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| Sarwar Kashmeri: | Okay, I think we are just about all here so I'll get started. Nǐ hǎo, greetings. I'm Sarwar Kashmeri, Fellow of the Foreign Policy Association, Professor at Norwich University. I'd like to welcome you to the first of the panels on U.S.-China relations. As you know, China has become a big focus of this year's World Leadership Forum, so it's my pleasure to introduce you shortly to our four panelists. And I might just say at this point that it would be almost impossible to have a serious discussion on U.S.-China relations without one of the four panelists that you will hear from today. So this is a substantial bench that we have. |
|  | Let me just start by telling you that it was not long ago during Deng Xiaoping's leadership in China that we all got used to Tao Guang Yang Hui, and that basically with nǐ hǎo exhausts my entire knowledge of Mandarin. But Tao Guang Yang Hui basically was the principle that China needed to focus on its domestic affairs, not international affairs, so that it could continue to improve. But under President Xi Jinping that has dramatically, as you know, changed. China now has an enormous relationship growing with the world, seemingly a bulletproof economy, unstoppable creation of billionaires, and much of this is reflected in the trillion dollar initiative that President Xi Jinping announced a few years ago, the One Belt, One Road Initiative, or widely, colloquially known as the New Silk Road. |
|  | Many of you know that this is going to be, if all works according to plan, the largest foreign investment in other countries in the history of the world. A trillion dollars being invested over 60 plus countries to connect China, through Asia, through the waters of Southeast Asia, into Europe. The Port of Gwadar in Pakistan, where billions of dollars have been invested in connecting China to the Arabian Sea ... have a naval base there, a fort. The Malacca Strait, through which 80% of the world's commerce goes. The Greek Port of Piraeus, which is being developed under a long lease by China, which will then connect by a high speed rail to Central Europe through Budapest. So this is a huge, huge construction that has the potential to increase China's influence around the world. 60 plus countries. |
|  | By the same token, there are people who talk about the cultural issues that are inherent in such an initiative. The idea that China will go along the path of a lot of other countries that have attempted to do this. There are some people who think that China's, if I may use the word, aggressive, I'm using it in a positive sense, behavior to connect through 60 plus countries, many of whom are American allies, might reach an inflection point where the allies will start to get a little turned off with what's happening. Corruption. There are those who say that China, endemic corruption. There are others who say in spite of corruption it's continued to grow. And on and on and on. |
|  | So the question that I'd like to leave you with as we get into our panel is, is this enormous development, China, does it have the potential to strategically outflank the United States politically, militarily, economically? Or, as Warren Buffett has often said, "Who has ever benefited, made money, by taking on America?" Vice President Biden used to say, "No one has ever made any money by gambling against America." |
|  | So with that, let me introduce our panel. I'm going to make the introductions very short because I'd like to give the audience a chance to react. The way we'll do this panel is after my introduction each one of the panelists will have a few minutes to talk about the topic. Depending on time, I may then ask a question to the panel, otherwise we'll go straight to you, which is where all the serious business of the panel takes place anyway. |
|  | So right next to me is Susan Shirk. She's Chair of the 21st Century China Center and Research Professor at the University of California, San Diego School of Global Policy and Strategy. She's also a former Deputy Assistant Secretary of State in the Bureau of East Asia and Pacific Affairs for China, Taiwan, Hong Kong, and Mongolia. And Susan, if it's okay, do you mind if I just have you give your remarks as I introduce you? Then I'll go on to the next person. So, Ms. Shirk. |
| Susan Shirk: | Okay. Well, thank you very much. It's a pleasure to be here this morning. In my remarks, I want to emphasize two things. First of all, that China is in the midst of an intense period of domestic politics, in the lead-up to the 19th Party Congress, which happens every five years. It's China's selection of its top leaders, and it comes mid-term in Xi Jinping's, if he were going to serve two five-year terms as has become normal. And it's the period in which he is attempting to consolidate his power beyond the level that any other leader since Mao Zedong has done. So the stakes are high in domestic politics. I'll get to that in a minute. |
|  | The second point I want to make is that China's stance toward North Korea is wrapped up in its domestic politics. So it's not simply a matter of national strategic interests. It really has a lot of domestic politics wrapped up in it and that makes it a very interesting and unique foreign policy situation for China, quite different from its other policy stances toward Japan or the South China Sea or its relationship with the United States. |
|  | So juts very quickly, Xi Jinping came into office and surprised everyone, frankly, by how ambitious he was and how much he was modeling his leadership style on more Mao Zedong than Deng Xiaoping. He has now, in the lead-up to the 19th Party Congress, managed to demote or arrest through party disciplinary anti-corruption efforts large numbers of the political elite in China. In effect, it's a purge using anti-corruption and party discipline, which clears out a lot of people, a lot of potential rivals or followers of potential rivals, so he could replace them himself. |
|  | Typically, patronage in China is shared by the members of the Standing Committee, the collective leadership, and some retired leaders. But it appears that Xi Jinping is remaking the rules and centralizing more of this power to make appointments and to punish potential rivals than leaders have done before. It also appears that, instead of having a normal mid-term where you would appoint successors-in-training so that five years from now at the end of the ten years they would succeed him, he may actually go for broke and not put any successors-in-training in the Standing Committee, creating tremendous uncertainty over the next five years about what his intentions are. Will he try to stay on indefinitely, not just a third term and indefinitely? Or will there be a normal, orderly succession in power in 2022? |
|  | So the stakes are very high. How is North Korea wrapped up in that? It's a very interesting situation because many in the expert community and in the population at large, the urban educated population at large, are ready to cut off North Korea. They feel that North Korea has insulted China in many ways, disregarded China's advice, and is now endangering China by its reckless buildup of its nuclear missile capabilities, including threatening people who live in northeastern China with radiation, with seismic shocks. And people just feel, "Who needs it? Let's just get rid of them. This is an albatross." |
|  | But Xi Jinping has not made this strategic shift. I believe that's because he is more of a kind of Communist fundamentalist, if you will. And he believes that if North Korea were to become destabilized and the Kim regime falls, that that's one less Communist country in the world. Makes China all the more isolated. He even worries that it could have domestic consequences. Some people in China even suggested to me, I think this is unlikely, but if the North Korean regime were to fall, somehow people would come out in the street to celebrate and might turn against the Chinese leadership itself. So this insecurity that all Chinese leaders have about their support translates into a continued ideological and political affinity with North Korea, despite the fact that the Kim regime has ignored China's advice in so many different respects. |
|  | So what's interesting is you get this divergence in official policy and the expert and public opinion, which rarely happens. You don't really have a big nationalist support for North Korea in China. So that does create some opening potentially. Maybe Xi Jinping might make that strategic shift after the 19th Party Congress. I still wouldn't bet on it, but it's a very interesting situation. |
| Sarwar Kashmeri: | Thank you, Ms. Shirk. Let me introduce now Mr. Orville Schell. He's the Director of Asia Society's Center on U.S.-China Relations, the Arthur Ross Director of the Center on U.S.-China Relations, he's a former professor, Dean of the University of California, Berkeley Graduate School of Journalism. Orville has been traveling to China and writing about it longer than anybody else I think I know. So let me turn the floor over to Dr. Schell. |
| Orville Schell: | Okay, well thank you. I think probably the reason all of you are here is because you recognize that the future, in many ways, of our world depends on how the U.S. and China get along. And I think we can easily catalog those issues which require and depend upon U.S.-China cooperation. There are, as Susan has mentioned, in North Korea issue of nuclear proliferation. It's absolutely at the top of the list. There are pandemics. World trade is no small thing. These are the two biggest partners in the world. And I think probably the most consequential issue in the long-term of course is climate change. Without the U.S. and China working together, we simply will not find a remedy. |
|  | That said, having spent my whole life toiling in these vineyards of U.S.-China relations, I have to tell you that I'm very alarmed by what I see as I go around the world. Because increasingly it seems to me the relationship between the U.S. and China is being ladened with more tensions rather than less tensions. Indeed, that China's ambition, which one can hardly fault them for ... And indeed they have much to be proud of, many successes, and there's much to acclaim. When ambition becomes completely unyielding, it is very difficult to fit into the order that exists and to shape that order in a way that makes other countries feel comfortable and at ease. |
|  | I think here China has many lessons to learn. What alarms me most as I go around, though, is the recognition amongst people from all walks of life in Europe, in Asia, in our own country, from diplomats to businesspeople to civil society staffers, think tankers, academics, clergy, military ... that I notice an alarming drift away from the presumption that engagement, that great word that has underlain the last few decades of our relationship with China, is still effective. That indeed it is leading toward more convergent societies rather than divergent societies. |
|  | If in fact you can't make the case for convergence, then you have to really examine the logic of and the rationale for engagement. And I think everybody would agree we have to engage somehow. The question is, how do you do it if you no longer believe we are, generally speaking, heading toward some more or less convergent goal or goals where there is sufficient overlap to justify trust. That is the other element of the equation which I find quite worrisome. I think we are experiencing a diminishing, not an increase, in the levels of trust. An elevation of suspicion. And I think when it comes to the incontrovertible conclusion that much of this distrust, and it has different forms and different sides, grows out of the unresolvable fact that we have different political systems and different values and we simply don't agree with each other. |
|  | By that standard, the wooly-headed idea that more understanding, more closeness, more interaction will create more understanding, we have to also countenance the possibility that we will create less understanding. The more we understand about how China works, the less we are going to like it. The more they understand about our evangelical democracy export mentality, the less comfortable they are going to feel with any interaction with us because it will undermine them. One-party system, Leninism, et cetera, et cetera. I won't go into the litany of whatever those things are, those elements which constitute China's identity today. |
|  | So I think we are at a real point of inflection that is amplified in a thousand different ways if you look at it as a businessman, as a clergyman, as a scholar, but that in each case we find less rather than more convergence, and that is very worrisome in a world that has become more interdependent, more globally connected. And whose state is more bound up in the ability of these two behemoth and now our own behemoth with very questionable leadership in my view, so that both sides of the equation become unstable. Susan spoke very eloquently about the challenges China's confronting. Well, we certainly do not want to underestimate the challenges that we ourselves are confronting in Washington. |
|  | So all this said, I find myself quite alarmed. I actually never imagined that at my age, having started to engage with China in the late 1950s, that we would be on trajectories that were diverging rather than converging. And I find that very alarming and worrisome. So I'll stop here. |
| Sarwar Kashmeri: | Gosh, I better get a drink of water. Let me introduce Dr. Yukon Huang. I've read a number of his columns over the years and there's no direct connection but there's an old saying, Yukon, that you've probably heard, that when the economy is really doing well it's the job of the treasury to take the bowl of cherries away. So let me introduce the Asia Program senior fellow, Carnegie Endowment for International Peace in Washington, D.C. He was formerly the World Bank's Country Director for China, he's an advisor to the World Bank, the Asian Development Bank, and the Asian Infrastructure Investment Bank. Dr. Huang, the floor is yours. |
| Yukon Huang: | Thank you. Following these two distinguished political scientists, I'm going to bring you down to the lowly level of an economist. I just finished a book on China's economy. The basic point is, why do views on China differ so much? And why in my view is conventional wisdom usually always wrong? If it is wrong, then the policies that are formulated on this basis are wrong. My book goes on to say this is part of the reason why tensions between the U.S. and China worsened over the years. If we can actually understand what is going on in a more technical economic sense, this will have important bearings on the political relationship. |
|  | So let me start off with a very simple point. Let's take perceptions. Gallup polls you every year the last 10 years. The question is, who is the world's leading economic power? Americans by strong majority say China is. You ask the same question to the Chinese, who is the world's leading economic power? They will say America is. Who's right? The Chinese are right. Why are the Americans wrong? What insecurity drives Americans to respond to this question differently? And by the way, every other region in the world says America is, but the Americans don't realize it. Economic factors shape this, but they shape in the wrong way. |
|  | Take a second question, more personal. Do you like or dislike China? This is a question being asked of you. Technically, are you favorably or unfavorably disposed toward China? |
| Sarwar Kashmeri: | Dr. Huang, may I just interrupt? Let's have a show of hands. |
| Audience: | Like them? Wait. Okay, there you go. |
| Yukon Huang: | It's hard for, I think, anyone to believe that 10 years ago overwhelming percentage of Americans were favorably disposed to China. Today it's totally reversed. It's unfavorable by a large margin. How do you explain this? So in my book I explain this by economic factors. And I show how economic factors affect political factors, and they reverberate on each other. |
|  | Today we have a double whammy. We're not only worried about North Korea, South China Sea, a surge in this, the One Belt, One Road. We're worried about trade tensions, foreign investment tensions. The White House has threatened to use these tensions to influence political decision-making. The Chinese are very worried about this. They believe that economic issues should be kept separate from political. But to be fair, China uses economic levers to push their political objectives, too. |
|  | So this is likely to become a big concern. But is the U.S. going to do this? Are they going to try to use this leverage to gain, let's say, more influence on North Korea or to rein China back on the maritime seas in Southeast Asia? Or do they worry very much that if they did so, it actually would end up hurting the Americans? Cutting off the supply chain. Raising prices for American firms. Raising prices for American consumers. Is this actually an effective vehicle? Not too sure. |
|  | But the basic problem here is America's views on trade and foreign investment are actually totally wrong. Most Americans think that America's trade deficit, which is huge, is due to America's trade surplus, which is equally huge. But as I say in my book, there's actually no connection between America's trade deficits and China's trade surpluses, but everyone thinks they are. And this means that the policies formulated are wrong. If you ask the White House, "Are American companies investing too much in China? What percentage of America's foreign investment overseas goes to China?" And the answer is, "It's too large. Loss of jobs, loss of competitiveness." |
|  | So what percent of America's foreign investment actually goes to China? The answer is less than two percent. The question is quite different. Not that American companies invest too much in China, they actually invest too little. And the other question is why. Why do they actually invest too little and how do we know that it's too little? We can compare with Europe. 15 years ago, the amount going to China from Europe and the United States was exactly the same. Today, Europe volumes are multiple higher. There's something about the structure of the American economy, the structure of the European economy, and the structure of China's economy that has allowed Europe to actually increase its presence in terms of foreign investment multiple more than America. But if you don't understand this, actually, we don't even know how to use this question of foreign investment. |
|  | So what is the focus on foreign investment in the press today? The focus on foreign investment is three questions. That Chinese are tough competitors. Policy response should be, "We in America, we really have to up our game." That Chinese do illegal things, they steal technology. And occasionally they do, but there's recourse. There are legal means to deal with this. And lastly, increasingly the gray area, that Chinese do not play fair. They don't allow American companies to come in, they have too much leverage. What do you do about this? |
|  | Now there are good ways of dealing with this. One of them is the bilateral investment treaty that's been negotiated between the U.S. and China for years. You use this to equalize the playing field, but the White House does not want to. Why? Because it feels that if I actually had a treaty, there would actually be more money going into China investment, and they don't want that to happen. This is a risky situation. It's not particularly very helpful. |
|  | These are examples of the kinds of issues that I think are out there. But on most of the foreign economic issues, the perceptions that Americans have of them are wrong, and, frankly speaking, the perceptions on the Chinese side are wrong. So you end up with what I would call a win-win, a zero-sum game. But in fact there are many economic issues that if they're properly understood would end up being what the Chinese refer to as win-win outcomes, potentially making it easier to deal with the very touchy and tense political issues that my colleagues here have been addressing. Let me stop here. |
| Sarwar Kashmeri: | Thank you, Dr. Huang. And last but not least, Ms. Bonnie Glaser, who's Senior Advisor for Asia, Director of China Power Project at the Center for Strategic and International Studies. She works there on issues related to Asia-Pacific security with a focus on Chinese foreign and security policy. So, Ms. Glaser, the floor is yours. |
| Bonnie Glaser: | Thank you very much. See if I can stir the pot a little bit more, since we've had so many good issues that have been put on the table so far. If we look at today China's grand strategy and U.S. grand strategy, it seems to me that China's grand strategy is almost clearer than that of the United States. And particularly how the United States fits into China's grand strategy, how China fits into U.S. grand strategy. |
|  | Should we look back under the Obama administration, there was a clear strategy to shape and influence China's rise, to try and convince China to take on some of the global problems like climate change that Orville talked about, to step up in the world and take on greater responsibility. I think that under this administration we haven't seen a single Asia policy under Trump. We don't really know what he is trying to do with China, other than to deal with our trade deficit and what the president sees as unfair economic trade practices, and gain China's cooperation on North Korea. These are two very important issues, but I would say that they need to fit into some larger grand strategy. And I think we've yet to see that. |
|  | But it's interesting that under China, at least in my view, their goals are somewhat clearer. Xi Jinping wants to create a strategic environment that is more favorable to China, and certainly that means less favorable to the United States. So Xi Jinping may talk about win-win outcomes, but the reality is, I think, that Xi Jinping looks at his security environment in more zero-sum terms. And that includes weakening U.S. alliances and it includes preventing an outcome on the Korean Peninsula that is more favorable to the United States than to China. |
|  | For Xi Jinping, U.S.-China relations is still the most important bilateral relationship. He does not want to have a confrontation with the United States. He's willing to withstand friction in a lot of areas, but does not want a fundamental unraveling of this relationship. So there is the potential to make some deals. And I would say that in the run-up to President Trump's visit to China, which will come in November, that there will be some very serious discussions about potential transactional deals on the issues that both sides care about. The United States always goes into these summits with a bit of leverage because Xi Jinping and his position in the party and in domestic politics, as Susan talked about, he has to demonstrate that he can manage this very important relationship with the United States. |
|  | I want to talk a little bit about North Korea and then about the South China Sea, as I think that these are two security issues that are going to be important, the South China Sea having been a bit in the background but I believe will come back to the forefront, and I'll talk about that in a minute. First I want to say on North Korea, although I don't particularly disagree with the way that Susan has presented this, I have some additions that I'd like to make. I don't think that North Korea is simply about ideology. It is very much about Chinese security interests. The behavior of Kim Jong-un is certainly a threat in many ways to China. The North Koreans are talking about and writing about even the potential for targeting their nuclear weapons at China. So we have the potential contamination or instability that could be caused in North Korea that could spill over into China. |
|  | So Kim Jong-un is in many ways a liability for China. We have seen the deployment of the THAAD missile system, we've seen increasing U.S.-Japan-Korean security cooperation, certainly more military exercises by the United States and its allies very close to China's border. And all of this is very negative. But at the same time, I agree there has been no shift in Xi Jinping's approach to North Korea that is really fundamental. I credit the Trump administration with getting China to agree to more sanctions in the UN than ever before. But we are still not close to shaping a new outcome on the Korean Peninsula. I'm not sure the Trump administration knows exactly what it wants other than denuclearization. |
|  | But the real issue is can we work with China to shape a new outcome, and there I'm very pessimistic. I think that China and U.S. interests converge in a small slice of our interests. We would certainly like to get Kim Jong-un out or get him to stop pursuing the kind of provocative policies that he's pursuing. But, at the end of the day, China does not want a strong alliance on its border. It doesn't want more U.S. forces on its border. Indeed, it wants a weakened alliance and fewer U.S. forces. So I think that China is not yet confident that it can shape the outcome on the Korean Peninsula, and is not yet willing to work with the United States to do that. Xi Jinping is concerned, I think, about how to balance a provocative Kim Jong-un with a very unpredictable Donald Trump. |
|  | And this is a huge challenge going forward. The potential for the United States maybe to use military force, which we keep talking about, not only are our options on the table but there might be ways we could use them that wouldn't put our ally in jeopardy, and I question whether that's possible. But that has really, I think, stimulated a lot of concerns in China. So this will be a big issue at the summit coming up. It was in Mar-a-Lago when the presidents met for the first time, and it has really remained the centerpiece of the relationship in the foreign policy area. |
|  | And then very briefly I just want to say about the South China Sea, where China has built three major new islands in the Spratlys that they have basically transformed into military bases. And although in the last few months there has not been a lot of provocative activity on the part of China, they have under the radar screen ... And by the way, we at CSIS have a website that my colleague runs called the Asia Maritime Transparency Initiative where we show satellite photos of what the Chinese are doing. And they have deployed radar, there are three 10,000 foot airstrips, and you can bet that China is planning on using these military facilities. |
|  | So I predict that what we will see in the second term of Xi Jinping, where of course he has already emphasized protection of Chinese sovereignty and advancing Chinese interests in the South China Sea, that we will see two things. We will see China begin to operate militarily out of these military bases. And that will be in terms of naval ports, coast guard operations, where China will seek to exert a more effective control over sea space and airspace. And we will see flights out of these runways. There's already 72 hardened aircraft shelters. |
|  | And then, finally what we will see is a declaration of baselines, which will mean that China will be stating that it has more sovereignty, more control, and rights to jurisdiction over areas that are around groupings of islands in the Spratlys. That means more challenges to freedom of navigation. And this is going to cause, I think, a lot more friction between the United States and China in the years ahead. |
| Sarwar Kashmeri: | Thank you, Ms. Glaser. Let me give you a chance to collect your thoughts and get some questions together. And I'll lob one question that the panel may, I hope, feel comfortable answering. And that is, do you think that there is, at the end of the day in spite of all the noise and so on from the administration, a strategy of some kind that is being formulated vis-à-vis U.S. and China? I read in the Financial Times yesterday a wonderful phrase. It said the administration, Mr. Trump, believes in using "weapons of mass disruption". So is this noise, does it really mean that things are helter-skelter or do you think that there is some underlying strategy when it comes to China? If I may, I'll start with Ms. Glaser and just work down, and if you're not comfortable answering it please don't. |
| Bonnie Glaser: | Well I'll be brief since I think I already gave my answer. I think that the Trump administration has not yet crafted a strategy that is aimed at influencing China's directions and China's policies. On North Korea, yes. There is an effort to get China to put more pressure on North Korea, there's been some success. There is a desire particularly to get all countries, not just China, to cut the amount of hard currency, the revenue, going to that regime in North Korea. China's cooperation on that front is very important. Getting Chinese banks to stop facilitating business with North Korea. Getting smuggling across the border to stop. So in that regard, yes, there is a strategy with North Korea. I'll let Yukon talk about the strategy on the trade and econ front, but I think to some extent there is a strategy there, but it's the wrong one. |
| Sarwar Kashmeri: | Okay. |
| Bonnie Glaser: | So I would agree with him on that, but I don't think there is a big grand strategy. |
| Yukon Huang: | As Bonnie said, the fact that the U.S. dropped the TPP reduces leverage in terms of trade relations and policy relations. The fact that it didn't join AIIB. If the U.S. had joined AIIB, China would have lost its veto power in AIIB, which is important because you actually think it's dominated too much by China, joining it actually prevents them from doing so. So this, I think, is the wrong policy. To me, the strategy is an issue which has not been addressed by other side- |
| Susan Shirk: | Of course that was Obama adminis- |
| Yukon Huang: | Ah, Obama. That's not under the current administration. That was the previous administration, the AIIB fiasco. Okay. |
| Susan Shirk: | But he could have reversed it. |
| Yukon Huang: | For the Chinese side, it's a fairly simple question here. A strategy, as far as they see it, is still the ones left over from the Obama. The rebound and seeing the pivot. What is China basically talking about? They call this, loosely defined, a new kind of great power relations. What they're basically saying is, "We are now economically ... second largest economy, within 10 years the largest economy, surely in our neighborhood. Our role should be different that what it was before." But they have not fully defined what that means. And then the question, frankly, is, America's not fully defined how it responds and sees that. |
|  | And that in fact is the need for the strategy. Neither side has clearly delineated. The [inaudible 00:39:56] is a legal kind of a thing, but it's really for the Chinese a symbolic question. What is my role and what is your role in these waters? And the answer is neither side has really defined that. |
| Sarwar Kashmeri: | Thank you. Dr. Schell? |
| Orville Schell: | Well, a simple answer to your question is no. |
| Sarwar Kashmeri: | Okay. |
| Susan Shirk: | I agree with that and I think the biggest mistakes are reinforcing the doubts our allies have about our commitment to them. We've treated those alliances with ... The Trump administration has valued them much, much too cheaply and it's very hard to rebuild the confidence in our commitments to our allies. |
| Sarwar Kashmeri: | Thank you, panel. Let's go to the audience. Right here, gentleman, blue suit, dark suit. Please wait for the microphone. I'd appreciate it if you identify yourself. Keep your preface short so that we can get as many questions as we can. Please, sir. |
| Michael Holt: | Michael Holt, I'm a wealth manager with Beacon Trust in Morristown, New Jersey. Orville, you mentioned convergence first as divergence. I think that most would like to see convergence, or as Dr. Huang refers to as win-win solutions. What are the challenges that would have to be overcome in order to achieve that convergence? Is it just a function of who is in power within China and in the United States at a particular time when maybe we reach some sort of inflection points? |
| Orville Schell: | Yeah, I think it's very hard, at this point, particularly given the disarray in Washington, to imagine how to transcend the levels of distrust that have arisen. And there are many areas from which they emanate. We've talked about the South China Sea, North Korea, the litany. But I do think fundamentally at the heart of the proposition is that we just don't know how to step over this question of how different our values and ours systems are, and what that means in terms of how we choose to interact in the world, whether we're going to support the existing order. That's even uncertain for the United States now, as Susan just said, vis-à-vis our allies. But I think in many ways China is even challenging that order. |
|  | And I think we're on the precipice, although it's not been clearly articulated yet, that China is actually elaborating its own kind of model. We're beginning to get a sense ... If in fact America is in decline, which that is insinuated by China, then China looks pretty successful in certain ways and we begin to get a competition on that front, too. And all of those things, I think, make it very difficult to find those areas where there is common interest. And actually, there are areas where we have common interests. But they are not ascendant right now. |
| Sarwar Kashmeri: | Let me take one on the other side. I'll go back and forth. The lady right there. Right where you are, there's a microphone. Go ahead, please. |
| John Guarco: | Hi, I'm John Guarco, and I'm just a citizen interested in global affairs. Recently, there's been a lot of talk, thanks to Graham Allison's new book, Thucydides Trap, and how a rising power just, I believe it was Sparta to Athens in Ancient Greece, mirrors China to the United States. And particularly Orville, you mentioned how a difference of values could feel conflict. What triggers do you see triggering a clash of civilizations between us and China? |
| Orville Schell: | I think Allison's book just very quickly does suggest there are difficulties when powers rise and existing powers have to accommodate. But that, in my view, does not fully describe what goes on between the U.S. and China. We have a very unique dynamic because each of our interests as nations and each of our systems are very different. And I think we've managed that pretty well. During late '70s and early '80s when Deng Xiaoping came to America, we had recognition restored, et cetera, et cetera. There was a halcyon period of a decade that ended in 1989 where it was possible to imagine that economic reform would lead to political reform in China and that China would become more and more congruent with what we took to be world values and basically enlightenment values. |
|  | I think those days are over. And I don't see them returning anytime soon. So we have a very different chemistry between the two countries that has to be dealt with, and it would take great skill and leadership to put things aside that can't be solved and focus on things where people can actually cooperate, where there is a common interest. And that's what I think is in disarray right now. |
| Sarwar Kashmeri: | I'm going to take a question from this side, but let me just alert the two great military schools that are here that I hope we'll get a question from each of you. Dr. [inaudible 00:45:51] has asked me if I don't get questions to call on you anyway. Yes, sir. |
| Frank Worden: | Thank you. I'm Frank Worden. It appears that we have had, thus far, some contradiction and I'm trying to, at least in my mind, get some light or enlightenment thereby. On the one hand we've heard that the Obama administration made tremendous progress and overtures to China and there appeared to have been profound cooperation. And then we had this incident in the China Sea. For all intents and purposes, that put a great damper and blockage on any further understanding and progress with respect to the relationship with China. |
|  | So my question to the panel really is, well which is it? Do you think that the Obama administration did in fact make a lot of progress with the Chinese leadership to have China take a greater role in the world and progress in the world? And that the Chinese then says, "Well, look. In an anti-nationed way, we're going to do these things in the South China Sea and thereby look to get your approval thereby in exchange for what, for all intents and purposes, we understood"? What's your thinking with respect to that? Because it appears to be contradictory one panelist to the other. Thank you. |
| Susan Shirk: | I'll jus say that I think the Obama administration, the hallmark of its Asia policy, was a more active American presence in Asia across the board. That had a lot of effects. I think most of them were positive, but some of them were negative. I think actually my view is that our policy in the South China Sea, in reaction to China's more assertive, aggressive efforts to defend its sovereignty claims, was all muddled and confused. We mixed up a lot of things, we treated like it's the Cuban Missile Crisis. I think we overdid our reaction, to a certain extent. A lot of other people now think we weren't forceful enough, but that's a complex question. |
|  | But look at all the efforts that the Obama administration made, for example, on climate. Climate cooperation became a major focal point for building a positive relationship with China. U.S. and China really showed how if they work together, they can actually lead the rest of the world to make progress on a common problem. And obviously we didn't mention the huge mistake the Trump administration has made in throwing that away. Now we're the problem. We're the non-status quo power that's threatening the rest of the world. |
|  | So I think the Obama administration did a pretty good job during a difficult period where China's own foreign policy was becoming more challenging and a geopolitical rivalry in Asia was emerging. But I think there were points, especially in the South China Sea, where I don't think we had a very clear, consistent, and effective policy. |
| Sarwar Kashmeri: | Let me take a quick ... I'm sorry, Bonnie, but let me take a ... I need to get a couple more questions in. I apologize. One from West Point, one from Norwich, and then we're going to have to really cut this session off. In view of everything you've heard, we do not want to keep the Consul General of China waiting. Please, go ahead. |
| Cadet Parker: | Do I need a mic or [inaudible 00:50:35]? Hi, Cadet Parker, West Point, Class of 2018. So this is a question to all the panelists, but especially to Mrs. Shirk on your task force recommendation back in February. One of the recommendations you had was to have a formal peace treaty, working with China, replacing the Korean War Armistice, and then advising to have sanctions on North Korea for deterrence. As of today, do we anticipate that the Trump administration can take this approach? And if so, if they take this approach, do we find that it could backfire on the United States and what role do we think that South Korea would be playing in that? |
| Susan Shirk: | Well, Orville and I, Asia Society, and 21st Century China Center at UCSD collaborated on a task force which made some recommendations to the new administration, as you note, and it's always gratifying that somebody has read it. We're going to be continuing to second guess the Trump administration and make recommendations going forward. The idea of some kind of security carrot to North Korea I think is very important, but the North Koreans never tell us what would actually make them feel sufficiently secure that they would give up their nuclear weapons. If we knew what that was, why wouldn't be willing to offer it in order to reduce the threat that we face today? |
|  | So that piece is just one piece of a whole package that we would need to negotiate to motivate North Korea to first freeze and then dismantle its nuclear missile programs. I have to say that right now it looks very dubious that they really have any interest in stopping. But I still believe that the United States should be pursuing negotiation, should not raise the bar to actually getting into negotiations that high. In effect, I would even be willing to call it unconditional start of negotiations, and then offer a package that looks really attractive, including some security guarantees, some economic cooperation, steps toward diplomatic recognition. And in exchange, North Korea would have to take very real and internationally verified steps to freeze and hopefully eventually dismantle its programs. |
|  | But of course, we need to do that in very close cooperation with South Korea, in particular. Frankly speaking at this point in time, China's tried to set the agenda for resolution by talking about dual suspension, including our exercises with South Korea in exchange for North Korea freezing the development of its nuclear weapons. I really hate that idea. I think it's a terrible idea. I think at a time when we're threatened, how can we really contemplate reducing our cooperation and our assurances to our allies? But they're setting the agenda with that proposal. There's no other proposal, really, on the table. And I think the United States should sort of, "Okay, China. If that's what you think, go ahead. We're going to move forward with a negotiation proposal worked out in close cooperation, especially with South Korea, and let's see if we can get somewhere with that at the same time as we tighten the pressure through sanctions." |
| Sarwar Kashmeri: | Could we walk the microphone over to the Norwich University cadets? Middle of the room. |
| Cadet Wakes: | Hello, I'm Cadet Wakes from Norwich University. My question is ... You guys stated President Jinping is, in comparison to Mao Zedong, with his political agitation against domestic policies. Do you believe he has a capability and willingness to maybe commit what Chinese history did in 1989 with Tiananmen Square? Do you think the Chinese people will advocate for more freedom of speech and freedom of press like they did during that time? |
| Sarwar Kashmeri: | Short answer, please. Who would like to tackle it? |
| Orville Schell: | I don't foresee that arising in the near future, partially because I think there are very high levels of nationalism, patriotism. I think a lot of people's lives are pretty good in China. There is still a sense of society moving up, that escalator is helping more and more people get out of poverty. So I think that 1989 kind of scenario is unlikely. But I do think the entire legitimacy of the government does rest on its ability to deliver economically. And that's a very difficult highwire act because every economy has cycles. And China's been quite amazing in avoiding those cycles, by and large, but eventually they're going to run into it. And then there are other things that will have to come into play to have society cohere and to endure through such a traumatic period. And that's, I think, when things may get difficult. |
| Sarwar Kashmeri: | Dr. Glaser, Dr. Huang, Dr. Schell, Dr. Shirk, thank you so much for adding to our understanding of this very important, difficult issue. Thank you all for listening. |