

There is a seductive logic to treating foreign policy like a business. Cut the deal, extract the value, move on to the next counterparty. No sentimentality, no lectures, no expensive entanglements—just leverage, applied where it works and withheld where it doesn't. This is the animating instinct behind what might be called a “China-first” strategy, and it has admirers far beyond Beijing. In a world weary of moralizing and skeptical of alliances, the idea that statecraft is just dealmaking by other means has obvious appeal.

It is also wrong. Not because China is weak—China is large, connected and consequential, and any serious strategy has to reckon with that. China-first fails for a subtler reason: a foreign policy organized around transactional bargains, coercive leverage and short-term wins cannot manufacture trust, durability or broad coalitions. It can move capital and apply pressure. It cannot reliably build legitimacy, and legitimacy is the real currency of power. The longer Beijing runs the experiment, the clearer the ceiling becomes—and the more instructive it is for Washington, where the temptation to imitate the transactional model is growing.

Start with the core flaw. A China-first strategy treats diplomacy as a ledger: book the gain, settle the account, advance. That works in narrow commercial settings, where the scope is clear and the relationship ends at the closing. But foreign policy is not a spot market. It is a long game in which allies, institutions and reputations compound over time, the way interest does. The decisions that matter most are made not when the deal is signed but years later, when stakes rise and a country has to decide whom to trust. A ledger has nothing to say about that moment. A relationship does.

China's own conduct illustrates the limit. Its foreign policy is frequently described as flexible on easy questions, rigid on core interests, and unpredictable when those interests collide with someone else's. That profile is perfectly rational for a transactional actor—why concede on anything that matters?—but it is corrosive to trust. The predictable result is a statecraft that secures compliance without achieving conversion. Countries will accept Chinese capital,

infrastructure and market access. That is not the same as believing Beijing will be a dependable partner when the bill comes due. Even sympathetic accounts of Chinese development finance concede that instability, opacity and recipient-country corruption have a way of boomeranging back onto China's own interests. Compliance is rented. Conversion is owned. China-first keeps confusing the two.

Consider what coercion actually teaches. Transactional policy assumes every relationship can be managed with the right mix of incentives and penalties. But the carrot-and-stick model only holds when both sides agree on the rules, the scope and the end state. Press past that point and the logic inverts: the more a great power leans on coercion, the more it instructs everyone watching to diversify away from dependence rather than deepen it.

The record bears this out. When Lithuania allowed a Taiwanese representative office to open under the name "Taiwan," Beijing effectively dropped the country from its customs system—and the punishment spilled beyond the bilateral quarrel into European supply chains, as firms found components from Lithuania quietly blocked. The intended lesson was that defiance is costly. The lesson absorbed across Europe was that dependence on China is a liability to be hedged. Australia learned a parallel version. After a run of disputes, Canberra faced a barrage of tariffs and informal bans designed to make an example of it. Instead of isolating Australia, the episode hardened the case for collective resistance among like-minded states and accelerated the search for alternative markets. Coercion meant to compel deference produced something closer to a coalition. That is the recurring problem with leverage as a governing philosophy: it is visible, it is memorable, and it radiates outward to every government that might someday be on the receiving end.

The signature China-first instrument has been lending, above all through the Belt and Road Initiative—and here the gap between promise and reality is widest. The lending boom followed a now-familiar arc: marquee projects, thin transparency, mounting debt stress, and then rescue lending and maturity extensions that postpone the reckoning rather than resolve

it. The numbers tell the story of a model that has quietly pivoted from expansion to triage. AidData has documented 128 rescue-loan operations across 22 debtor countries, worth some \$240 billion through the end of 2021. That is not the balance sheet of a confident creditor extending its reach. It is the balance sheet of a lender managing a portfolio of distressed loans and the resentments that come with them.

The cautionary tale everyone cites is Sri Lanka, where the port at Hambantota became shorthand for a country losing strategic control in the wake of debt distress. But Pakistan is the more current and more telling case. The vast energy and infrastructure commitments under the China-Pakistan Economic Corridor were sold as a transformational partnership. They have instead become a fiscal millstone, with debt service and contractual capacity payments squeezing an already strained budget and forcing repeated rounds of renegotiation. If the policy's promise was leverage over a client state, its reality is a creditor trapped managing bad loans and placating angry borrowers. Leverage, it turns out, is a relationship, and relationships have two ends. The borrower's distress becomes the lender's problem. The supposed master of the bargain ends up its hostage.

China-first proponents have a fallback: even if the finances are messy, the infrastructure itself wins affection. Build the road, the port, the power plant, and gratitude follows. The evidence cuts the other way more often than not. A study of Chinese-funded projects in Ecuador found that exposure to those projects was significantly and negatively correlated with trust in the Chinese government. Proximity to the investment did not breed goodwill; it bred wariness. Visibility, it turns out, is not the same as legitimacy. People living alongside an opaque, foreign-financed megaproject do not experience it as a gift. They experience it as a question—about who profits, who decides and who is left holding the risk.

This is the deeper truth that a ledger cannot capture. Modern influence is not mainly about access to ports, mines and rail lines. It is about whether local publics regard you as fair, predictable and genuinely useful. Beijing's "win-win" vocabulary is meant to sound

constructive, but yoked to opaque financing and episodic political pressure, it reads less like partnership than like branding—a slogan asked to do the work that trust should be doing. The global mood reflects it. Pew's 2025 survey found a median 36% favorable view of China across 25 countries, against 54% for the United States, even though China's standing ticked up modestly in some places. A great power can buy a lot with money and pressure. It cannot buy a reputation, and the reputation is what determines whether anyone will follow it into a storm.

Which brings us to the asset China-first most badly underrates: alliances. The United States and its partners remain the world's most durable force multiplier for an unglamorous reason. Trust, once established, generates shared intelligence, basing and access, logistics, common standards and crisis support—goods that cannot be purchased on demand and cannot be conjured in an emergency. They have to be accumulated in advance, through years of showing up. China's approach substitutes bilateral bargains for thick alliances. That is efficient in the short run and brittle in the long run, because a web of transactions has no reserve of goodwill to draw on when something goes wrong. Each relationship has to be re-priced at every turn, and a partner who must be re-bought before every crisis is not really a partner at all.

The brittleness surfaces precisely in the countries that have felt Chinese pressure. Rather than retreating into intimidated silence, they tend to go looking—for partners, for legal remedies, for supply-chain alternatives. Lithuania's ordeal helped knit together a broader democratic response to economic coercion. Australia's experience became a case study in why resilience beats dependence. The coercion designed to isolate ended up doing the organizing. This is the boomerang at the heart of the whole model: leverage applied as a weapon teaches its targets to build the very coalitions the wielder feared.

None of this is an argument for Western naïveté, and it is emphatically not an anti-China argument. China is too big, too networked and too important to wish away or wall off. The

point is narrower and more durable: transactionalism, by itself, is not a strategy. A great power can and should bargain hard. But it also has to invest, persuade and sustain institutions that outlast a single administration or a single crisis. The deals are the easy part. The trust is the hard part, and the hard part is the part that compounds.

That is where China-first runs headlong into its own mirror image. It asks the world to accept Chinese terms while offering precious few reasons to trust Chinese intentions over time. So the world does the rational thing. It takes the money, buys the goods and hedges its politics—without reorganizing its long-term future around a partner that treats every relationship as contingent and every concession as temporary. The enduring lesson of Chinese statecraft is not that transaction wins. It is that transaction without trust eventually stops scaling. There is a hard ceiling on how far you can get when every counterparty assumes you will defect the moment it serves you.

For Washington, the warning writes itself. The transactional style is tempting precisely because its wins are vivid and immediate—a tariff threat that extracts a concession, a deal that books a headline. But a foreign policy that worships leverage will eventually rediscover that leverage cuts both ways. Borrowers resist. Neighbors balance. Partners hedge. The flashes of advantage are real, especially where money is scarce and pressure is cheap. What they cannot deliver are the deeper assets of power: credibility, consent and endurance. Those are built slowly, through the unglamorous work of being reliable, and they are the only assets that hold when the weather turns.

China-first will fail as a governing philosophy for the same reason any ledger-bound strategy fails. It mistakes the transaction for the relationship and the moment for the long game. In the end, states remember the things a ledger never records: who helped and who coerced, who kept their word and who renegotiated it, who was standing there when the bill came due. That memory is the real currency of power. It cannot be borrowed, and it cannot be bought. It can only be earned—which is exactly what a strategy built on leverage was

designed never to do.