

The right way to confront China

Biden administration should show world why it is better to partner with US

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The U.S.-China relationship is heading for more confrontation because there is too much at stake politically for President Joe Biden at home for him to look for a reset, and because Biden and, for that matter, pretty much the entire political spectrum in the U.S., has serious objections to China's vision of the way the world should be run.

In the near term, that means the countries will continue lobbying tariffs and sanctions at one another. The question for the rest of the world is how far the Biden administration will push this confrontational U.S.-China relationship onto other countries, forcing them to choose between Beijing and Washington. Fortunately, the Biden team is a practical bunch.

It was not long ago that the Trump administration strongly pushed countries to cut Chinese hardware out of their fifth-generation, or 5G, wireless networks. While some countries obliged -- most notably the U.K. and other steadfast U.S. allies like Australia -- most strategically avoided making that decision.

Unless you are in desperate need to keep Washington happy for other critical reasons -- the U.K. needs a free trade treaty and good trading relations with the U.S. post-Brexit, for example -- signing up with one of the two economic superpowers to the exclusion of the other is to be avoided as it limits the ability to play one against the other as the geopolitical need arises.

Then there is the fact that most developing countries do not have the luxury of turning down money and technology offered by Beijing, much of it through its Belt and Road and Initiative, or BRI, to better the lives of their citizens. If Washington demands that doing business with the U.S. requires not doing business with China, it risks ceding much of the world to Beijing, the opposite of what it needs to be doing at such a critical geopolitical moment.

U.S. President Joe Biden, right, with Secretary of State Antony Blinken, center, and national security adviser Jake Sullivan in the Roosevelt Room at the White House on March 1. © AP

The Biden team knows this; it is also more attuned to perceptions of the U.S. abroad than the Trump administration and understands the limits of trying to force countries into making these painful decisions. Instead, they are returning the U.S. to the bedrock principle of capitalism: competition.

Washington's overarching aim is to competitively coexist in as many third-party countries with China as possible to make sure none fall completely into China's orbit. The U.S. recognizes the need to compete with China in dispersing funds and investments to the countries that need it most and that are already being chased by Beijing in Latin America, Asia, sub-Saharan Africa and Europe. These countries may not always do Washington's bidding in such a competitive environment, but they will not be guaranteed to do Beijing's, either.

Pursuing this policy of competitive coexistence will be challenging. China is a state-directed economy, which means Beijing is able to more efficiently deploy Chinese businesses and funds in ways that directly benefit Chinese national interests.

But the U.S. still has plenty to offer if it is strategic about foreign aid and giving incentives to private companies to invest in projects in important countries. Washington can also use its existing leverage to push multilateral institutions like the IMF to provide loans at favorable terms and with more transparent financing than those offered by the Chinese, to say nothing of the added benefit of strengthening these multilateral institutions in the process.

We have already seen countries begin to back away from certain BRI projects, a sign that some recipient countries have begun bristling at the onerous terms being demanded by Beijing to build projects that are typically of lesser quality than their Western-backed alternatives.

China hawks in the U.S. will object to America directing money toward countries that are also doing business with the Chinese. But that is the wrong way to think about confronting China. The Biden Administration feels confident in the U.S.'s ability to compete with China abroad, leveraging the U.S.'s particular strengths to do so.

More importantly, it recognizes that it is in America's interest over the long run to show the world why it is better to partner with the U.S. over China, rather than just demanding they do.