The United States and China appear on an unnecessary collision course, or at best headed toward a deep chill in their relationship that will be damaging to both countries and globally.

I. Five problems in the relationship need to be addressed to shift this trajectory to move the relationship onto a more productive and stable track.

(1) Mutual trust deficit
The US and China have a history of cooperation, but a longer history that includes conflict and a period of protracted animosity during the Cold War.

(2) Prophecies
Current patterns suggest a China on the rise in terms of global power and a US on the decline, feeding narratives about the ineluctability of conflict between the two countries.

(3) Mutual zero-sum thinking
In part because the two sides share the assumption that conflict is likely, they both engage in zero-sum thinking. The US has been the dominant global power since the end of the Cold War and maintaining this status is now seen as key to its stability. China’s rise in relative power is a significant concern. China has defined certain issues, including some involving sovereignty disputes, such as Taiwan and features in the South China Sea, as “core interests,” with the implication that they are issues on which no compromise is possible from China and over which Beijing is prepared to use force.

(4) Mutual misunderstanding about the priority given to certain issues deemed national or core interests. Washington may not fully appreciate China’s willingness to use force in defend its sovereignty claims in the South China Sea and Sea of Japan. China may not appreciate the extent to which the US identifies itself as a Pacific power, nor appreciate the depth of the American commitment to its allies.

(5) Reactiveness on both sides in their bilateral relationship. China’s growing power and assertiveness in some spheres appears to have given Washington the sense that it is no longer in the driver’s seat, while in fact China still rarely leads in the international arena, including in its bilateral relationship with the US. The US has begun reacting to Chinese behavior when it has more influence over the bilateral dynamic.

II. Each of these issues in the relationship have implications for its current tenor:

(1) Both sides are engaging in hedging and balancing behavior;
(2) Neither side is as situationally aware as would be wise, focused on each other to the detriment of a perspective that would take into account other potential international threats as well as opportunities.
(3) Cooperation, negotiation or accommodations of mutual interests are seen as appeasement or weakness.
(4) The odds of miscalculation leading to conflict are high.
(5) The US is missing an opportunity to lead the relationship in a new direction.

III. How should the US respond?
(1) Bear in mind the sources of mistrust as it makes policy to anticipate, manage or prevent certain reactions from Beijing; continue to cooperate on functional issues as possible; continue to develop “rules of the road” in areas of tension.
(2) The US should plan for multiple future international scenarios, focusing on developing its ability to adapt and respond flexibly, recognizing that China could become a partner rather than an adversary.
(3) Engage in processes—bilateral, multilateral, minilateral, etc.—that put issues that damaging the relationship on the table to defuse tensions and allow pathways for steady if incremental progress toward resolution—do not attempt grand bargains.
(4) Communicate with Beijing on American interests in the Western Pacific clearly and transparently. Read official Chinese statements as position statements and statements of intention.
(5) Be clear about US goals. Exercise leadership where China can partner. Act with confidence. Think about goals beyond deterrence.

<table>
<thead>
<tr>
<th>PROBLEM</th>
<th>IMPLICATION</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual Trust Deficit</td>
<td>Hedging/ balancing</td>
<td>Understand sources of mistrust as makes policy</td>
</tr>
<tr>
<td>Prophecies</td>
<td>Tunnel vision</td>
<td>Plan for multiple scenarios, aiming at flexibility</td>
</tr>
<tr>
<td>Zero-sum Thinking</td>
<td>Cooperation as appeasement</td>
<td>Multiple processes to enable defusing tensions and pathways for incremental progress</td>
</tr>
<tr>
<td>Misunderstanding</td>
<td>Increased odds of miscalculation</td>
<td>Communicate clearly and transparently; read Chinese materials. Read official Chinese statements; reduce potential points of conflict.</td>
</tr>
<tr>
<td>Reactive Approach to Bilateral interaction</td>
<td>US missing opportunity to set relationship on positive course.</td>
<td>Goals beyond deterrence.</td>
</tr>
</tbody>
</table>