To the Editor:

In "The Annual China Brawl" (editorial, May 12), you say that Washington should "match specific Chinese misconduct with strong, targeted sanctions" in contrast to an across-the-board increase in tariffs. But policy-by-sanction is misguided, no matter how nuanced.

No one can deny that many aspects of Chinese behavior are contrary to our interests, but when has there been a viable relationship between two nations when one is constantly scolding the other and pursuing a policy of threats, condemnations and sanctions?

You say trade "strengthens a regime that abuses the rights of its people, bullies its neighbors and undermines American arms control policies." This ignores the billions of dollars and millions of jobs that benefit us; it ignores the way trade has facilitated economic reform in China, leading to improvements in the lives of millions of Chinese, and it ignores the links that trade forges between our societies.

You acknowledge that our leverage is limited when we act by ourselves. But you say that if we can't get international help, we should act by ourselves anyway. Should we not press Europe and Japan to stand with us when it counts?

We need a thorough review of where we are headed with China, and we need to fashion a more sophisticated, less confrontational policy.

JEFFREY E. GARTEN New Haven, May 12, 1996 The writer, dean of the Yale School of Management, was Under Secretary of Commerce, 1993-95.