush harshly criticized China for detaining dissidents before the Olympics, and once there he emphasized the freedom of expression and religion in a speech and went to a Christian church, his after-visit message highlighted engagement: “In the long run, America better remain engaged with China and understand that we can have a cooperative and constructive, yet candid, relationship.”<sup>113</sup>

While offensive realism would have expected that the Chinese leadership’s increasingly ambitious political-security conduct in the mid- and late 2000s would prompt Washington to generate a medium shift in its political-diplomatic strategy toward balancing, the Bush administration mostly maintained its engagement posture and only produced a slight shift toward balancing in its second term, as TELOS predicted. Still, this slight shift toward balancing was notable after the engagement posture and “strategic partnership” of the first Bush term after September 11. Washington’s new strategy (summarized by the “responsible stakeholder” slogan) served both to celebrate China’s rise and achievement of full membership in the international system (and U.S. successes facilitating these), on the one hand, and at the same time warn China of its

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<sup>112</sup> George W. Bush and Hu Jintao, “President Bush Meets with President Hu of the People’s Republic of China,” April 20, 2006, <https://georgewbush-whitehouse.archives.gov/news/releases/2006/04/20060420-1.html>.

<sup>113</sup> *France 24*, “Bush Criticises China on Eve of Opening of Olympic Games,” August 7, 2008, <https://www.france24.com/en/20080807-bush-criticises-china-eve-opening-olympic-games-usa-china-olympics>; Jonathan Watts, “Bush Keeps Freedom in Spotlight during Speech in China,” *The Guardian*, August 8, 2008, sec. World News, <https://www.theguardian.com/world/2008/aug/08/china.olympics20083>; Elaine Quijano, “Bush Mixes Diplomacy, Sports in Beijing,” *CNN*, August 11, 2008, <https://edition.cnn.com/2008/POLITICS/08/11/bush.olympics/index.html>.

“responsibility to strengthen the international system that has enabled its success” and criticize its shortcomings thereof, on the other hand.<sup>114</sup>

## **Military balancing: “The Pivot before the Pivot”**

In response to China’s continued military modernization targeting the United States as its main adversary, its increasingly ambitious security posture in the Indo-Pacific region, and its launching of the PLA’s “new missions” expanding Chinese power projection capabilities, offensive realism would predict the second Bush administration to resume a *medium* shift toward balancing in its military strategy. On the other hand, accounting for the departure of the administration’s leading advocates of (military) balancing and thus the relatively weakening influence of American liberal strategic culture and the *liberal ordering mission* on the administration, TELOS would predict only a *slight* shift toward balancing.

Parallel to shifting its political-diplomatic engagement strategy slightly toward balancing from the mid-2000s, the Bush administration also continued the (more substantial) shift in its security-military strategy toward balancing that had begun in the early months of the first Bush term. In fact, there were many interconnections between the shifting political and military strategies and their balancing components, which are discussed below. With the completion of major strategic planning processes, the strategy of military balancing had come together by 2004 and its implementation continued throughout the Bush administration’s tenure despite the 2005 departure of the strategy’s main architects, Donald Rumsfeld and Paul Wolfowitz. In the first Bush term, they had launched processes within the Defense Department (and in the broader administration)

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<sup>114</sup> Zoellick, “Whither China”.

that would be carried over to the second term by the many experts of the Pentagon, CIA, and other agencies who found China's military posture increasingly threatening to the United States and its Indo-Pacific allies.

The strategy of military balancing and its different initiatives significantly built on the Defense Strategic Review and the Quadrennial Defense Review from the first year of the administration. The strategy sought to respond to China's rising military capabilities by both internal balancing and external balancing. The strategy with its internal and external balancing components targeted an enduring shift in Washington's focus to the Asia-Pacific.<sup>115</sup> It is because of this focus that the balancing strategy and its implementation have become known in the literature as "the Pivot before the Pivot" after Nina Silove's groundbreaking 2019 article in *International Security*, which argued that the military pivot to Asia widely attributed to the Obama administration had actually begun during the George W. Bush administration.<sup>116</sup>

The backbone of the strategy's internal balancing was the Global Posture Review (GPR), which the Pentagon completed between 2001 and 2004.<sup>117</sup> The GPR is "is best understood as a reorientation of U.S. force posture toward the Asia Pacific."<sup>118</sup> The GPR essentially set out enhancing U.S. force posture in the Asia-Pacific "to dissuade China from developing hegemonic ambitions," whose goal was "the maintenance of a power balance in which the United States continued to occupy the superior position."<sup>119</sup>

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<sup>115</sup> Silove, "The Pivot before the Pivot," 61.

<sup>116</sup> Silove, "The Pivot before the Pivot."

<sup>117</sup> Departments of State and Defense, *U.S. Global Force Posture Review* (Washington, D.C.: U.S. Department of State Foreign Press Center, August 16, 2004); Department of Defense, "Strengthening U.S. Global Defense Posture - Report to Congress," September 17, 2004, [https://www.dmhawaii.org/wp-content/uploads/2008/12/global\\_posture.pdf](https://www.dmhawaii.org/wp-content/uploads/2008/12/global_posture.pdf).

<sup>118</sup> Silove, "The Pivot before the Pivot," 59.

<sup>119</sup> Silove, "The Pivot before the Pivot," 60.



The external balancing component of the strategy was laid down in the Asia Strategy that an interagency process led by NSC's Michael Green produced in 2003-2004. The Asia Strategy transcended any single domain of statecraft and connected the administration's political-diplomatic and security-military strategies. As the strategy's architect stated, "the primary 'strategic challenge' identified in the Asia strategy was China's rise" and its main goal was "to 'shape' China's decisions."<sup>120</sup> While its main means were defined as engagement and external balancing, "the Asia strategy confirmed that the administration's operative position was the pursuit of expanded engagement with China."<sup>121</sup> In line with earlier initiatives discussed previously (Nye Initiative, Armitage-Nye Report), the external balancing component of the strategy focused on the strengthening of U.S. alliances and partnerships in the Asia-Indo-Pacific region, with the main emphasis on enhancing the U.S.-Japan alliance. Although not spelled out explicitly, upgrading the United States' relationship with India was also a critical part of the strategy.<sup>122</sup> As part of the strengthening of regional alliances, both the Asia Strategy and the GPR set out to build interoperability among U.S. allies and partners. The idea was to transform the *hub-and-spokes* model of U.S. alliances, which had been based on U.S. bilateral relationships with allies and partners (spokes) and thus centered around Washington (hub), into a *federated network* model where there would exist "a web of defense relationships and interoperability" among most of the allies and partners, including trilateral formations.<sup>123</sup>

Once both the internal balancing (GPR) and the external balancing (Asia Strategy) components of the strategy had been put in place, the Bush administration launched the

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<sup>120</sup> Silove, "The Pivot before the Pivot," 62.

<sup>121</sup> Silove, "The Pivot before the Pivot," 63.

<sup>122</sup> Silove, "The Pivot before the Pivot," 63-65.

<sup>123</sup> Silove, "The Pivot before the Pivot," 66-69.

implementation of the strategy in 2004 and kept advancing it until 2009. The internal balancing part of the strategy was implemented through (i) “an expansion of bases on U.S. territories adjacent to Asia in Guam, Alaska, and Hawaii,” (ii) “a reallocation of naval assets to Asia,” and (iii) “innovations in U.S. military doctrine.”<sup>124</sup> The administration also implemented the external balancing part of the strategy. External balancing consisted of two parts: (i) enhancing the military capabilities of U.S. allies and partners and building interoperability with them, and (ii) helping strengthen the relationships and interoperability among U.S. allies and partners. The first part was manifested, among others, in the U.S.-Japan Alliance Transformation and Realignment Agreement of October 2005 and the U.S.-Japan Roadmap for Realignment Implementation of May 2006, which reshuffled the structure of U.S. and Japanese forces, increased their interoperability, and helped Japan assume greater responsibility for its own security. Washington also created new facilities on allied territory “to host ‘rotational rather than permanently stationed forces and be a focus for bilateral and regional training’ in Australia and Singapore, and regained access to the naval and air facilities in the Philippines, which had been revoked by the Philippines in 1991.”<sup>125</sup>

An important part of the external balancing component was a major strategic rapprochement with India. During Indian Prime Minister Manmohan Singh’s state visit with President Bush in 2005, the two leaders signed the groundbreaking U.S.-India Civil Nuclear Agreement, which set out that Washington would help bring India into the international nuclear order, launching a strategic partnership between Washington and Delhi. The architects of this strategic rapprochement, Robert Blackwill and Ashley Tellis,

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<sup>124</sup> Silove, “The Pivot before the Pivot,” 67-69.

<sup>125</sup> Silove, “The Pivot before the Pivot,” 74-79; Department of Defense, “Strengthening U.S. Global Defense Posture.”

left no doubt that its main logic was that “a friendly India” would be “an important balancing partner vis-à-vis a rising China.”<sup>126</sup>

The Bush administration generated a significant shift in its military strategy toward balancing, but the changes can be assessed as amounting to only a *medium*, not a *full*, shift toward balancing. There are several reasons for this assessment. The military pivot to the Asia-Pacific was only partial since “in the end, the attention of the presidential administration of George W. Bush was largely consumed by the Global War on Terrorism.”<sup>127</sup> As a result, the Bush administration’s *real* pivot was to the Middle East, with the wars in Afghanistan and Iraq requiring most of the attention and resources of the administration and the U.S. military. Because of the administration’s focus on the Middle East and the Southeast Asian subcontinent, it did not have the wherewithal to sustain its military balancing efforts vis-à-vis China throughout its tenure. While a substantial portion of the implementation of the internal and external balancing efforts was delayed and had to wait until the Obama administration, some initiatives were launched and abandoned. An important example is the Quad, a quadrilateral security cooperation forum between the United States, Japan, India, and Australia to balance against China, which was launched in 2006 as part of the external balancing efforts to strengthen U.S. alliances and build interoperability with and among them, but ended up being dropped in 2008.<sup>128</sup>

In sum, while offensive realism was correct in predicting the Bush administration’s shift toward balancing in its military strategy, it was incorrect to expect

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<sup>126</sup> Ashley J. Tellis, “The Evolution of U.S.-Indian Ties: Missile Defense in an Emerging Strategic Relationship,” *International Security* 30, no. 4 (2006): 127, <https://www.jstor.org/stable/4137531>.

<sup>127</sup> James Jay Carafano, “The U.S.’s Never-Ending Pivot to Asia,” *GIS Reports* (blog), November 21, 2022, <https://www.gisreportsonline.com/r/us-pivot-asia/>.

<sup>128</sup> Tanvi Madan, “The Rise, Fall, and Rebirth of the ‘Quad,’” *War on the Rocks*, November 16, 2017, <https://warontherocks.com/2017/11/rise-fall-rebirth-quad/>.

a *full* shift. TELOS, on the other hand, correctly predicted that the administration would generate a *medium* shift in its military strategy toward balancing. Still, this shift in military strategy was the most significant transformation in U.S. strategy vis-à-vis China toward balancing (away from engagement) in any domain of statecraft in the early post-Cold War period.

## **ANALYSIS: U.S. STRATEGY, CHINA'S RISE, AND INTERNATIONAL ORDER 2001-2009**

### **The efficacy of U.S. strategy**

The George W. Bush administration's China strategy, in line with its overall grand strategy, pursued several ambitious goals. It found the United States in the position of unchallenged primacy and wished to maintain that position. In order to keep America's secure and preponderant position, it sought to prevent the "renewal of old patterns of great power competition" and the rise of a great-power challenger.<sup>129</sup> At the same time, the Bush administration wanted to "preserve the peace by building good relations among the great powers" and create "a truly global consensus about basic principles."<sup>130</sup> While the Bush administration clearly succeeded in building good relations among the great powers (particularly with China), the rise of China economically, militarily, and politically during their term office shows that they did not achieve the goal of preventing the emergence of a great-power challenger. If anything, much like its predecessors, the Bush administration's China strategy facilitated the rise of a great-power rival.

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<sup>129</sup> The White House, *National Security Strategy*, 2002, 26.

<sup>130</sup> The White House, *National Security Strategy*, 2002, i, 26.

In line with the goal of building good relations among the great powers, the Bush administration sought to work with China on a number of important, cross-cutting global and regional challenges. In fact, it often justified its engagement strategy and the highly cooperative bilateral relationship by the promise of resolving these issues. While China's continued support for the rogue Iranian regime and their nuclear program did not fit these expectations, the Bush administration was indeed successful in getting Beijing on board to cooperate with Washington on a number of international problems, including global terrorism, the war in Afghanistan, the North Korean nuclear issue (through hosting the Six Party Talks), Sudan/Darfur, and others.

China's rise happened first and foremost through economic means and the Bush administration's economic engagement strategy significantly facilitated Beijing's emergence as an economic power. China's GDP growth was skyrocketing in the 2000s, reaching 14% in 2007-2008. Between 2000 and the global financial crisis (2007-2008), China's exports increased at 30% annually, toppling the United States from the rank of No. 1 exporter on the globe. Foreign direct investment in China grew threefold during the 2000s. Its share of global manufacturing production quadrupled, replacing the United States in the position of the largest producer of manufactured goods in the world.<sup>131</sup> This was not in the national interest of the United States.

The administration declared in 2002 that "our important trade relationship will benefit from China's entry into the World Trade Organization, which will create more export opportunities and ultimately more jobs for American farmers, workers, and companies."<sup>132</sup> The Bush administration's support for China's WTO membership and its continued economic engagement helped to significantly expand the bilateral economic

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<sup>131</sup> Friedberg, *Getting China Wrong*, 99; Paterson, *China, Trade and Power*, 33-53.

<sup>132</sup> The White House, *National Security Strategy*, 2002, 28.

relationship and benefited the American middle class by providing them with cheap goods, but it also created the China Shock with disastrous consequences for the U.S. economy and the American labor force. China's imports were responsible for the elimination of 2.4 million U.S. jobs, including nearly 1 million manufacturing jobs.<sup>133</sup> In the decade following China's WTO accession, U.S. manufacturing employment decreased by 30 percent.<sup>134</sup> The China Shock wiped out entire U.S. manufacturing industries and the jobs of millions of American workers.

The Bush administration through its engagement strategy also sought to encourage China's continued economic liberalization. In 2005, Zoellick warned that "a responsible major global player shouldn't tolerate rampant theft of intellectual property and counterfeiting."<sup>135</sup> China's post-2006 policies aiming at the "assimilation and absorption of imported technology" and "indigenous innovation" actually ushered in a new era of intellectual property theft and forced technology transfer to the detriment of the U.S. economy.<sup>136</sup> The Bush administration also often "urged China to move to a market-based, flexible exchange rate regime," however the Chinese regime did not comply.<sup>137</sup> Zoellick also noted critically that in China "there are increasing signs of mercantilism, with policies that seek to direct markets rather than opening them." He cautioned that "the United States will not be able to sustain an open international economic system – or domestic U.S. support for such a system – without greater cooperation from China." Despite the administration's many warnings and its optimistic

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<sup>133</sup> Autor, Dorn, and Hanson, "The China Shock," 228.

<sup>134</sup> Paterson, *China, Trade and Power*, 96.

<sup>135</sup> Zoellick, "Whither China."

<sup>136</sup> Blustein, *Schism*; Friedberg, *Getting China Wrong*, 99-105; Blustein, "Untold Story."

<sup>137</sup> The White House, *National Security Strategy*, March 2006, 26.

expectations, China did not give up its unfair economic practices. If anything, Beijing's economic policy took a statist and mercantilist turn in the 2000s.

The grand strategy of the Bush administration also placed political liberalization and democratization among its primary goals. President Bush declared as "the policy of the United States to seek and support democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world."<sup>138</sup> The administration's engagement strategy sought to advance China's political reform process and democratization. Bush stated that "the democratic development of China is crucial" to the future of "a stable, peaceful, and prosperous Asia-Pacific."<sup>139</sup> The administration made clear that "China needs a peaceful political transition to make its government responsible and accountable to its people" but offered to "cooperate with the emerging China of today, even as we work for the democratic China of tomorrow."<sup>140</sup> However, throughout the Bush administration's tenure as well as in the 15 years since then, China has not made any progress toward political liberalization, let alone democratization. In fact, during the 2000s Hu and Wen's leadership became increasingly repressive and nationalistic.<sup>141</sup> In the following decade, Xi Jinping brought a totalitarian turnabout, recreating the kind of tyranny that the Bush administration had vowed to end. Still, while the Bush administration's top policymakers may have been too idealistic and optimistic about the prospects of China's political liberalization, their goals were not entirely unrealistic at the time given the post-1989 wave of democratic transitions in Central and Eastern Europe, the Asia-Pacific, and Latin America that they had witnessed.

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<sup>138</sup> The White House, *National Security Strategy*, 2006, 1.

<sup>139</sup> The White House, *National Security Strategy*, 2002, 27.

<sup>140</sup> Zoellick, "Whither China."

<sup>141</sup> Friedberg, *Getting China Wrong*, 52-70.

In the military domain, President Bush believed that the United States “must maintain a military without peer,”<sup>142</sup> by providing that “our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States.”<sup>143</sup> In terms of the efficacy of the strategy, the Bush administration has the best record in military affairs among the three domains of statecraft. The Pentagon, with buy-in from the principals across the administration, began shifting military strategy early on toward balancing, producing a strategy focused on reorienting the U.S. military’s focus toward the Asia-Pacific through internal and external balancing, with the goal of countering China’s rise in capabilities. The result was the preservation of U.S. military dominance and the strengthening of the U.S.-led alliance system in the region, keeping China’s ambitions in check.

In sum, the efficacy of the Bush administration’s China strategy shows a rather mixed record. By bringing Beijing into the WTO and helping provide it access to U.S. and global markets, the strategy’s economic components significantly facilitated China’s economic emergence. U.S. support for China’s WTO membership and the opening of U.S. markets expanded the bilateral economic relationship and provided U.S. consumers with cheap goods, but they also caused the China Shock, decimating U.S. manufacturing industries and wiping out millions of American jobs. In spite of the many warnings from within and outside the government, the Bush administration did not manage the China Shock efficiently. They also failed to bring China to end its unfair economic practices, resulting in a massive scale of intellectual property theft and forced technology transfer to the long-term detriment of the U.S. economy. The Bush administration’s engagement strategy did not advance China’s domestic political liberalization or democratization at

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<sup>142</sup> The White House, *National Security Strategy*, 2006, ii.

<sup>143</sup> The White House, *National Security Strategy*, 2002, 30.



all – China’s political system became more repressive during their tenure and even worse in the next decade. On the other hand, the Bush administration was successful in getting China to cooperate on pressing global and regional issues. Its military strategy, aiming to reorient U.S. focus toward the Asia-Pacific, successfully balanced internally and externally against China’s rising capabilities and increasingly ambitious security posture. Overall, however, the Bush administration perpetuated the engagement strategy and thereby ended up facilitating the rise of an increasingly illiberal China instead of tempering or hampering it as structural considerations and the U.S. national interest would have required.

## **Assessment of the predictive value of the two contending theories**

If the Bush administration’s engagement strategy, including its support for strategic partnership, China’s WTO membership, and Beijing’s integration into the international community, did not serve the administrations goals and the U.S. national interest well, why did the administration insist on maintaining this strategic posture toward China? The assessment of the explanatory power of our two contending theories helps answer this question, too.

Offensive realism and the *theory of the liberal ordering strategy* have both provided great insights about the Bush administration’s strategy vis-à-vis China. However, their predictions did not fare equally well. Mearsheimer’s offensive realism predicted in all of the five mini-cases that, based on the international systemic pressures of China’s rise and its lack of liberalization, the Bush administration would start shifting its China strategy toward balancing. Offensive realism was partially correct because the Bush administration did indeed shift its overall strategy toward balancing in the pre-9/11 early

months of the administration. It was also accurate in expecting the Bush administration to generate a significant shift in its military strategy toward balancing, even if it did not correctly calibrate the extent of that shift. On the other hand, offensive realism failed to predict that the initial balancing strategy would give way to a return to the engagement strategy after September 11. It was also incorrect in predicting that the Bush administration would also shift its economic and political strategies toward balancing. Overall, offensive realism failed to expect that the Bush administration would stick to the engagement course throughout most of its eight years in office.

TELOS has fared better and predicted the Bush administration's chosen strategies well in most of the mini-cases. While it did not anticipate that the Bush administration would actually go through with its plan to shift its China strategy toward balancing in its first 200 days, it correctly predicted that the Bush administration would return to the engagement strategy after 9/11 and stick to it for the rest of the administration's tenure. TELOS correctly predicted that, even in the face of the China Shock, the administration would not launch a balancing strategy and continue pursuing engagement. It was also veracious in predicting that the Bush administration, seeing that China was not progressing sufficiently toward more liberal conduct, would shift its political-diplomatic strategy slightly toward balancing. While it expected the engagement course to continue in the other domains, TELOS precisely predicted that, in response to China's rapidly rising capabilities and increasingly ambitious posture, the Pentagon would generate a medium shift in U.S. military strategy toward balancing.

In addition to better predicting the Bush administration's choices on China strategy in different periods and in different domains, TELOS can also explain why the Bush administration did not opt for more thoroughly shifting its overall strategy toward balancing and why it ended up essentially continuing the engagement posture. While

both offensive realism and TELOS take into account the pressures emanating from the international system (China's rise and its lack of internal and external liberalization) as the independent variable, TELOS also factors in the effect of cultural-ideational pressures as an intervening variable. In the case of the Bush administration, the impact of cultural pressures was quite strong as the majority of the administration's top policymakers shaping China strategy (Bush, Rice, Powell, Paulson, Hadley, Zoellick, Armitage, Christensen, Green, Zelikow) were deeply committed to the ideas of democratic idealism, American liberal strategic culture and the *liberal ordering mission*, as the administration's overall grand strategy and their many pronouncements demonstrate. It is by factoring in these ideational commitments that TELOS predicted that these decisionmakers would choose to pursue the engagement strategy, only opting for limited and short-lived shifts toward balancing (dependent variable). In the military domain, however, where the key policymakers (Rumsfeld, Wolfowitz, Marshall) and their allies (Cheney, Friedberg) were more in line with realism, a systemic-structural outlook, and balance-of-power thinking, the cultural pressures of American liberal strategic culture and the *liberal ordering mission* were less prominent. As a result, TELOS correctly expected these decisionmakers to respond to international systemic signals more efficiently and thus shift military strategy significantly toward balancing. Nonetheless, since TELOS calculates with some impact of cultural pressures (especially from the White House and from the rest of the administration), its predictions foresee a shift more moderate than a perfectly efficient response to international systemic pressures would mean.

In sum, the main insight of the *theory of the liberal ordering strategy* is that there was no clear transmission belt between international systemic pressures (independent variable) and U.S. strategy vis-à-vis China (dependent variable) because the leading U.S. policymakers focused in their considerations of China strategy on the ideas of American

liberal strategic culture and the assumptions of the *liberal ordering mission* and these cultural pressures retarded the effect of international systemic pressures. Overall, the Bush administration's China strategy confirms the explanatory power of TELOS.

**Table 5.1** The assessment of the predictions of offensive realism and the *theory of the liberal ordering strategy* about the George W. Bush administration's China strategy in five mini-cases

| Mini-case (period)                                                        | The prediction of offensive realism | The prediction of TELOS                                               | The Clinton administration's chosen strategy    | Was offensive realism correct?                       | Was TELOS correct?                                                                                            |
|---------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Campaign, election, & the first 200 days: China as a strategic competitor | Medium shift toward balancing       | Attempt a shift toward balancing, but eventually return to engagement | Medium shift toward balancing                   | Yes                                                  | No: Correct in predicting an attempt at balancing, but incorrect in predicting the prevention of such a shift |
| The 9/11 terror attacks and the Bush administration's about-turn on China | Continue balancing                  | Shift back to engagement                                              | Shift back to engagement                        | No                                                   | Yes                                                                                                           |
| The China Shock and the Bush administration's economic strategy           | Medium shift toward balancing       | Engagement with a slight shift toward balancing                       | Engagement with a slight shift toward balancing | No                                                   | Yes                                                                                                           |
| Political engagement in Bush's second term: "relations are the best ever" | Medium shift toward balancing       | Engagement with a slight shift toward balancing                       | Engagement with a slight shift toward balancing | No                                                   | Yes                                                                                                           |
| Military balancing: The Pivot before the Pivot                            | Full shift toward balancing         | Medium shift toward balancing                                         | Engagement                                      | Yes on shift toward balancing, no on extent of shift | Yes                                                                                                           |

## 6. Chapter 6:

# Conclusions: U.S. Strategy, China's Rise, and International Order 1989-2009

*"The United States cannot expect in the foreseeable future to enjoy political intimacy with the Soviet regime. It must continue to regard the Soviet Union as a rival, not a partner, in the political arena. It must continue to expect that Soviet policies will reflect... a cautious, persistent pressure toward the disruption and weakening of all rival influence and rival power..."*

*The main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies...*

*The decision will really fall in large measure in this country itself. The issue of Soviet-American relations is in essence a test of the over-all worth of the United States as a nation among nations. To avoid destruction the United States need only measure up to its own best traditions and prove itself worthy of preservation as a great nation."*

George Kennan, 1947<sup>1</sup>

## INTRODUCTION

Having tested offensive realism and the *theory of the liberal ordering strategy* against the actual historical record of the evolution of U.S. strategy vis-à-vis China in the early post-Cold War period in three focused case studies, this final chapter seeks to summarize the findings of this research, the efficacy of U.S. strategy, and its implications for scholarship as well as for policy and strategy.

The chapter proceeds as follows. In the first section, I will present the empirical and theoretical findings, including the variation and evolution of U.S. strategy vis-à-vis China, the predictive value of the two contending theories, the findings from cross-case

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<sup>1</sup> "X" (George F. Kennan), "The Sources of Soviet Conduct," *Foreign Affairs*, July 1, 1947, <https://www.foreignaffairs.com/russian-federation/george-kennan-sources-soviet-conduct>.

comparisons, and the limitations of my theory. In the second section, I will sum up the implications of this research, starting with its implications for theory and closing with its implications for policy.

## **ANALYSIS OF FINDINGS**

In this section, I will present and analyze the key findings uncovered in the three case studies of this dissertation. First, I will discuss the findings about my dependent variable, specifically the variation and evolution of U.S. strategy vis-à-vis China in the early post-Cold War period. Second, I will evaluate the predictive value of the two contending theories, offensive realism and TELOS, on the three case studies about U.S. strategy. I will then assess the findings from cross-case comparisons across the three case studies. Finally, I will discuss the limitations that have surfaced in the course of this research.

### **U.S. strategy vis-à-vis China in the early post-Cold War period**

As regards the dependent variable of this research, U.S. strategy vis-à-vis China in the early post-Cold War period, the findings from the three case studies have confirmed the focal issue identified in the Introduction chapter of this dissertation. We have found across all three cases that, while substantial changes in the international system regarding China's capabilities and conduct were pointing to a necessary shift in U.S. strategy vis-à-vis China toward balancing, Washington's posture remained more or less unchanged and followed the engagement course, which in turn further facilitated China's rise in the distribution of capabilities. In other words, much like TELOS expected, there was less

variation in the dependent variable (U.S. strategy) than the effect of the independent variable (international systemic pressures) would have produced by themselves.

In the first case study, the George H. W. Bush administration inherited the engagement strategy and a cooperative relationship from its predecessors. From early on, they faced the challenge of responding to China's fledgling rise and the Tiananmen Square massacre during a period when Soviet power was in decline. The changes in the global balance of power as well as China's repressive behavior at home and hostile attitude to Washington should have prompted the Bush administration to shift U.S. strategy toward balancing. Instead, they stuck with the engagement posture and made serious efforts throughout their four years in office to restore the previously friendly relationship. None of their diplomatic gestures or the concession of granting the renewal of China's MFN status succeeded, however, in unfreezing the relationship or getting China to resume liberalization.

In the second case study, the Bill Clinton administration came into office with the promise of ending the appeasement of "the butchers of Beijing" and standing up to China. After an initial attempt at shifting U.S. strategy toward balancing through conditioning MFN extension, the administration dropped its tough stance and returned to engagement. The middle years of the administration's tenure witnessed several strategic planning processes, through which the Clinton administration sought to create a more nuanced, *engage-and-balance* posture, but following the turnover of leading officials in 1995-1996, balancing lost its support within the ranks. Clinton's second term brought a full embrace of the engagement strategy and the proclamation of U.S.-China strategic partnership, in line with which Washington ended up singlehandedly getting China into the World Trade Organization as a full member and granted Beijing the status of Permanent Normal Trade Relations.

In the third case study, the George W. Bush administration also arrived on the scene committed to reverse its predecessor's flawed engagement strategy and to treat China as a strategic competitor instead of a strategic partner. The September 11, 2001, terrorist attacks created a whole new situation, in which the Bush administration dropped balancing and revived the engagement posture. This led to a more cooperative relationship and China's help for Washington in the global war on terrorism. While it was gradually coming to light that China's WTO membership and PNTR status had catastrophic economic consequences for U.S. manufacturing and American jobs, the Bush administration refused to abandon the engagement course and respond to the China Shock by introducing economic balancing vis-à-vis Beijing. In political-diplomatic affairs, the second Bush term saw Washington generate a slight shift and combine engagement with some components of balancing. In great contrast to political-diplomatic and especially economic affairs, the Pentagon shifted U.S. military strategy early on toward balancing and adopted a reorientation strategy to both internally and externally balance against China's rising capabilities in the Indo-Pacific.

While altogether the variation in U.S. strategy conformed to the expectations of TELOS, there was some variance between what was initially expected and what was actually found. TELOS' predictions about successive administrations' chosen U.S. strategy (engagement vs. balancing) were proven correct in all three of the case studies, but there was a harder push in each administration for balancing than initially expected. In particular, whereas the actual findings in the mini-cases within each full case study also confirmed TELOS' predictions, the balancing attempts especially in the Bill Clinton and George W. Bush administrations slightly exceeded both initial theoretical expectations and conventional wisdom.



Another striking part of the findings that reflects on our theoretical framework is the fact that in each of the full case studies there were serious attempts at combining components of engagement and balancing and create an *engage-and-balance* posture. This does not question the usefulness of the theory's setup that the dependent variable may take one of two main values (engagement or balancing), because delineating what kind of strategy each administration in different periods followed still requires that kind of two-way distinction and because even the original theory allowed for the combination of the two types of strategy as an outcome. Nevertheless, our findings about repeated (albeit not always successful) attempts at adopting an *engage-and-balance* strategy show that the evolution of U.S. strategy vis-à-vis China is a lot murkier than previously thought. On the other hand, the fact that all three administrations followed a strategy overwhelmingly characterized by engagement and that only one administration (Bush 43) adopted a more substantial and enduring shift toward balancing in only one domain (military) justifies the theory's original setup. Table 6.1 summarizes the differences or similarities between expected and actual outcomes for U.S. strategy toward China in each case under TELOS.

**Table 6.1** The assessment of the predictions of the *theory of the liberal ordering strategy* and the actual outcomes about U.S. strategy vis-à-vis China in the early post-Cold War period (dependent variable)

| Case study (administration)      | The prediction of TELOS                         | Actual outcome                                  |
|----------------------------------|-------------------------------------------------|-------------------------------------------------|
| George H. W. Bush administration | Engagement                                      | Engagement                                      |
| Bill Clinton administration      | Engagement                                      | Engagement                                      |
| George W. Bush administration    | Engagement with a slight shift toward balancing | Engagement with a slight shift toward balancing |

## The predictive value of the two contending theories

### *Offensive realism*

The rival theory that this dissertation has tested against TELOS is offensive realism, a structural-systemic explanation of foreign policy/strategy, which argues that changes in the relative distribution of capabilities (independent variable) shape state strategy (dependent variable). The findings of our three case studies show that the changes in the distribution of capabilities do have some influence on state strategy, but they do not confirm a clear transmission belt between the independent and dependent variable. As a result, our findings confirm that offensive realism only partially accounts for the variation in U.S. strategy vis-à-vis China.

The main testable hypothesis for offensive realism defined in the beginning of this dissertation was that changes in the relative distribution of capabilities between the United States and China will result in changes in U.S. strategy vis-à-vis China. Our findings in the three case studies show that changes in the relative distribution of capabilities concerning China did feature in the considerations and contemplations of U.S. top policymakers about U.S. strategy vis-à-vis China, even if many had misperceptions about these changes, especially in the beginning of the early post-Cold War period. More importantly, however, the findings across all three case studies reveal that there was a disconnect between changes in the relative distribution of capabilities and changes in U.S. strategy. When substantial changes in the relative distribution of capabilities occurred, the logical or necessary changes in U.S. strategy usually did not come, i.e. there was no clear transmission belt between changes in the global balance of power (regarding Soviet decline and China's rise) and the content of U.S. strategy vis-à-vis China (engagement or balancing).

**Table 6.2** Causal process and observable implications for H1 under offensive realism

| H1: Changes in the relative distribution of capabilities between the United States and China will result in changes in U.S. strategy vis-à-vis China.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------|
| Causal Process: China's Rise Causes U.S. Shift toward Balancing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |
| China rises in the global distribution of capabilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | → | The U.S. foreign policy leadership recognizes the extent and nature of China's rise in the global distribution of capabilities. | → | As a response to China's rise, the U.S. foreign policy leadership decides to shift U.S. engagement strategy vis-à-vis China toward balancing. | → | Implementation of U.S. strategy vis-à-vis China shifted toward balancing. |
| Observable indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |
| <ul style="list-style-type: none"><li>• China significantly increases its share of the global distribution of capabilities in terms of economic and/or military and/or diplomatic power.</li><li>• U.S. support plays a role in China's growth in capabilities.</li><li>• China's internal and external behavior contradicts U.S. expectations of China's liberalization and partnership.</li><li>• U.S. foreign policymakers recognize China's growth the global distribution of capabilities and/or China's negative internal and external behavior.</li><li>• U.S. foreign policymakers contemplate responding to China's growth the global distribution of capabilities and/or China's negative internal and external behavior.</li><li>• U.S. foreign policymakers decide to shift U.S. engagement strategy vis-à-vis China toward balancing as a response to China's rise and to China's negative internal and external behavior.</li><li>• The U.S. government implements U.S. strategy vis-à-vis China shifted toward balancing.</li></ul> |   |                                                                                                                                 |   |                                                                                                                                               |   |                                                                           |

In the first case study on the George H. W. Bush administration's China strategy, while there was initially a lack of clarity of international systemic signals about Soviet decline, over time there were increasingly clear signals from the international system about fundamental changes in the relative distribution of capabilities. First, the Soviet bloc in Central and Eastern Europe was in the process of disintegrating during 1989 and the Soviet Union itself collapsed by the end of 1991. Second, China's reform and opening produced an average annual GDP growth of 10% in the preceding decade (1979-1988)

and the Chinese economy was growing at an average of 8% during the Bush administration's term in office, signaling China's fledgling rise in the relative distribution of capabilities.

The systemic signals about the decline of Soviet power and China's fledgling rise should have prompted the Bush administration's top decisionmakers to reevaluate the U.S.-China relationship and U.S. strategy. When the Chinese leadership massacred its own citizens on Tiananmen Square in June 1989, Washington could have seized the opportunity to distance itself from Beijing and to reformulate U.S. strategy to conform to the radically changed circumstances in the international system. Instead, the Bush administration left the engagement strategy intact and courted China's leaders for the next four years, as if the United States still needed China as much as it had against the Soviet Union.

While part of the Bush administration's choice of appeasement toward Beijing could be explained by the initial lack of clarity of international systemic signals, offensive realism cannot account for the administration's continuation of the engagement strategy during their entire term. This case study has uncovered that the thinking of the Bush administration's top leadership about China strategy was heavily influenced by American strategic culture and the *liberal ordering mission*, reinforced by President Bush's leader images (his personal attachment to China). These cultural-ideational pressures ended up significantly retarding the effect of international systemic pressures about changes in the relative distribution of capabilities on the formulation of U.S. strategy.

In the second case study on the Bill Clinton administration's China strategy, the international system was clearly communicating China's full-fledged economic, military, and political rise in the relative distribution of capabilities. Measured in purchasing power parity, China rose from the No. 4 economy in January 1993 to the No. 2 economy

in January 2001. Among all major economies, China also grew at the fastest rate between 1993-2001. China's military modernization continued after 1992, and accelerated from the mid-1990s, substantially altered the military balance in Asia.

China's rise and its lack of liberalization initially prompted the Clinton administration to shift U.S. strategy toward balancing. Coming to office vowing to stop "coddling dictators," Clinton conditioned the renewal of China's most favored nation status on progress in liberalization. After pursuing balancing for a little over a year, the administration began shifting U.S. strategy back to engagement, even though changes in the distribution of capabilities kept pointing in the opposite direction. After China's aggressive behavior provoked the Third Taiwan Strait Crisis, the Pentagon continued pushing for military balancing, however the center of the administration settled back on engagement and called for a "strategic dialogue" with Beijing in late 1996. In spite of China's continued economic rise and increasingly prominent military rise in the mid- to late 1990s, the Clinton administration persisted in the engagement course, proclaiming "strategic partnership" in 1998 and single-handedly negotiating China's WTO membership by 2000.

Although the Pentagon's pushes for balancing are in line with the predictions of offensive realism, changes in the relative distribution of capabilities are unable to explain why the Clinton administration stuck with the engagement course and refused to shift it toward balancing during a period when China's economic, military, and political rise was in full swing. Many of the declassified archival documents, policymaker interviews, and speeches presented in the second case study demonstrated that President Clinton and his top advisors focused on the norms and values of American liberal strategic culture and especially the assumptions of the *liberal ordering strategy* when deliberating and

formulating America's China strategy. These deep cultural pressures had a strong moderating effect on international systemic pressures.

In the third case study on the George W. Bush administration's China strategy, China's rise reached its peak in the early post-Cold War period economically, military, and politically as well. Between 1993 and 2001, China's GDP nearly quadrupled in size, and China climbed from being the No 6 economy in the world to being the No 3 economy in the world, as measured in GDP. While China's economy grew at approximately 10% annually, its military spending enjoyed even higher rates of increase. China in the 2000s was capable of producing many of the weapons and weapons systems its military needed. China also continued its political-diplomatic rise, significantly expanding its network of "strategic partners" globally and joining or founding dozens of multilateral or regional organizations.

The George W. Bush administration initially responded to China's phenomenal rise in the relative distribution of capabilities by shifting U.S. strategy toward balancing, as offensive realism would predict. However, similarly to the Clinton administration, Bush's balancing shift did not last long, either. Following the September 11, 2001, terrorist attacks, the Bush administration shifted back to engagement, China became a partner in the War on Terror, and Washington officially brought Beijing into the WTO. Even though China's aggressive economic expansion resulted in the so-called "China Shock," President Bush rejected his economic advisors' proposals for balancing and continued long-standing U.S. economic engagement vis-à-vis China. The second Bush administration continued political engagement with a slight shift toward balancing. The changes in the distribution of capabilities did not account for these strategic choices.

On the other hand, international systemic pressures did have a tangible impact on one domain of statecraft: military strategy. The Bush administration made a significant

shift in the military domain when it adopted a reorientation strategy to shift the focus of the U.S. military toward the Asia-Pacific and thereby started balancing against China militarily. While the impact of the changes in the distribution of capabilities is more prominent here than in other domains, the resulting shift toward balancing was more moderate than what offensive realism predicted based on China's military rise.

Offensive realism cannot explain the continuation of the engagement strategy or the moderation of the balancing shifts. The top decisionmakers of the George W. Bush administration were, maybe even more than their predecessors, deeply committed to the ideas and norms of American liberal strategic culture and the assumptions of the *liberal ordering strategy*. In their formulation of China strategy, these cultural factors played an important role and significantly retarded the effects of the changes in the relative distribution of capabilities.

### ***The theory of the liberal ordering strategy (TELOS)***

While offensive realism provides some insights about systemic pressures but fails to explain U.S. behavior, the *theory of the liberal ordering strategy* gives a more complete account of why the United States pursued its chosen strategies vis-à-vis China in the early post-Cold War period. TELOS argues that the effect of international systemic pressures, specifically changes in the distribution of capabilities and in China's behavior (independent variable), on the formulation of U.S. strategy vis-à-vis China (dependent variable) is moderated by American liberal strategic culture (intervening variable). The findings of our three case studies show that international systemic pressures did not directly shape U.S. strategy, instead they were significantly retarded by the cultural pressures of American liberal strategic culture and the *liberal ordering mission*. As a result,

our findings confirm that TELOS can account for the variation in U.S. strategy vis-à-vis China.

As defined in the theory chapter, the main testable hypothesis for TELOS is that changes in the international system, including changes in the relative distribution of capabilities between the United States and China as well as changes in China's internal and external behavior, mediated by American liberal strategic culture, will result in changes in U.S. strategy vis-à-vis China. The findings of the three focused case studies demonstrate that while changes in the international system did have an effect on the formulation of U.S. strategy, overall there was no clear transmission belt between the independent variable and the dependent variable. Instead, the cultural-ideational pressures of American liberal strategic culture and the *liberal ordering mission* strongly influenced the considerations and deliberations of U.S. top policymakers and acted as an intervening variable moderating the effect of the independent variable on the dependent variable. When substantial changes occurred in the relative distribution of capabilities and/or in China's behavior, the logical or necessary changes in U.S. strategy did not take place. More specifically, as Soviet power was declining and/or China's power was rising and as China was not making progress (or even regressed) in liberalization, U.S. foreign policymakers were often thinking not in terms of these systemic pressures and power considerations, but in terms of the ideas inspired by American liberal strategic culture and the assumptions of the *liberal ordering mission*. As a result, when international systemic pressures would have pointed to a shift in U.S. strategy toward balancing, American liberal strategic culture and the *liberal ordering mission* moderated their effect and influenced policymakers to continue the engagement strategy or to adopt a smaller shift toward balancing than they otherwise would have.



**Table 6.3** Causal process and observable implications for H1 under the *theory of the liberal ordering strategy*

| H1: Changes in the international system, including changes in the relative distribution of capabilities between the United States and China and changes in China's internal and external behavior, mediated by American liberal strategic culture, will result in changes in U.S. strategy vis-à-vis China.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |   |                                                                                                                                                               |   |                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Causal Process: China's Rise Causes Incommensurate U.S. Shift toward a Balancing Strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |   |                                                                                                                                                               |   |                                                                                                                                                                                |
| China rises in the global distribution of capabilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |   |                                                                                                                                                               |   |                                                                                                                                                                                |
| China exhibits negative internal/external behavior (does not make progress in liberalization).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | → | The U.S. foreign policy leadership recognizes the extent and nature of China's rise in the global distribution of capabilities and China's negative behavior. | → | As a response to China's rise and negative behavior, the U.S. foreign policy leadership considers shifting U.S. engagement strategy vis-à-vis China toward balancing.          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |   |                                                                                                                                                               | → | American liberal strategic culture and the <i>liberal ordering mission</i> influence the U.S. foreign policy leadership to moderate their intention to shift toward balancing. |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |   |                                                                                                                                                               |   | → Implementation of U.S. engagement strategy vis-à-vis China not shifted or insufficiently shifted toward balancing.                                                           |
| Observable indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |   |                                                                                                                                                               |   |                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>• China significantly increases its share in the global distribution of capabilities in terms of economic, military, and/or political power.</li> <li>• U.S. support plays a role in China's growth in capabilities.</li> <li>• China's internal and external behavior contradicts U.S. expectations of China's liberalization and partnership and China's support for the liberal international order.</li> <li>• U.S. foreign policymakers recognize China's growth in the global distribution of capabilities and China's negative internal and external behavior (lack of liberalization).</li> <li>• U.S. foreign policymakers contemplate responding to China's growth in the global distribution of capabilities and China's negative internal and external behavior by shifting U.S. engagement strategy vis-à-vis China toward balancing.</li> <li>• U.S. foreign policymakers are heavily influenced by American liberal strategic culture and the <i>liberal ordering mission</i> in their considerations.</li> <li>• Under the influence of American liberal strategic culture and the <i>liberal ordering mission</i>, the U.S. foreign policy leadership decides to moderate their intention to shift the China strategy toward balancing.</li> <li>• The U.S. foreign policy leadership does not shift or <i>incommensurately</i> shifts U.S. engagement strategy vis-à-vis China toward balancing in response to China's rise and to China's negative internal and external behavior.</li> <li>• The U.S. government implements the decided strategy vis-à-vis China.</li> </ul> |   |                                                                                                                                                               |   |                                                                                                                                                                                |

All three of the case studies confirm the testable hypothesis and the observable indicators of TELOS. In the first case study on the George H. W. Bush administration's China strategy, the decline of Soviet power and China's fledgling rise were the main systemic-structural pressures in the relative distribution of capabilities, while the Tiananmen Square massacre, the ensuing repression, and China's newly found hostility toward the United States were the systemic pressures emanating from China's behavior.

These international systemic pressures should have prompted the Bush 41 administration to start shifting U.S. strategy toward balancing. Even if Soviet decline and China's rise did not make the U.S. leadership reconsider the engagement strategy, they should have certainly done so after the Chinese leadership gave the order to the PLA to massacre the demonstrators in Tiananmen Square. Yet, the Bush administration chose to continue engagement and appeasement throughout its four years in office, ignoring or neglecting the increasingly clear systemic signals.

As TELOS expected, the ideas of American liberal strategic culture and the assumptions of *liberal ordering mission* had a strong influence on President Bush and his top advisors. On the top of that, President Bush's leader images about China were heavily based on his personal experiences with and personal attachment to China, which reinforced the effects of American liberal strategic culture and the *liberal ordering mission*. As a result, in the formulation of China strategy, the Bush administration's top officials were thinking more in terms of liberal idealism, the need for the continued *de facto* alliance with Beijing, China's integration into the international community and the world economy, and the encouragement of China's further liberalization – instead of thinking in terms of systemic pressures, power politics, and pushing back against China. The Bush administration's resulting choice of continuing engagement confirms the predictions of TELOS.

In the second case study on the Clinton administration's China strategy, China's full-fledged economic, military, and political rise in the relative distribution of capabilities constituted the main systemic pressures in the relative distribution of capabilities. On the other hand, China's stop on political reforms, the 1992-1993 wave of economic reforms but their discontinuation afterwards, its aggressive posturing vis-à-vis Taiwan and violation of nonproliferation norms, and its continued unfair economic practices were the systemic pressures emanating from China's behavior.

In response to these international systemic pressures and their perception of the Bush 41 strategy as a failure, the Clinton administration initially shifted U.S. strategy toward balancing. This was more in line with the predictions of offensive realism than those of TELOS. However, as TELOS correctly predicted, President Clinton and his top advisors made a return to engagement after about one year. Even after China's continued provocations against Taiwan in 1995-1996, although the administration considered a shift toward balancing again, they eventually decided to stay on the engagement course. In fact, the Clinton administration took engagement several steps further when they called for a "strategic dialogue" with Beijing in 1996, proclaimed "strategic partnership" in 1997, and shepherded China's accession in the World Trade Organization in the late 1990s.

As the case study demonstrated through documentary and interview evidence, the reason why the Clinton administration did not respond "efficiently" to mounting international systemic pressures pointing to the need for balancing was found in the effect of strategic culture. President Clinton and his top lieutenants were strong adherents of the ideas of American liberal strategic culture and the *liberal ordering mission*. Their deep belief that continued U.S. support for China's economic and political integration would lead to China's internal and external liberalization substantially moderated the effect of international systemic pressures and constrained their considerations about China

strategy. As a result, they resisted the pushes from within and outside the administration for balancing and ended up following the engagement strategy throughout most of their term in office.

In the third case study on the George W. Bush administration's China strategy, China was rising in all three domains of statecraft (economic, military, political) and this constituted the main systemic pressures based on the relative distribution of capabilities. Furthermore, the Chinese leadership's increasingly repressive and nationalistic domestic policies, its turnabout toward statist economic and industrial policies, its aggressive posture against Taiwan, and its maintenance of protectionist and mercantilist measures in violation of WTO obligations made up the systemic pressures emanating from China's conduct.

The George W. Bush administration sought to respond to these international systemic pressures by shifting U.S. strategy toward balancing. As with the Clinton administration, the balancing strategy was short-lived. The September 11, 2001, terrorist attacks re-focused the administration's threat perception on global Jihadism and also strengthened the influence of American liberal strategic culture because its emphasis on freedom, democracy, peace, and cooperation resonated with the concerns of top policymakers under the shock of 9/11. As a result, the Bush administration re-adjusted its China strategy to fit within their highly neo-Wilsonian and democratic idealist new grand strategy and returned to engagement and "strategic partnership" vis-à-vis China.

As the international systemic pressures of China's continued rise and its illiberal conduct once again reasserted themselves on top policymakers' horizons early in Bush's second term, the administration responded quite differently in all three domains. In response to the China Shock, they did not heed systemic signals and continued engagement as the leading policymakers in this domain were heavily influenced by the

assumptions of the *liberal ordering mission*. In political-diplomatic affairs, a consensus emerged between pro-engagement and pro-balancing decisionmakers about an *engage-and-balance* posture combining diplomatic engagement with some components of diplomatic and security balancing. Finally, in the military domain where the influence of American liberal strategic culture were the least prominent and where a *Realpolitik* approach held the most sway, the Bush administration decided to shift U.S. strategy toward balancing, but even here the impact of cultural factors and the demands of the War on Terror somewhat moderated the extent of the balancing shift and thus the military reorientation toward the Indo-Pacific.

**Table 6.4** The assessment of the predictions of offensive realism and the *theory of the liberal ordering strategy* about the George H. W. Bush, Bill Clinton, and George W. Bush administrations' China strategies

| Administration and mini-case (period)              | The prediction of offensive realism              | The prediction of TELOS  | The U.S. administration's chosen strategy | Was offensive realism correct? | Was TELOS correct? |
|----------------------------------------------------|--------------------------------------------------|--------------------------|-------------------------------------------|--------------------------------|--------------------|
| GEORGE HW BUSH ADMINISTRATION'S CHINA STRATEGY     | Shift toward balancing                           | Engagement               | Engagement                                | No                             | Yes                |
| Tiananmen Square massacre and its aftermath        | Shift toward balancing (tough stance on Beijing) | Engagement (appeasement) | Engagement (appeasement)                  | No                             | Yes                |
| Freeze in relations – re-enter Nixon and Kissinger | Shift toward balancing                           | Engagement (appeasement) | Engagement (appeasement)                  | No                             | Yes                |
| The second Scowcroft mission and its fallout       | Shift toward balancing                           | Engagement (appeasement) | Engagement (appeasement)                  | No                             | Yes                |

|                                                                    |                                                                 |                                                                                                             |                                                                                      |                                                                                                      |                                                                                                                                      |
|--------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| The first fight over China's MFN status                            | Shift toward balancing (linking MFN renewal to liberalization ) | Engagement (unconditional MFN renewal)                                                                      | Engagement (unconditional MFN renewal)                                               | No                                                                                                   | Yes                                                                                                                                  |
| The Gulf War and Baker's last visit: the relationship stays frozen | Shift toward balancing                                          | Engagement                                                                                                  | Engagement (swapping concessions)                                                    | No                                                                                                   | Yes                                                                                                                                  |
| BILL CLINTON ADMINISTRATION'S CHINA STRATEGY                       | Shift toward balancing                                          | Engagement                                                                                                  | Engagement                                                                           | No                                                                                                   | Yes                                                                                                                                  |
| The next fight over MFN                                            | Shift toward balancing                                          | Contemplation of a shift toward balancing, but in the end the continuation of engagement                    | Initial attempt at balancing, but eventually settling on engagement                  | Partially no, as it correctly predicted the shift toward balancing, but not its eventual abandonment | Partially yes, as it did not predict the initial shift toward balancing, but it correctly expected the eventual return to engagement |
| 1993-1994 China Strategy and NSS 1994                              | Continuing the shift toward balancing                           | Return to engagement                                                                                        | Return to engagement                                                                 | No                                                                                                   | Yes                                                                                                                                  |
| Engage-and-balance: Lake-Lord Strategic Review & Nye Initiative    | Shift toward balancing                                          | Attempts at introducing balancing into U.S. strategy mitigated by cultural factors (engagement to dominate) | Shifting toward balancing (introducing balancing elements) but short-lived           | Yes                                                                                                  | Yes                                                                                                                                  |
| Third Taiwan Strait Crisis                                         | Shift toward balancing                                          | Contemplation of a shift toward balancing, but in the end continuation of engagement                        | Contemplation of a shift toward balancing, but in the end continuation of engagement | No                                                                                                   | Yes                                                                                                                                  |
| Return to engagement & proclamation of "strategic partnership"     | Shift toward balancing                                          | Continuing engagement                                                                                       | Engagement                                                                           | No                                                                                                   | Yes                                                                                                                                  |

|                                                                           |                               |                                                                       |                                                 |                                                      |                                                                                                               |
|---------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Getting China into the WTO                                                | Shift toward balancing        | Continuing engagement                                                 | Engagement                                      | No                                                   | Yes                                                                                                           |
| GEORGE W. BUSH ADMINISTRATION'S CHINA STRATEGY                            | Medium shift toward balancing | Engagement with a slight shift toward balancing                       | Engagement with a slight shift toward balancing | No                                                   | Yes                                                                                                           |
| Campaign, election, & the first 200 days: China as a strategic competitor | Medium shift toward balancing | Attempt a shift toward balancing, but eventually return to engagement | Medium shift toward balancing                   | Yes                                                  | No: Correct in predicting an attempt at balancing, but incorrect in predicting the prevention of such a shift |
| The 9/11 terror attacks and the Bush administration's about-turn on China | Continue balancing            | Shift back to engagement                                              | Shift back to engagement                        | No                                                   | Yes                                                                                                           |
| The China Shock and the Bush administration's economic strategy           | Medium shift toward balancing | Engagement with a slight shift toward balancing                       | Engagement with a slight shift toward balancing | No                                                   | Yes                                                                                                           |
| Political engagement in Bush's second term: "relations are the best ever" | Medium shift toward balancing | Engagement with a slight shift toward balancing                       | Engagement with a slight shift toward balancing | No                                                   | Yes                                                                                                           |
| Military balancing: The Pivot before the Pivot                            | Full shift toward balancing   | Medium shift toward balancing                                         | Engagement                                      | Yes on shift toward balancing, no on extent of shift | Yes                                                                                                           |

## Further findings from cross-case comparisons

In addition to the key findings from each of the three case studies, there are a number of important and interesting findings discerned by assessing all three case studies together and by conducting cross-case comparisons.

An important finding has been the fact that all three administrations examined attempted to shift U.S. strategy vis-à-vis China toward balancing in their first year, only to back down and return to engagement. In the case of two of the three administrations (Clinton, Bush 43), the presidential candidate attacked his predecessor over his China strategy in the campaign and came into office being dedicated to *finally* shift U.S. strategy toward balancing, but both of them gave up the balancing attempt within or after the first year. What makes this pattern even more striking is that, if we go back in time, we will discover that it characterized U.S. administrations going back to Carter. As Richard Baum discovered, every U.S. opposition presidential candidate since 1972 criticized the incumbent president for being too soft on China. In each case when the opposition candidate was elected, they also ended up making an about-turn on China strategy once in office. This was true of Jimmy Carter in 1976-1977, Ronald Reagan in 1980-1981, and Bill Clinton in 1992-1994.<sup>2</sup> I must add that the same pattern continued with George W. Bush in 2000-2001. Baum calls the about-turn and the return to engagement “the regression to the mean,” i.e. the resurrection of the status quo strategy of engagement and the cooperative relationship with China.<sup>3</sup>

What is the explanation for this curious pattern in U.S.-China relations? TELOS is well-positioned to provide the answer as it combines the effects of international systemic

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<sup>2</sup> Baum, “From ‘Strategic Partners’ to ‘Strategic Competitors,’” 193-194.

<sup>3</sup> Baum, “From ‘Strategic Partners’ to ‘Strategic Competitors,’” 194.



pressures with those of cultural pressures. It is exactly those two kinds of pressures in play with each U.S. administration since 1972. The campaign attacks of the opposition candidate criticizing the incumbent's China strategy as too soft and promising a shift to balancing are in response to international systemic pressures of China's rise or China's negative conduct. Furthermore, the initial balancing strategies of those opposition candidates who are elected to the presidency are also in response to those international systemic pressures. On the other hand, "the regression to the mean," i.e. the eventual return to engagement by all the administrations in question is due to the enduring influence of the cultural pressures of American liberal strategic culture and the *liberal ordering mission*.

When looking at the evolution of U.S. strategy vis-à-vis China across all the cases, it is noticeable that the willingness of U.S. decisionmakers to shift China strategy toward balancing seems to have somewhat increased over time. While the George H. W. Bush administration insisted on maintaining the engagement posture, the Bill Clinton administration sought to shift U.S. strategy toward balancing in 1993-1994 before returning to engagement. The George W. Bush administration also shifted China strategy toward balancing in its first year and returned to engagement after September 11, but it shifted its political-diplomatic strategy slightly toward balancing and generated a medium shift toward balancing in its military strategy. We may add that the Obama administration continued and enhanced its predecessor's balancing strategy with the Pivot, while the Trump administration was finally willing to shift overall U.S. strategy toward balancing.

TELOS can explain the increasing willingness of successive administrations to adopt a shift toward balancing by pointing to changes in both systemic pressures and cultural pressures. The change in systemic pressures manifested in China's increasingly

prominent rise in capabilities and the expansion of its rise from the economic domain to the military and political domains, as well as the increasingly clear signals about China's lack of expected internal and external liberalization. To a lesser extent, the diminishing influence of American liberal strategic culture and the *liberal ordering mission* also played a part. Clearly, one set of systemic pressures impacted another set of systemic pressures when the mounting evidence that China's liberalization was not going to happen eventually decreased the validity of the assumptions of the *liberal ordering strategy* (i.e. that continued U.S. support for China's integration in the global economy will eventually lead to Beijing's liberalization). The strength of such assumptions was steadily declining during the second George W. Bush administration and Barack Obama administrations. Finally, the composition of the Trump administration's foreign policy leadership (i.e. many of them came from outside the traditional foreign policy establishment) also meant that fewer of them were strong adherents of American liberal strategic culture. Both the increasingly prominent nature of the international systemic pressures and the diminishing influence of cultural pressures contributed to the trend that successive administrations showed growing willingness to confront the weaknesses of engagement and contemplate the merits of balancing.

## Limitations

While the predictive value of the *theory of the liberal ordering strategy* has been validated in the three case studies, its application has also shown its limitations. These limitations involve scope, sourcing, and measurement.

The first such limitation is the scope of the theory. As made clear in the theory chapter, TELOS has been constructed with the immediate aim of explaining to explain

U.S. strategy vis-à-vis China's rise in the early post-Cold War period. However, the building of TELOS has followed the most up-to-date general guidelines of theory construction in the social sciences, with a strong focus on making it falsifiable and generalizable. For this purpose, TELOS is laid out in the theory chapter both in a general form and in a more specific form tailored to the current research. While the theory's validity on U.S. strategy vis-à-vis China has been successfully tested in the three case studies, one hopes that there will be opportunities to test TELOS on the strategies of countries other than the United States and in different periods than the early post-Cold War era.

The second such limitation involved in this research is sourcing. First, while I succeeded in acquiring access to many previously classified documents relating to the China strategies of the George H. W. Bush and Bill Clinton administrations, it is a mystery to scholars and archivists working on the recent history of U.S. foreign policy and grand strategy why many of the documents produced by the George H. W. Bush administration still continue being classified 30 years on. Secondly, even among the many documents I have unearthed about the China strategies of the George H. W. Bush and Bill Clinton administrations, some subdocuments or pages remain classified (and not exclusively those that are military related). Another challenge I faced in terms of sourcing is that *not a single document* relating to the China strategy of the George W. Bush administration has been classified approximately 20 years on.

The third such limitation concerns measurement. While the measurement of China's economic rise is not without problems, measuring its military rise and political rise is even trickier. China's own data about its economy, society, and policies cannot be verified and has often been found false or doctored. As measuring China's economic rise by China's own economic data is questionable, I have relied on a broad and diverse set

of sources that combine and cross-test China's own data with external resources. As many China scholars have also confirmed, data about China's military modernization and military capabilities has also been found misleading or doctored. Here, too, I have tried to rely on sources that have triaged China's own data with external data sources. Finally, political-diplomatic rise or power is difficult to measure, especially because this domain of a country's capabilities has largely been ignored by scholars of international relations. I hope that this dissertation's inclusion of political-diplomatic capabilities, political-diplomatic rise, and political-diplomatic strategy in the discussion contributes to normalizing the use of this variable and to further refining and sophisticating its measurement.

## THE EFFICACY OF U.S. STRATEGY VIS-À-VIS CHINA 1989-2009

One of the theoretical premises of this dissertation research and more specifically of the analysis of the efficacy of U.S. strategy vis-à-vis China in the early post-Cold War period is that **it is in the interest of no established great power to facilitate the rise of a potential peer competitor.** The analysis of the efficacy of U.S. strategy vis-à-vis China uses primarily this yardstick when trying to determine whether the choice of U.S. strategy was an efficient way of advancing the U.S. national interest. The secondary criterion by which to adjudicate the efficacy of U.S. strategy is **whether it has achieved its own stated goals: effectuating China's internal and external liberalization and integrating Beijing fully in the liberal international order.** Beyond building the *theory of the liberal ordering strategy* and testing it against offensive realism, the aim of this dissertation is to contribute to the decades-long academic and policy debate over U.S. strategy vis-à-vis China.

As an extension of the decades-long debate over U.S. strategy, there has emerged in recent years a new and intense debate in the academy and the policy world over the success or failure of U.S. engagement strategy vis-à-vis China.<sup>4</sup> Following this debate, it

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<sup>4</sup> Alastair Iain Johnston, "The Failures of the 'Failure of Engagement' with China," *The Washington Quarterly* 42, no. 2 (April 3, 2019): 99–114, <https://doi.org/10.1080/0163660X.2019.1626688>; John J. Mearsheimer, "The Inevitable Rivalry," *Foreign Affairs*, November/December 2021, <https://www.foreignaffairs.com/articles/china/2021-10-19/inevitable-rivalry-cold-war>; Robert B. Zoellick, "The China Challenge"; Orville Schell, "The Death of Engagement," *The Wire China*, June 7, 2020, <https://www.thewirechina.com/2020/06/07/the-birth-life-and-death-of-engagement/>. William H. Overholt, "Was US-China Engagement Premised on Chinese Political Liberalization?," *The Hill*, October 14, 2021, <https://thehill.com/opinion/international/576263-was-us-china-engagement-premised-on-chinese-political-liberalization/>; Paul Heer, "Engagement With China Has Not Failed," Text, The National Interest (The Center for the National Interest, July 14, 2022), <https://nationalinterest.org/feature/engagement-china-has-not-failed-203577>; Zining, "From 'China Fantasy' to 'China Challenge': The Failure of China Engagement?," December 15, 2020, <https://thekootneeti.in/2020/12/15/from-china-fantasy-to-china-challenge-the-failure-of-china-engagement/>; Wang Jisi et al., "Did America Get China Wrong? The Engagement Debate," *Foreign Affairs* 97, no. 4 (2018): 183–95, <https://www.jstor.org/stable/44822226>; Michael D. Swaine, "Sino-US Engagement Was Never 'normal,' but It Wasn't a Failure Either," Responsible Statecraft, February 22, 2022, <https://responsiblestatecraft.org/2022/02/22/sino-us-engagement-was-never-normal-but-it-wasnt-a-failure-either/>; Dong Jung Kim, "A Twenty Years' Crisis? Rethinking the Cases for U.S. Economic Engagement with China," *Perspectives on Politics* (March 14, 2023), 1–14, <https://doi.org/10.1017/S1537592723000312>; Tao Xie, "The Great Delusion of Engagement: How China

often seems like the pro-engagement disputants forget to address the fundamental premise that “it is in the interest of no established great power to facilitate the rise of a potential peer competitor” and how this premise relates to America’s China strategy and China’s rise. This negligence is even more curious if we consider that this premise is actually shared by a wide spectrum of international relations theories, from classical realism to structural realism to neoclassical realism to hegemonic stability theory to liberal internationalism and neoliberalism. As David Edelstein argued:

Despite persistent warnings about China’s growing capabilities and uncertain intentions, U.S. leaders of all political persuasions have pursued a largely cooperative, rather than a competitive, strategy toward China since the end of the Cold War. Indeed, it is fair to say that if the United States does one day confront a powerful China, then Washington and the U.S. consumer will have played a sizable role in fueling the growth of that threat. If China is indeed a long-term threat to U.S. interests, then this cooperation would seem unwise and poses a puzzle... It certainly would make little sense for the United States to be contributing to China’s growth into a peer competitor.<sup>5</sup>

If we wish to determine the efficacy of U.S. strategy vis-à-vis China based on our premise that “it is in the interest of no established great power to facilitate the rise of a potential peer competitor,” two questions must be answered: (1) Has China risen to be a great power peer competitor? and (2) Has the United States facilitated China’s rise? or in other words: Has the United States pursued a strategy vis-à-vis China that would contribute to China’s rise?

The answer to the first question is: yes, China has risen to be a great power peer competitor. There is barely any debate on this in the academic and policy worlds. In fact, as early as 1993, the Clinton administration stated in its China Strategy 1993-1994 that

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Should Compete with America,” *China International Strategy Review* 2, no. 1 (2020): 73–85, <https://doi.org/10.1007/s42533-020-00039-7>; Neil Thomas, “Matters of Record: Relitigating Engagement with China,” *MacroPolo*, September 3, 2019, <https://macropolo.org/analysis/china-us-engagement-policy/>; Rana Mitter and Elsbeth Johnson, “What the West Gets Wrong About China,” *Harvard Business Review* (May 1, 2021), <https://hbr.org/2021/05/what-the-west-gets-wrong-about-china>.

<sup>5</sup> David M. Edelstein, *Over the Horizon: Time, Uncertainty, and the Rise of Great Powers* (Cornell University Press, 2020), 1.

“China is an emerging great power.”<sup>6</sup> The Bush administration’s 2002 National Security Strategy recognized China as one of the potential great powers.<sup>7</sup> In his Annual Threat Assessment report in 2006, the Director of National Intelligence warned that “China is a rapidly rising power with steadily expanding global reach” and a potential “peer competitor to the United States.”<sup>8</sup> Obama’s Secretary of State, Hillary Clinton referred to China as “a rising geopolitical power” and “an emerging global power” in 2012.<sup>9</sup> President Trump’s National Security Strategy defined China as a “great power” as well as a “competitor” and an “adversary” in 2017. The Biden administration’s National Security Strategy declared China’s great power status in 2022: “The PRC is the only competitor with both the intent to reshape the international order and, increasingly, the... power to do it. Beijing has ambitions to create an enhanced sphere of influence in the Indo-Pacific and to become the world’s leading power.”<sup>10</sup>

China is not only recognized as a great power, it also has the capabilities befitting one. Today, China is the No. 2 economy in the world (No. 1 in purchasing power parity), the No. 3 military by strength and the No. 1 by troop size, as well as one of the top countries in terms of political-diplomatic influence. Its aggregate power is only exceeded by that of the United States. IR scholarship and foreign policy commentary have been buzzing for years about “a new Cold War” and a return to “bipolarity,”<sup>11</sup> taking China’s

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<sup>6</sup> “China Strategy for 1993-1994,” 1 (614).

<sup>7</sup> The White House, *The National Security Strategy of the United States of America*, September 17, 2002, George W. Bush, i, 1, 26, 28.

<sup>8</sup> John D Negroponte, “Annual Threat Assessment of the Director of National Intelligence for the Senate Select Committee on Intelligence” (Office of the Director of National Intelligence, February 2, 2006), 20, [https://www.dni.gov/files/documents/Newsroom/Testimonies/20060202\\_testimony.pdf](https://www.dni.gov/files/documents/Newsroom/Testimonies/20060202_testimony.pdf).

<sup>9</sup> “Hillary Clinton, ‘Remembering the Nixon Trip and U.S.-China Relations Today,’ March 7, 2012 | US-China Institute,” <https://china.usc.edu/hillary-clinton-remembering-nixon-trip-and-us-china-relations-today-march-7-2012>.

<sup>10</sup> The White House, *National Security Strategy*, October 12, 2022, Joseph R. Biden, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>.

<sup>11</sup> Cliff Kupchan, “Bipolarity Is Back: Why It Matters,” *The Washington Quarterly* 44, no. 4 (October 2, 2021): 123–39, <https://doi.org/10.1080/0163660X.2021.2020457>; Richard Fontaine, “The Myth of

great power competitor status for granted. China has indeed risen to be a great power peer competitor to the United States.

Has the United States facilitated China's rise? Has the United States pursued a strategy vis-à-vis China that would contribute to China's rise? As this dissertation has shown, the United States pursued the engagement strategy between 1989 and 2016. This strategy contributed to China's rise in capabilities. In the economic domain, the United States actively supported China's integration into the world economy by opening its markets to it and providing it with preferential trading status (also showing example for other countries) as well as single-handedly negotiating China's membership in the World Trade Organization, thus facilitating China's economic rise. In the political-diplomatic domain, the United States ended China's post-Tiananmen international isolation and worked actively to integrate China into the international community and multilateral diplomacy, thus facilitating China's political rise. In the military domain, the United States provided advanced military-related technology to China and failed to prevent China's theft of U.S. military technology, but its support for China's economic growth also fueled China's military modernization, and moreover Washington did little to push back against China's military aggrandizement and increasing expansion in its region, thus the United States also facilitated China's military rise. In sum, U.S. engagement strategy significantly contributed to China's rise.

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Neutrality," *Foreign Affairs*, July 12, 2023, <https://www.foreignaffairs.com/china/myth-of-neutrality-choose-between-america-china>; Bilahari Kausikan, "Navigating the New Age of Great-Power Competition," *Foreign Affairs*, April 11, 2023, <https://www.foreignaffairs.com/united-states/china-great-power-competition-russia-guide>; Hal Brands and John Lewis Gaddis, "The New Cold War," *Foreign Affairs*, October 19, 2021, <https://www.foreignaffairs.com/articles/united-states/2021-10-19/new-cold-war>; "Winning the New Cold War: A Plan for Countering China | The Heritage Foundation," accessed July 12, 2023, <https://www.heritage.org/asia/report/winning-the-new-cold-war-plan-countering-china?ref=tippinsights.com>; Øystein Tunsjø, "China and the United States in a New Bipolar System," in *US-China Foreign Relations* (Routledge, 2020); Yan Xuetong, "The Age of Uneasy Peace: Chinese Power in a Divided World," *Foreign Affairs* 98 (2019): 40, <https://heinonline.org/HOL/Page?handle=hein.journals/fora98&id=42&div=&collection=>.



If China has indeed risen to be a great power competitor and U.S. strategy has indeed facilitated China's rise, then it is inevitable to conclude that our premise is not satisfied and U.S. strategy vis-à-vis China's rise in the early post-Cold War period did not advance the U.S. national interest efficiently according to our primary criterion.

Our secondary criterion by which to adjudicate the efficacy of U.S. strategy is whether it has achieved its own stated goal: effectuating China's internal and external liberalization and integrating Beijing fully in the liberal international order. This criterion, too, is often ignored, neglected, or even denied by those arguing for the success of the engagement strategy. It is useful to quote two such arguments. In a seminal article of the "engagement debate," Harvard professor and eminent China scholar Alastair Iain Johnston claims that "political liberalization and democratization were generally not the main criteria engagers used for judging the success of the policy" and that "according to the engagement argument, a positive outcome in democratizing the Chinese government was neither inevitable, nor even the principal goal of engagement."<sup>12</sup> More recently, prominent China scholar William Overholt argued that the assertion that "engagement with China was a failure because it assumed that an engaged China would become a democracy or liberal polity (as well as parallel economic assumptions)... is false."<sup>13</sup> As this dissertation has demonstrated in much detail, these arguments are inaccurate and refuted by the actual historical record.

Engagement was always built on the expectation that U.S. support for China's economic integration will lead to China's internal and external political and economic liberalization. It is useful to recall some of the policy pronouncements of the engagement strategy and its goal of China's liberalization in the early post-Cold War period. President

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<sup>12</sup> Johnston, "The Failures of the 'Failure of Engagement,'" 104, 109.

<sup>13</sup> William H. Overholt, "Was US-China Engagement Premised on Chinese Political Liberalization?"

George H. W. Bush said the following in his commencement speech at Yale in 1991: “The most compelling reason to renew MFN and remain engaged in China is not economic, it’s not strategic, but moral. It is right to export the ideals of freedom and democracy to China.”<sup>14</sup> In July 1991, Secretary of State Baker stated: “We will continue to advance our interests and ideals as we pursue a process of engagement with China designed to elicit progress toward our objectives: adherence to international standards on nonproliferation, free and fair trade, broader democratization, and respect for human rights throughout China. Most importantly, renewal of MFN is essential to maintaining America’s moral stake in promoting the process of economic and political reform in China.”<sup>15</sup>

Bill Clinton declared during the election campaign in September 1992: “China cannot withstand forever the forces of democratic change. One day it will go the way of Communist regimes in Eastern Europe and the former Soviet Union. The United States must do what it can to encourage that process.”<sup>16</sup> After Clinton’s election to the presidency, Secretary of State-designate Warren Christopher announced in the Senate Foreign Relations Committee in January 1993: “Our policy will be to seek to facilitate a broad, peaceful evolution in China from communism to democracy by encouraging the forces of economic and political liberalization in that great and highly important country.”<sup>17</sup> At the first press conference of his second term, Clinton replied to a reporter’s question about why his engagement strategy with China had failed to bring about results

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<sup>14</sup> George H. W. Bush, “Remarks at the Yale University Commencement Ceremony in New Haven, Connecticut | The American Presidency Project,” May 27, 1991, <https://www.presidency.ucsb.edu/documents/remarks-the-yale-university-commencement-ceremony-new-haven-connecticut>.

<sup>15</sup> “Secretary of State James Baker’s Letter to Senator Robert Dole,” July 1991, folder “China MFN [Most Favored Nation] 1991 [1],” OA/ID CF01504, Douglas H. Paal, National Security Council, Bush Presidential Records, George Bush Presidential Library, 1-2.

<sup>16</sup> Bill Clinton, “Campaign Speech in Portland, Oregon,” September 14, 1992, <https://www.c-span.org/video/?32323-1/clinton-campaign-speech>.

<sup>17</sup> Warren Christopher, Testimony to the Senate Foreign Relations Committee, January 13, 1993.

on liberalization: “We have not made the progress in human rights that... I had hoped to make, yes... I still believe over the long run, being engaged with China... has the greatest likelihood of having a positive impact on China.” In his last year in office, Clinton explained his administration’s policy on engagement and support for China’s WTO membership: “The change this agreement can bring from outside is quite extraordinary, but... nothing compared to the changes that this agreement will spark from the inside out in China. By joining the W.T.O., China... is agreeing to import one of democracy's most cherished values: economic freedom. The more China liberalizes its economy, the more fully it will liberate the potential of its people... The genie of freedom will not go back into the bottle.”<sup>18</sup>

In the George W. Bush campaign’s primary foreign policy statement, Condoleezza Rice elaborated: “It is in America's interest to strengthen the hands of those who seek economic integration because this will probably lead to sustained and organized pressures for political liberalization... Trade in general can open up the Chinese economy and, ultimately, its politics too. This view requires faith in the power of markets and economic freedom to drive political change.”<sup>19</sup> Bush made the case for engagement in the 2002 National Security Strategy: “Chinese leaders are discovering that economic freedom is the only source of national wealth. In time, they will find that social and political freedom is the only source of national greatness. America will encourage the advancement of democracy and economic openness in [China], because these are the best foundations for domestic stability and international order.”<sup>20</sup> Successive administrations

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<sup>18</sup> Bill Clinton, “Speech on China Trade Bill at the Paul H. Nitze School of Advanced International Studies (SAIS) of the Johns Hopkins University,” March 9, 2000. *Public Papers of the President*.

<sup>19</sup> Condoleezza Rice, “Campaign 2000: Promoting the National Interest,” *Foreign Affairs*, January 1, 2000, <https://www.foreignaffairs.com/united-states/campaign-2000-promoting-national-interest>.

<sup>20</sup> The White House, *The National Security Strategy of the United States of America*, September 2002, George W. Bush, ii.

pursued the engagement strategy with the goal of bringing about China's liberalization, internalizing the assumptions of the *liberal ordering mission* as conceptualized by TELOS.

China's internal and external liberalization was clearly a major goal of the engagement strategy, as these statements and the historical record presented in the three case studies have shown. Has the engagement strategy achieved the goal of effectuating China's liberalization? No, it has not. In fact, China's liberalization was more advanced in the beginning of 1989 when this dissertation dates the launch of engagement. China today has a more repressive and more totalitarian Communist political system than any time since Mao and the Cultural Revolution. Aaron Friedberg argues that in the past twenty years, "the Chinese party-state has cracked down on its own citizens, stifling the slightest hint of dissent, laying the foundations of a pervasive, nationwide high-tech surveillance system, and consigning at least a million of the country's Uighur Muslims to forced labor and concentration camps."<sup>21</sup> In the economic domain, "instead of moving steadily towards greater openness and more reliance on markets... Beijing has expanded its use of state-directed trade, technology promotion, and industrial policies."<sup>22</sup> China, as Stephen Walt describes, is "moving away from market principles, relying more heavily on Marxism-Leninist teachings, and eschewing collective leadership in favor of a one-man cult of personality."<sup>23</sup> As China is less free, more repressive, and more statist-protectionist than any time since the end of the Cold War (and arguably since the mid-1970s), U.S. engagement strategy failed to bring about China's liberalization.

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<sup>21</sup> Friedberg, *Getting China Wrong*, 2.

<sup>22</sup> Friedberg, *Getting China Wrong*, 2.

<sup>23</sup> Stephen M. Walt, "Xi's China Is Good—and Bad—for the United States," *Foreign Policy* (blog), November 1, 2022, <https://foreignpolicy.com/2022/11/01/xis-china-is-good-and-bad-for-the-united-states/>.

U.S. engagement strategy has failed to advance the U.S. national interest in terms of both of our criteria. First, it facilitated the rise of China into a great power competitor to the United States, which now challenges U.S. primacy and the U.S.-led liberal international order. Second, it failed to achieve its own stated goal of effectuating China's internal and external liberalization and full integration into the liberal international order.

At the end, a few caveats are in order. By arguing that U.S. strategy was not efficient in advancing U.S. interests, I do not question that all U.S. decisionmakers wished to advance the U.S. national interests by their chosen strategies. In fact, especially after having spoken with many of them, I am convinced that all policymakers worked hard to advance the U.S. national interest. Whether they succeeded or not is another question. Also, by concluding that U.S. strategy facilitated China's rise, I do not imply that all U.S. policymakers intended to facilitate China's rise. But if they tried to advance U.S. interests, why did they adopt strategies that contributed to China's rise? They adopted the engagement strategy because they genuinely believed in the assumptions of the *liberal ordering mission*, i.e. if the United States helps China integrate into the global economy and China becomes prosperous, it will eventually liberalize and become a good partner to the United States in upholding the liberal international order. This is a key insight of the *theory of the liberal ordering strategy*.

## IMPLICATIONS

### Implications for theory and scholarship

The findings of this dissertation research have several implications for theory and empirics. These implications concern the study of strategy, the debate over the determinants of foreign policy/grand strategy, the typology of state strategies and the nature of the two types (engagement, balancing) focused on, the study of U.S. strategy vis-à-vis China, including the expansion of its empirical base, the integration of economic and security lenses in the study of strategy/foreign policy, the richness of realism, in particular offensive realism and neoclassical realism, and the values of cultural explanations.

This dissertation brings together *history, theory, and policy*. In our age when academia and policy, theory and practice, scholars and practitioners are increasingly divided and compartmentalized, one of the main goals of this work is to bridge the gap. By bringing together insights from IR theory, international security studies, global political economy, diplomatic history, as well as foreign policy and strategy, one hopes that this dissertation has advanced the cause of bridging academia and policy for a better understanding of the making of strategy, great power competition, and international politics in general.

This dissertation advances the study of strategy and the debate over the determinants of foreign policy/grand strategy by proposing and testing a new theoretical framework, the neoclassical realist *theory of the liberal ordering strategy*. This new theory integrates systemic approaches with cultural-ideational approaches. As a systemic theory, it maintains the dominance of the international system and structural considerations in the determination of a state's foreign policy or strategy, however it

posits that cultural-ideational commitments/pressures will interfere in the causal relationship between international systemic signals and state strategy. As a neoclassical realist theory, it synthesizes several of the different “camps” in the debate over the determinants of foreign policy/grand strategy: classical realism focusing on both systemic and domestic pressures, structural realist approaches arguing for the dominance of systemic/structural factors, liberal and *Innenpolitik* approaches emphasizing the role of domestic actors/ideologies, and constructivist approaches emphasizing the role of strategic culture. By doing that, it points to a possible consensus among the widely different contending theoretical models on the determinants of foreign policy/strategy.

In the fields of international security studies and strategic studies, this research contributes to a better understanding of the different types of strategies states may pursue. In particular, it has put forward a kind of typology, which distinguishes between engagement, balancing, and containment types of strategies, and proposed new and more systematic concepts to operationalize these types of strategies in research than had previously existed in the literature. I hope that this treatment of the typology and concepts of different state strategies will be furthered in other works in the future.

Moreover, this work has contributed to the study of strategic culture and in particular to a fuller appreciation of the nature of American liberal strategic culture and its impact on the formulation of U.S. foreign policy/strategy/grand strategy. An important contribution to this field is the development of the concept *liberal ordering mission* to signify a set of expectations and assumptions that have significantly effected the formulation of America’s China strategy in the early post-Cold War period.

This dissertation has also advanced both the theoretical and empirical aspects of studying U.S. strategy vis-à-vis China in the early post-Cold War period. This work fills

as important gap. The leading works on this subject, while they are excellent and I have relied on their empirical data and narratives heavily, are atheoretical: they are diplomatic histories, policy prescriptions, or journalistic accounts. This dissertation is the first comprehensive theoretical analysis of U.S. strategy vis-à-vis China in the early post-Cold War. It is also unique among other works on the subject in that it strongly builds on primary evidence of archival research and policymaker interviews. By publishing data from previously classified documents and from original elite interviews, this work also enriches the diplomatic history of U.S. strategy toward China in recent decades.

*The Sources of American Conduct: U.S. Strategy, China's Rise, and International Order* advances the field of International Relations and the study of these subjects by breaking with the tradition of the extant literature to only cover the security *or* the economic aspects of state strategies and great-power relationships. The field of international security and the study of grand strategy, many of whose outstanding works are cited in this dissertation, have focused on the security aspects of state strategies and great power competition. On the other hand, the field of global political economy has analyzed these subjects through looking solely at their economic aspects (some of these works are also cited). This dissertation seeks to transcend the traditional security- or economic-focused analyses of state strategies and great power rivalry and puts forward a new approach combining the lenses of the security and economic perspectives. By doing this, it brings the highly important and relevant fields of international security studies and global political economy closer together. It is the hope of the author that this approach will prove to be trend-setting in the future.

This research also advances the realist school of International Relations and contributes to the richness of realism. It tested the three case studies of U.S. strategy on two strands of realism, structural realism and neoclassical realism, and specifically on



two theories belonging to these strands, offensive realism and the *theory of the liberal ordering strategy*. Through the case studies, my findings highlight the important insights that offensive realism provides about the impact of the international system and particularly the distribution of capabilities on the options of states and the formulation of foreign policy/strategy. On the other hand, the three case studies have confirmed the superior predictive value of my neoclassical realist approach, the *theory of the liberal ordering strategy*. By putting forward TELOS and successfully testing it on the case studies, this work also advances the further evolution of neoclassical realism and its relevance to International Relations, to international security studies and global political economy, and to our current debates. Moreover, TELOS enriches the family of realism with a neoclassical realist theory that combines the strengths of power-based and culture-based explanations.

## **Implications for policy and strategy**

While this dissertation has several theoretical and empirical implications for scholarship just outlined above, it also has far-reaching and profound implications for U.S. policy and strategy, which logically build on our earlier discussion on the efficacy of U.S. strategy.

It is in the interest of no established great power to facilitate the rise of a potential peer competitor. The strategy of an established great power like the United States needs to ensure the prevention of the emergence of a potential great power competitor or regional hegemons in key regions. Gilpin argues that the international system “necessitates that the prudent state prevent relative increases in the powers of competitor

states.”<sup>24</sup> If another power still manages to rise in the system and seeks to topple the established great power and its international order, the established great power “counters this challenge through changes in its policies that attempt to restore equilibrium in the system.”<sup>25</sup> There cannot be any circumstance under which an established great power like the United States may afford to assist the rise of a state that may become its great power rival.

As this dissertation has shown via its three focused case studies, the United States did not follow this imperative – to its own detriment. The United States failed to prevent the rise of a potential peer competitor. In fact, it actually facilitated China’s rise into a great power competitor. As the 2022 National Security Strategy declares, China is now a “competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do it. Beijing has ambitions to create an enhanced sphere of influence in the Indo-Pacific and to become the world’s leading power.”<sup>26</sup> In essence, the United States helped create its own greatest competitor.

The United States facilitated the emergence of China by following a cooperative strategy. Between 1989 and 2016, Washington pursued the engagement strategy, a cooperative strategy to support China’s integration into the global economy and the international order. The engagement strategy had originated in the late Cold War when the United States had established a *de facto* alliance with China to counter the Soviet Union. Even though the international systemic environment completely changed at the end of the Cold War, successive U.S. administrations continued pursuing essentially the

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<sup>24</sup> Gilpin, *War and Change*, 86-88.

<sup>25</sup> Gilpin, *War and Change*, 187.

<sup>26</sup> The White House, *National Security Strategy*, October 12, 2022, Joseph R. Biden, 8, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>.

same strategy the early post-Cold War era. Through following the engagement strategy, the United States facilitated China's economic rise by opening its markets to Chinese imports, granting China preferential trading status, single-handedly negotiating China's membership in the World Trade Organization, and thus helping China acquire access to global markets. China's economic growth fueled its military rise, but the United States also contributed to it by providing military-related technology to China and allowing China's theft of U.S. military technology, while Washington did little to push back against China's military expansion. Finally, U.S. engagement strategy actively facilitated China's political-diplomatic rise by helping end its post-Tiananmen global isolation as well as establishing "strategic dialogue" and "strategic partnership" with China, supporting it and elevating it on the world stage.

U.S. policymakers insisted on following the engagement strategy throughout the early post-Cold War period despite persistent warnings and protestations from the Pentagon, top administration officials, presidential advisors, the Congress, China experts, the media, and human rights groups, as shown throughout the three case studies. It is worth quoting some of them here. As early as August 1989, Congressman Stephen Solarz criticized the George H. W. Bush administration's post-Tiananmen policy and argued that "the United States cannot do business as usual with a government that relies on indiscriminate violence and sweeping repression" and needs to call on China "to end martial law, release political prisoners, end the executions and get on with a serious program of political reform."<sup>27</sup> Former U.S. Ambassador to China Winston Lord protested against the Bush administration's appeasement policy toward China by pointing out in December 1989 that "one does not shore up the long-term foundations for

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<sup>27</sup> Solarz, "Kissinger's Kowtow."

Sino-American relations by appearing weak to China's leaders and callous to the Chinese and American people."<sup>28</sup>

In the late Clinton years, the "Blue Team" of Republican foreign policy experts argued that "the last thing that Washington should do is to promote increased trade with China, thereby assisting in the growth of its economy," and instead "the United States should abandon engagement in all its forms and surround China with an impregnable ring of US and allied military bases."<sup>29</sup> In 1998, the Senate's Cox Report found that "China successfully engaged in harmful espionage and obtained sensitive military technology from the United States, while financing political operations that corrupted the U.S. decision-making process."<sup>30</sup> Based on the report, "Congressional critics [were] accusing Clinton of setting aside national security concerns related to China... so he could realize short-term gains in the U.S.-China relationship."<sup>31</sup> In 1999, when the Clinton administration's negotiations had brought it close to a WTO deal with China (a key tool in the engagement toolbox), several top administration officials (Podesta, Sperling, Daley, Rubin) opposed it because they felt that it was giving too many concessions to China.<sup>32</sup>

In 2000-2001, several of George W. Bush's advisors (especially Cheney, Rumsfeld, Wolfowitz, Libby, Blackwill) "argued that the elder Bush and Clinton had been too accommodating to the Chinese, that they were strategic 'competitors' rather than partners," and they "were eager to confront China and to demonstrate that the United States would not tolerate any challenge to its preeminence in East Asia—or anywhere

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<sup>28</sup> Lord, "Misguided Mission."

<sup>29</sup> Klare, "'Congagement' With China?"

<sup>30</sup> Kenneth deGraffenreid, "The Cox Report," May 15, 1999, The Institute of World Politics, <https://www.iwp.edu/books/the-cox-report/>.

<sup>31</sup> *Pocono Record*, "Analysts Criticize Clinton Foreign Policy," March 13, 1999, <https://www.poconorecord.com/story/news/1999/03/14/analysts-criticize-clinton-foreign-policy/51097642007/>.

<sup>32</sup> Blustein, *Schism*, 37-39; Suettinger, *Beyond Tiananmen*, 366.

else.”<sup>33</sup> Between 2002 and 2006, the U.S. International Trade Commission made four recommendations to President Bush to impose protective measures under the “transitional-product safeguard” rule in response to the China Shock threatening U.S. manufacturing industries and American jobs (the president rejected all of them).

These are just a few examples of the countless and persistent warnings by a broad and diverse set of political actors (administration officials, presidential advisors, the Congress, China experts, the media, industry organizations, labor unions, human rights groups) about the misguided choice of the engagement strategy in all three domains of statecraft and its adverse consequences for U.S. national interests as well as for American power, security, and prosperity. Most of these statements did not only criticize the engagement policy but also outlined alternative strategies and policies (mostly in line with balancing or containment). The assertions of many articles defending the record of engagement in the “engagement debate” that there was no alternative to engagement is easily refuted by the enumeration of these statements and warnings.

If the engagement strategy was making China more powerful and was not leading to China’s liberalization, and if there were persistent warnings from within and outside the U.S. administration about the failings of the strategy, why did successive U.S. administrations perpetuate this strategy? TELOS explains this choice by pointing to the enduring influence of cultural factors. Throughout the early post-Cold War period, the majority of top U.S. policymakers in both Republican and Democratic administrations were deeply committed to American liberal strategic culture and the *liberal ordering mission*. The core values of American liberal strategic culture (individual rights, free markets, representative government, cooperation among nations, an end to behind-

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<sup>33</sup> Cohen, *America’s Response to China*, 266-267.

closed-doors diplomacy as well as to power politics) had an enduring impact on their thinking. The major effect of America liberal strategic culture was that it foreclosed the choice or sometimes even the consideration of *Realpolitik* type of strategies (e.g. balancing) because they were not culturally sanctioned and thus liberal strategies (e.g. engagement) were presented to policymakers as the only culturally acceptable choices. More specifically, American liberal strategic culture inspired the *liberal ordering mission*, e.g. the expectation that U.S. support for China's integration into the global economy will eventually lead to China's internal and external liberalization and full embrace of the U.S.-led liberal international order. The cultural pressures of American liberal strategic culture and the *liberal ordering mission* moderated the effect of international systemic pressures and helped steer U.S. policymakers toward choosing (and perpetuating) the engagement strategy vis-à-vis China.

Instead of pursuing the engagement strategy, the United States should have shifted it and adopted a balancing strategy toward China after 1989. A balancing strategy would have stopped the unconditional provision of U.S. support for China's integration in the global economy, as China's meteoric economic rise was not in the interest of the United States. Accordingly, such a strategy would have taken away China's MFN status or would have ended automatic renewal and placed conditions on its continuation. After all, a China risen was not in the U.S. interest, but a China risen AND illiberal and hostile to the United States at the same time was even less so. Under the balancing strategy, the United States would have launched internal and external military balancing much earlier than 2004. Washington would have kept China at arm's length politically, instead of ending its post-Tiananmen isolation and integrating it in the international community. The United States would not have single-handedly negotiated China's WTO membership – instead, it would have made its support for China's accession conditional on China's

proven adherence to international economic norms and fulfilment of its accession commitments as well as China's internal and external political liberalization. As part of its balancing strategy, the United States would have brought its allies and partners on board for pushing back against China's rise in capabilities and ambitions and maintaining the West's edge over Beijing in the distribution of capabilities.

The pursuit of U.S. engagement strategy throughout the early post-Cold War period led to the rise of China into a great power competitor to the United States, which challenges U.S. primacy and the U.S.-led liberal international order. China today is extremely powerful in economic, military, and political terms. By some measures, it is still the No 2 economy in the world behind the United States, but by purchasing power parity it has been the No 1 economy since 2013.<sup>34</sup> It has challenged U.S. primacy in the Indo-Pacific for over a decade and has in the past decade come to pose a challenge to the hegemonic role of the United States globally. It has expanded its economic, military, and political influence way beyond the Indo-Pacific to every continent, not least through its Belt and Road Initiative, an ambitious network of infrastructure projects built by China that symbolically replicates the erstwhile Eurasian Silk Road in the 21<sup>st</sup> century. China has in recent years begun to also challenge the U.S.-led rules-based liberal international order, proposing a new world order that is illiberal, state-focused, opposed to "universal values," and "elevates Chinese influence at the expense of American power."<sup>35</sup>

Having facilitated China's rise, the United States needs to balance against China's growing power. In fact, Washington has recognized the need for balancing since 2017.

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<sup>34</sup> Edie Purdie, "Tracking GDP in PPP Terms Shows Rapid Rise of China and India," *World Bank Blogs - Data Blog*, October 16, 2019, The World Bank, <https://blogs.worldbank.org/opendata/tracking-gdp-ppp-terms-shows-rapid-rise-china-and-india>.

<sup>35</sup> Michael Schuman, Jonathan Fulton, and Tuvia Gering, "How Beijing's Newest Global Initiatives Seek to Remake the World Order," Atlantic Council, June 21, 2023, <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/how-beijings-newest-global-initiatives-seek-to-remake-the-world-order/>.

This recognition came very late and at extremely great costs, but it finally happened. President Donald Trump shifted U.S. strategy vis-à-vis China and adopted a balancing strategy focusing on internal balancing. While the two administrations could not be more different ideologically, President Joe Biden's administration essentially continued the Trump administration's balancing strategy – with one crucial difference. The Trump administration had a disdain for America's traditional alliances, but the Biden administration seeks to strengthen them and builds on them in its China strategy (external balancing). The balancing strategy followed since 2017 has already brought significant results. Judging by the numbers and by expert and public perceptions, the United States has moderately enhanced its potential to maintain its primacy and the strength of the international order, while China is facing multiple internal and external challenges and is no longer thought by everyone to be the inevitable riser and future hegemon that it was considered even a few years ago.<sup>36</sup> Still, the race is still on and it is not a forgone possibility that China will overtake the United States at the top of the international system in this century. The United States could have prevented such a potent challenge to its hegemony if it had shifted its strategy toward balancing in the early post-Cold War period.

This leads us to our next point about the structural imperatives of the United States. Since the temporal aspect of international politics matters a great deal,<sup>37</sup> strategic geopolitical foresight and strategic planning are crucial for the survival and success of great powers. If the Trump-Biden balancing strategies are successful in preventing a continued challenge from China, the United States as an established great power could

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<sup>36</sup> Michael Beckley and Hal Brands, *Danger Zone: The Coming Conflict with China* (National Geographic Books, 2022).

<sup>37</sup> Edelstein, *Over the Horizon*.



still face potential challenges by other risers in the international system in this century and in the next. The grand strategy of the United States needs to take into account all the possibilities for the emergence of potential great power competitors or regional hegemons. In terms of regional hegemons, Russia (albeit a declining power) is currently posing a challenge in Eastern Europe, the Caucasus and Central Asia that the United States and NATO need to defeat if their security is to be ensured. The Islamic Republic of Iran is a serious regional challenger in the broader Middle East, where it has built significant military, intelligence, economic, and political influence, and it is a country with ambitions to develop nuclear weapons. In terms of potential great power risers, the United States needs to calibrate its strategy toward the European Union and India carefully. While these powers are natural allies for the United States against China and globally, it is not in the interest of the United States for either power to rise to be a challenger to the United States. After all, the European Union is the third largest economy in the world (behind the United States and China) and India is the second largest country in the world in terms of population. In the rest of the 21<sup>st</sup> century, the United States will need to develop and apply the kind of strategic geopolitical foresight that this dissertation has shown it was severely lacking during the formulation of U.S. strategy vis-à-vis China in the early post-Cold War period.

After all, an established great power needs to be cognizant of and adapt to structural-systemic pressures, even if its unique historical development has conditioned its policymakers to adhere to the pressures of its strategic culture. As this dissertation has demonstrated, the formulation of a great power's strategies is informed by so many different influences from individual to domestic and cultural-ideational to structural and systemic. Each influence has a different weight and role in shaping state strategy. While structural-systemic pressures have a significant causal effect on strategy, cultural-

ideational pressures may interfere in that causal mechanism and often constrain or expand the range of the selectable options available to policymakers. By examining the impact and shaping mechanism of these different kinds of pressures and assessing the efficacy of the eventual strategic choices made, we may learn a great deal about the limitations and opportunities of a state's strategic planning in the context of international politics and the effectiveness of its chosen strategies. The author's hope is that this dissertation provides that opportunity to learn about *the sources of American conduct* and its consequences for the United States, China's rise, and the international order.

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