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Transcript

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## CHINA IN THE WORLD PODCAST

Host: **Paul Haenle**

Guest: **Jake Sullivan**

Episode 135: How Might a Democratic President  
Deal with China?

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**Haenle:** Welcome to the China in the World podcast. I'm glad to welcome back Jake Sullivan. Jake was on the podcast back in 2017, and we're delighted to have him back. Jake is a senior fellow in Carnegie's Geo-economic and Strategy program, is also the Martin R. Flug visiting lecturer in law at Yale Law school. Jake served in the Obama Administration, first at the Department of State where he was a deputy chief of staff and the head of policy planning for then secretary of state Hillary Clinton, ended his time at the administration serving as the national security advisor to then-vice president Joe Biden. Jake was also the senior foreign policy advisor on secretary Clinton's 2016 presidential campaign and served as the deputy policy director on Hillary Clinton's 2008 presidential run. Jake has been involved in many of the most important and key foreign policy initiatives in the Obama administration, including working with the current president of the Carnegie Endowment, Bill Burns, when he was deputy secretary of state, where the two were involved in the secret negotiations with Iran that eventually led to the Iran nuclear agreement. Jake, welcome back to the podcast.

**Sullivan:** Really happy to be back.

**Haenle:** Jake, I want to start out by talking, you live in Washington DC and many of our listeners are from all around the world and are trying to understand, what is going on with U.S. policy and U.S. sentiments on China in Washington DC. Richard Haas, the president of the Council on Foreign Relations recently said he's hard pressed to think of another consensus in American foreign policy that has moved as far and as fast as the U.S. consensus on China. What has happened to this U.S. consensus on China? Why have we seen this dramatic shift under the Trump administration?

**Sullivan:** It really is incredible to see the pendulum swing from an emphasis on cooperation and engagement to an emphasis on competition. And it's not just the Trump administration, although the rhetoric and the policies that this president and his team have pursued have certainly amplified and reinforced it, but it's a bipartisan shift. It's a shift among politicians and a shift among policymakers, among the national security establishment on both sides of the aisle. And I think, uh, some of the explanation lies in Washington and some of the explanation lies in Beijing. In Washington, it's almost as if the town woke up one day and thought, my goodness, China has risen very far, very fast, and this induced some amount of anxiety on the part of U.S. policymakers. Also there is a view that the convergence that Americans expected around the economic and political models of the two countries, that China's economic liberalization would be accompanied somehow by political liberalization didn't happen.

And this has led to some disappointment in Washington. And then there's a view that China has taken advantage of, the rules of the international system, whether it's cyber theft or the way in which the state plays in its market to get an unfair advantage in global trade and finance. That's on the U.S. side. That's where I would say most Chinese interlocutors would like the story to stop. This is all just about the anxiety of a great power. But as you and I have discussed in other contexts, this has been mirrored by a much more aggressive and assertive Chinese leadership under Xi Jinping, activities and everything from the South China Sea to pronouncements about China being an alternative model for the world. That has created a little bit of a vicious cycle in Washington. So I think both the United States and China had pursued policies over the course of the past few years that have very much contributed to this pendulum shift. Um, and, uh, and I think the politics of the 2020 campaign will only serve to, deepen the degree to which the American debate is one of increasing competition with China.

**Haenle:** I think your point about, um, you know, much of the shift has been, uh, you know, what has led to that is developments here in China that are often left out of the discussion, unfortunately. Because Trump is the figure that he is and dominates a lot of those. He takes, sucks the oxygen out of the discussion on US-China. But as you point out, there have been developments here in China on the political side, on the economic side and on the international side. And you know, my Chinese friends, Chinese scholars, Chinese experts are concerned in many ways about the direction of Chinese politics. The abolition of term limits,

the abolishment of term limits, the, you know, moving away from the norms Deng, Deng Xiaoping set in terms of leadership succession. On the economic side, what happened to the reforms that were announced in 2013. Why this heavy shift to, to the status type of economies. And then on the international side, you know, what we hear is it's okay to move away from keeping a low profile. But does China need to do it at the pace and the scope and with the rhetoric that it has done. So, you know, I think your point about there's two sides to the equation is a very, very important one. Can you describe, what you described is Washington policy in sentiment, but what do you see when you go beyond the beltway on China?

**Sullivan:** I really do believe this is largely a policy that is motivated by and driven by an inside the beltway conversation. I think out beyond the beltway and the rest of the country, there is not an already constructed reservoir of ill will or antipathy towards China. There are certainly pockets in the United States, particularly in the industrial Midwest that experienced a shock when China entered the World Trade Organization, caused a significant decline in manufacturing and the loss of millions of jobs. And so there is resentment about US trade policy in respect to China. So hitting China on the campaign trail in that context has been effective through multiple campaign cycles and we'll again, but this broader notion that somehow China has become a strategic rival or that we need to enter a kind of new cold war with them, there's not a lot of purchase for that in the heartland or in the American Southwest or the Pacific Northwest or other parts of the United States. Indeed, multiple opinion surveys have reinforced the fact that while there is rising concern about China, the bottom line is there's a broad view that China shouldn't be our enemy, that we can work with this country, that we can trade with this country, that we can seek investment from this country. And in fact, I've spent time with mayors of cities in the United States, large and small from many different parts of the country who have made multiple trips to China to try to attract Chinese investment in the United States. That investment is not seen somehow as a foreign invasion, so there is not a popular upswell pushing Washington policy forward. It's really the other way around. Now that doesn't mean that if this consensus hardens and deepens in Washington, it cannot have an impact on public opinion. Of course it can. In five years from now we could be talking about a broader American electorate that does view China as a rival or a faux or an enemy. And so I think one thing our leaders need to think carefully about is the degree to which they're stoking that kind of sentiment.

**Haenle:** Yeah, I mean you mentioned, yeah, mayors, certainly governors, there've been a number of governors who have worked hard to find a way to work with China in a way that benefits their state. And I would argue in fact our current ambassador here in Beijing is one of those. Ambassador Branstad often talks about, you know, what kind of work he did as governor of Iowa with China and the trade missions that he led. And you know, I think his, his feeling is that, you know, the state of Iowa and his citizens had benefited, and you see that in a number of cases. But I agree with your point that if, if you know, the sentiment in Washington continues along this, this direction, it could have an impact on how the rest of the country sees it. And you have actually said something about, in the current political, that set of political dynamics when it comes to China, there's something in it for every candidate. There is, you know, there's something for every candidate to sort of take a shot at China. What do you mean when you, when you say that?

**Sullivan:** Well, just starting on the democratic side. If you look at the foreign policy pronouncements of the progressive candidates in the Democratic primary, Bernie Sanders and Elizabeth Warren, China fits into their story about a lack of transparency, a lack of accountability, oligarchy, the use of corruption as a foreign policy tool, the pressure on open, responsive democratic systems, as a way of extending their domestic argument about the shape of the American economy globally. And so China and Russia for them become natural bogeymen. Indeed, Bernie Sanders has described China and Russia as an axis of authoritarianism, which is very George W. Bush language. Then there are those candidates who would like to talk mostly about major public investments in the United States and infrastructure in science and technology and education. And they can point to China and say, we've got to compete with this country, this

big, powerful, important country. And to compete with them, we've got to make major investments in ourselves. So it works for that.

**Haenle:** Not about keeping China down, but about the U.S. running fast.

**Sullivan:** About the United States running faster and it's justifying American domestic policy on the basis of this competitor out. Then there is the desire on the part of every American candidate to have a doctrine, a kind of idea, an organizing principle for their foreign policy. And as Tom Wright, uh, an American foreign policy commentator recently, recently wrote in the Atlantic, Democrats could use China for this purpose. It's a kind of all-encompassing argument about what our foreign policy can look like. That isn't just a grab bag of different positions and proposals. And on the Republican side, China is a good foil, from the perspective of good old-fashioned chest beating American patriotism. It's a good foil for a foreign policy hawks who believe in American primacy. And so for a Donald Trump, or a more traditional Republican like a Marco Rubio, China kind of works as a competitor. And so pretty much regardless where you fall out, fall on the political spectrum, having China be seen as this competitor or foil serves some political purpose. And that's dangerous. When that happens, that's how it consensus forums and that consensus in turn can lead to self-fulfilling prophecies that could be quite dangerous for American policy.

**Haenle:** So on the consensus that you know, we've had on China, I mean I've, I served in the Bush administration as China director and came over into the Obama administration, Obama administration as China director. And I, one of the reasons why I say that was possible is I saw a lot of consistency in approaches on China. What you hear now is there is consensus that the approach we used with China in the past is a thing of the past. It's no longer viable, but there doesn't seem to be a consensus on what policy approach we should use with China going forward. There's two common frameworks you hear now in the debate to describe the U.S.-China relationship. One is that we're moving toward a cold war with China. The other is that we're seeing dynamics around this Thucydides trap by Professor Graham Allison out of Harvard. Are either of those in your view applicable? And what framework, how would you think about it as we move towards finding a new consensus on approaching China?

**Sullivan:** You know, it's interesting, the national defense strategy and the national security strategy. Both use this phrase strategic competition to describe our approach to China. I have found that in Washington, if you don't really have a good idea of what your policy is, you just put the word strategic before it, right? Yeah, that sounds well thought through. But as you say, it doesn't really have a lot of clear substance behind it. I don't believe we're in a new cold war and I don't think that Thucydides trap accurately describes the relationship. And here's why. On the new Cold War, the foundation for the American strategy of containment, as promulgated by George Kennan who held my job as director of policy planning after the end of the Second World War. The premise behind containment was that the Soviet Union would one day collapse under the weight of its own contradictions. And containment was supposed to be the strategy to get us from here to there. I do not believe that the United States should build a policy in anticipation of the collapse of China or the Chinese government. Nor do I think we should root for that. That's not a good thing. That's not America's interest. Therefore, applying that kind of a cold war framework to American strategy I think would be misbegotten. I'd go further and say, um, that the U.S. and Soviet Union divided the world into competing economic camps entirely. The interdependence that we see now, uh, further undermines the case for the idea that a Cold War style framework can be applied here. On the Thucydides trap, what I find challenging about that is the Thucydides trap holds that when an established power in a rising power meet, a war is a likely result. And Graham Allison finds that in 12 of 16 cases in history, war was the result. The challenge I see is that the United States and China are both in some ways status quo powers and both in some ways, revisionist powers. So, so the Thucydides trap in my view doesn't apply. America's always trying to change the system. Just as we, domestically, have this kind of work towards a more perfect union and China wants to change certain aspects of the distribution of power, but also wants to keep some things just the way they are. And in fact, the current trade dispute between the U.S. and China,

in a way, the U.S. is acting more as the revisionist than China is. China is saying, hey, this is how things have been done for the last 20 years, and the U.S. is saying, well, things are going to have to change now. So you, I don't think you can accurately apply that strict framework just given the nature, uh, and the interest of these two countries. And the last point I'd make on the Thucydides trap is war is never unthinkable. That's why we prepare for it and plan for it. But it is verging on unthinkable in my view at the level, or of the type that Allison describes as a possibility. Because it is so profoundly not in the interests of the two countries and the field of competition in my view, is going to be technology and economics and influence, to a much greater degree than it is some sort of classic historical kind of notion of great power war. Um, that creates its own set of hugely difficult strategic questions. But thinking about the Thucydides trap in the 21st century context of the U.S. China relationship, I don't think really applies.

**Haenle:** The other downside that I, that I, I've seen here in Beijing and you and I have talked about this, um, the way the Chinese view the Thucydides trap as they see it as great work by Professor Graham Allison. And it proves that what's behind the increased tension between the U.S. and China is that the U.S. as the established power is simply worried about China becoming more powerful and more influential. Uh, and it's a psychological thing for Americans. It's nothing about, you know, how China is changing, as it grows in power of influence or Chinese actions that Americans may see or other countries in the world see is undermining their interests. It's all about Americans and how and, their own set of issues around China becoming more powerful. And I think that lets China off the hook, right? Quite a bit because what we see here at the Carnegie–Tsinghua Center, when we partner with our global centers around the world, whether that's Europe or the Middle East, Russia, India, is that the world is, is, is responding to a changing China. It's not just the United States. And so this Thucydides trap concept, unfortunately I think it lets China a little bit off the hook. Jake, I want to ask you, I know you're very involved in Democratic politics. You worked for former vice president Joe Biden. I assume you'll be very involved in the campaign over the next year and a half. And one of the questions that Chinese experts ask often here in China, uh, and many Americans ask as well, is when it comes to Trump and the Trump administration's approach to China, what is unique to Trump and the Trump administration and what may be with us for a long time to come. So in other words, if a Democrat won in 2020, how do, what things, elements of our approach to China do you think would, would remain and, and what might be different?

**Sullivan:** The first thing that's unique is, Donald Trump's view that he should deal with the China challenge in an entirely bilateral way. Just the U.S. versus China. And it goes back to the observation you just made, which is that there are a range of countries in different regions of the world who have concerns about various aspects of China's policies. And part of the United States, its response, if a Democrat were elected, would be to try to rally those countries in a united front. Not to try to constrain or put China in a box, but rather to present a set of common grievances and say, let's work these out in a multilateral context rather than a bilateral context. Where from that, that perspective from the Democratic perspective, the U.S. would actually have the leverage of a much wider set of actors to bring to the table,

**Haenle:** But instead, and not, not only not working with other countries, but decided to pick a fight with every other country.

**Sullivan:** Exactly. Donald Trump has, has essentially concluded that it is, completely sound strategy for the United States to fight a multifront economic war at once, wants to be fighting simultaneously with the Europeans and the Mexicans, um, to go back and forth between tariffs on countries like the Japanese, um, all the while, uh, pursuing this...plays right into China's hands.

**Haenle:** And they can go over and say, look, we're all being treated terribly by the Trump Administration.

**Sullivan:** So that would be a significant shift. A second shift, uh, between the way that President Trump approaches this and a Democrat would, is his, his overriding emphasis on the trade deficit, trying to get

purchases of American products up as the ultimate signal of success in the relationship. I think Democrats would put much more emphasis on broader structural issues, which fits into this, more multilateral rules based context, setting rules that United States and other countries it ask China to then sign up to and join and so forth. And then the third difference is, uh, President Trump is very much personalized this relationship to Xi Jinping and made it about his buddy Xi, and the two of them is strong men working things out. And I think a Democrat would view the relationship in a more systemic way that there's a, a lot of factors that go into it among them, a difference in value sets and value systems. And I think you'd hear more from a Democrat about different perspectives on those kinds of questions. Where I think there will be continuity is, uh, on concerns around, um, the state of play in the technology relationship. Um, how this exactly plays out is still somewhat up in the air because there is a set of concerns in Washington that have not been well translated into policy. But the idea that there are going to have to be some areas in which, um, national security concerns dictate different policies and wear a different view of issues like privacy or use of data. Um, the role of technology in surveillance, um, will mean that the U.S. and China are going to have to work things out. That conversation which has started under the Trump administration will certainly continue under a Democratic president.

**Haenle:** And this gets at the question of values then too. And around issues of China promoting alternative forms of global governance, uh, exporting authoritarianism. And I would imagine that a Democratic president would try to address that more head-on than we've seen from President Trump.

**Sullivan:** Certainly, yeah. He doesn't seem to really think about that aspect at all for him. This is just a point-to-point, Washington-to-Beijing thing and what Beijing is doing with respect to the perfection of authoritarian technocracy and then its export is not something I think that's on his radar screen. Democrats already on the campaign trail are talking much more about this, all of the candidates. Um, but I think what you would expect to see from them is less a direct confrontation with China over this in a given third country and more an effort to make the case for the values that the United States has long embraced of openness, transparency, accountability, uh, individual rights and freedoms and the like. I think that argument is going to get reconstituted and reinforced if a Democrat is elected. Um, and the conversation between Washington and Beijing that, in that conversation, this issue will be raised in terms of its relevance and significance as a priority with Chinese leadership to say this is a concern of ours. Um, you know, this doesn't comport with what our values are. Um, and so I think that'd be a big difference between what we see today and what you would see in a democratic administration.

**Haenle:** Before we finish, we'll have to ask you about the ongoing trade negotiations. We seem to have hit an impasse, uh, on the Chinese side. I guess there was somewhat of a feeling that it was too much in the 150 pages of what China had to do. There was a feeling in China that it imposed on, on China's sovereignty to demand that certain things be passed into law and there's questions about whether the Trump administration will eliminate the tariffs and the U.S. side, there seems to be, uh, you know, the, the concern that China is doing what it had feared China would do, which is backtrack on the commitments that it made. And of course there's concerns that it will follow through and sort of the implementation. How important in your view, is this trade deal to find a positive outcome? And, where do you think President Trump is on this? Is he, do you think that he'll want to conclude this in terms of, you know, before moving into the presidential campaign, or do you think that he sees it as good politics to have this trade negotiations still going on, uh, as he approaches the campaign?

**Sullivan:** Well, first, I do think it's important to put a floor of stability under this relationship in this moment. I think a deal would be good for both countries and it will not resolve all the issues between us by any stretch, but it will allow for a foundation upon which to build. I also believe that Donald Trump will ultimately reach the political conclusion, and this is doing the dangerous thing of getting inside his head. Um, so with that proviso, I think he will reach the political conclusion that a deal is better than no deal, and that he will be willing to accept a deal that maybe his team led by Bob Lighthizer is not entirely

comfortable with that. He wants to be able to try to sell, um, progress. I put on these tariffs and look what the Chinese gave me, this historic achievement. We just saw with Mexico his willingness to package something that was modest at best into, you know, a great victory and try to sell it to the American people. I think he will do the same thing with China. And the real question is when. He may want to play this out for awhile, um, to continue to reinforce the idea that he's gotten very tough with China. But I would be surprised if we got deep into 2020, and Donald Trump was, um, still, uh, it, still have the tariffs on and hadn't done the deal and opened himself up to the argument that for all the pain he's inflicted and all of this Sturm und Drang, he couldn't deliver. So that's my prediction. Like we can, we can,

**Haenle:** So you think he's more exposed politically not without having done a deal than he is having done a deal.

**Sullivan:** I think that will be his conclusion that, that he will be less comfortable defending his inability to close the deal than he will be defending whatever shortcomings or gaps are in the deal. I think this is all about politics in 2020 now for him. And if I'm right about that conclusion inexorably that would lead you, um, to predict a deal. Now, it could be months from now. The view in Washington that he just wants to go into 2020 continuing to bang the Chinese on the head, you know, punch him in the face. I'm skeptical of that because I don't think he's going to want to hear every day from a Democratic nominee that he just couldn't get the job done.

**Haenle:** Well, to support your argument, it seems from the very beginning he's been most interested in getting China to buy more American product. And, uh, apparently part of the deal is \$1.2 trillion worth of purchases over six years. And I think he's been convinced over time by Lighthizer and others that the structural issues, that making progress on those structural issues is important too. But he seems to be much more concerned about the product. And probably wants to roll that out in the context of a presidential campaign.

**Sullivan:** I mean, seeing it sit there, sit out there and this bright shiny object that he could grab at any point and say, look what I got. It will be hard for him to resist the temptation all the way to November of 2020.

**Haenle:** Absolutely. Well, Jake, thank you for joining us on the China in the World podcast and here at the Carnegie–Tsinghua Center and I think have a sense that the next year and a half might be quite busy for you, so we're glad to have had this opportunity and we welcome you back at some point.

**Sullivan:** Thanks for having me.

**Haenle:** Thanks. Thank you for joining the China in the World podcast. Be sure to check out more content from the Carnegie–Tsinghua Center on our website