

Transcript: Q&A

Is China Finally Overtaking the United States?

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Gideon Rachman

Professor Nye, thank you very much indeed. I failed to do a small piece of housekeeping before we started, which is to say, as one always should, before an event now that you feel free to tweet. So apparently the hashtag is #CHEvents if you would like to tweet. Also, there are a lot of you so many going to ask one question before turning it to the floor. I'm tempted to take you up on PPP, I'll just say that as we were reporting an IMF estimate, but I won't do that, because the question that interested me, listening to you, one of the many questions, was right at the end, you were talking about the building of the atolls in the South China Sea, which is in the news right at the moment and it reins in my mind, the question of how far do you think the US should actively push back against a rising and more assertive China, which was the question we were talking about 20 years ago with the Taiwan Straits crisis, but now, if you were in the Pentagon and people were talking about well, should you send a ship through the 12 miles of these little atolls they're building up, what would you advise?

Professor Joseph S Nye

Well I agree with what Ash Carter, secretary of defence said and did, which is, you can't under international law take a submerged rock and pile sand on it and build an airstrip and call it sovereign territory and I think we do have to push back on that. But what's interesting is that a case of this came up 20 years ago when I was in the Pentagon which was about the appropriately named Mischief Reef which was in what the Philippines think is their territory and the Chinese were building a structure on it and we were pressed hard as to what would be our position.

We issued a statement that said, 'We have no position on sovereignty over the 250 or so odd rocks, atolls, features in the South China Sea. These should be dealt with peacefully by the states through mediation and arbitration and what legal forms and so forth.' We have very strong interest in freedom of the Seas, which is a collective good and we therefore resist very strongly the idea that you will get an exclusive economic zone with these artificial islands that you're building.

And I think that position still holds today, that because these claims of the various states, it's not just China. In some places China's claims are better than the competing claims. We don't want to get in the business of contesting Vietnam's claims against China or vice versa, or Vietnam's claims against the Philippines. We do want to be in the business of protecting free navigation and I think what Ash Carter said is exactly right, which is we will fly a naval plane, reconnaissance plane, right along Fiery Cross Reef because that is international water and the Chinese cannot claim that it is sovereign territory. Similarly when China declared an air defence identification zone over the dispute Senkaku/Diaoyudao Islands, we flew a B-52 right through the zone to indicate that this was not something we recognize his claim. This was international airspace over international water.

So I think you have to push back. At the same time that my overall position is don't get yourself into a situation where you are disputing everything China does, for the reasons that I've tried to explain here. So you don't want to let them extend their boundaries, but

you don't want to get into this business of defending sovereign disputes between the sea in Vietnam and China.

Gideon Rachman

Okay, thanks very much. Questions, gentleman in the front row can you identify yourself, that's always helpful.

Question 1

Roland Tynan. Thank you very much for a fascinating presentation as usual, very provocative, in a positive sense of course, but you actually answered my question sort of in your very final remark, because I thought you weren't going to touch on it. Really the fundamental difference between the US and China is the US has the rule of laws. We admittedly will come to it, I know it, constitutional democracy, human rights and so forth.

And I put it to you, isn't that the real problem with China that China can't, can China really call on its 1.3 billion citizens, given the nature of its political system and you probably are well aware of the famous document number nine, which think you may have written about as well that Gao Yu found herself a journalist at 71, in bad health, gets seven years for allegedly leaking this document, this party document, telling the cabinet, 'You will not talk about constitutional democracy, you will not talk about human rights and so forth,' what I'm really saying to you is surely in the 21st century, that is a formula for economic success. I mean we talk about China as a...

Gideon Rachman

Okay, did you want to respond to that?

Professor Joseph S Nye

I think it's an important point. One of the things we know is that when the country gets to about \$10,000 per capita income in purchasing power parity that it has an increased demand for political participation and China hasn't figured out how to deal with this. India was born was a constitution that solves that problem because of its inheritance of Britain. China hasn't figured that out so rule of law and participation are both unsolved problems and I think if we look ahead, one of the great questions is how we going to deal with this and I don't think Xi Jinping knows the answer to this. I don't know the answer, but I don't think he knows the answer either. So I agree.

Question 2

Good evening Professor, my name is Carlotta [indiscernible], I'm a member here at Chatham House. You spoke about, in the last part of your brilliant presentation about transnational issues on which the United States and China could potentially cooperate and the conclusion of your book itself is very optimistic, very liberal and I agree with it. However, it appears to me and that's my main concern, the situation on the ground is more complicated in the sense that for example you mentioned the issue of pandemic and of course everyone wants to fight pandemics, but what about for example terrorism? The

internal narrative in China is that the United States is holding a double standard towards China when it comes to defining what a terroristic organisation is. Or another example could be with regards to providing common goods and the free transit in international waters. However, China in spite of making claims on the South China Sea, is not making the same claims when it comes to the north-western passage, where Canada is making claims based on historic rights.

Professor Joseph S Nye

I think your points are well taken and there are differences of perception and interpretation. Some of which are very difficult to reconcile. For example in the cyber area, where the US and China have been levelling accusations at each other, both are intruding in each other's systems. The Americans complain that China does it to steal intellectual property, the Chinese say that doesn't matter, you're doing it to prepare the battleground. But if you were a person from Mars, or an entity from Mars and you looked at what's happening on Earth, you see electrons flowing in both directions across the continents. And also it's true that Chinese have signed the Law of the Seas treaty, and the Americans haven't, which is a [indiscernible] in our eye.

So, you know, there are differences of interpretation. I think these are things that we can work around to resolve. For example, we could never sign an agreement with China, making it illegal to send an email from Falun Gong in San Francisco to Shanghai, it's against our First Amendment. And the Chinese see that as a threat, they say, 'This is a threat to the regime, this is information security, not cyber security.' We could sign an agreement though to say that stealing credit cards and using them for fraud is a threat to both of us and should be illegal for both of us. And the Chinese face that problem because they've stolen so much Microsoft material that hasn't been patched, so they have a strong interest in, in fact, agreeing to something like that. So you can imagine areas where we can't agree on this, but we could agree on that and my argument is, let's look for some of those areas where we can agree.

Question 3

Thank you very much for the little presentation, [indiscernible] from the Japanese embassy. One of the contributions you had, you had too many, but one of the contributions in the 1980s when you were in the Defence Department also reviewing Japanese security alliance, how do you see it as a contemporary significance as the architect of the Japanese alliance in reviewing that in the 1980s? And does it have any relevance to Atlantic countries like countries in Europe?

Professor Joseph S Nye

Well, when we were faced with designing a policy for East Asia in the 1990s in the Clinton administration, we could clearly see the rise of China and some people said, well contain China, hold it back before it gets too strong. We thought that was a mistake. Because you couldn't do a NATO for East Asia, and what's more, if you treated China as an enemy, you are guaranteeing an enemy. On the other hand, if you brought China into the WTO, accepted Chinese trade, there was some chance of integrating them into the world system, but then the question is, what was the insurance policy in case China became aggressive?

And that's why the reaffirmation of the US-Japan security treaty and the strengthening of it was so important, for both the United States and for Japan, it meant that you could have the rise of China, but you had an insurance policy. So our policy we sometimes called integrate but hedge or integrate but ensure and I would say that if I look at the US-Japan security treaty today and I've looked at it closely for more than 20 years, it's stronger than I've ever seen it.

Molly and I were at the White House when Prime Minister Abe was in Washington a month ago and the closeness of the US and Japan on this security treaty is, it is a bedrock of stability in East Asia and the American position is not that we want bad relations between China and Japan, we want good relations between China and Japan and if you have a triangle of good relations of US and China and US and Japan and Japan and China, then you're likely to have the stability which will underlie the economic growth which is good for East Asia as a whole. But the US-Japan security treaty is fundamental to the American position in East Asia.

Question 4

Michael Williams, senior fellow at Chatham House. Joe, thanks for a great lecture. I just wanted to say three points which I think reinforce your thesis on, first with regard to governance, looking at the date that you selected, 2030, one can assume that the governance of the United States is not going to be very different from what it is today. Could one make that judgement with regard to China? It seems to me questionable, we've no idea how this will evolve.

The second point you've made is of course about migration, people want to come to the United States as they used to want to come and still come to Great Britain. Who wants to go to China apart from North Koreans? I don't see that changing.

The third point is about the sort of soft power and image of oneself in the world. People know what the United States stands for and it has a global vision, but China does not and in that respect is different even from the former Soviet Union. Which did have an ideology, Marxism and Leninism which had a global appeal, even in countries like France and Italy, but who can subscribe around the world to any sort of Chinese political ideology? There is nothing there.

Professor Joseph S Nye

Well I think that's a very important point, Xi Jinping talks about the China Dream. The China Dream is good for internal consumption, it doesn't generate soft power in your neighbours. You know, in that sense I think all three of your points are right, but we should also be happy about the fact that China is not in the business of exporting ideology. Hitler and Stalin were threats because they were exporting ideology, the Chinese basically want to get rich and that's a good thing. It's also true that their nationalism is a great danger because it may lead them to overbearing relations with their neighbours. So there is a problem, but that's better than let's say back in the days of Mao where they were trying to export ideology.

Question 5

Bernard Hermann, a member of Chatham House. Thank you so much for an excellent talk. You did not, except in passing, mention Taiwan and it seems to me due to geographical proximity and historical links, the true barometer of relations between China and the United States will be the fate of Taiwan in the next few decades. Would you care to gaze into your crystal ball?

Professor Joseph S Nye

Well I think the Taiwanese are an example of a success, which is if you, like South Korea, when you reached a certain per capita income, it became impossible to rule by the types of authoritarian means that had been true earlier. The fact that Taiwan went to a functioning democracy, a high level of income and a functioning democracy, is something of which the Taiwanese should be proud of and so should we. And I think the important thing, and this has been the American position, is to say that Taiwan should not be juridically independent, but should be able to preserve its own market economy and democratic political system and we recognize that Taiwan and China, as we put it, the peoples on both sides of the trades accept that there's one China, that formula goes all the way back to Kissinger and Nixon.

So we're not supporting Taiwanese independence. We are supporting the idea that any resolution of the relationship, across the straits has to be settled peacefully. That's why we continue to provide arms for Taiwan's self-defence. In that sense, if you think over a long enough period, you can imagine an evolution in which this problem solves itself, I'm talking about 20 or 30 years and my point about what will China be like in 2030, I don't know. But sometime after that it may be the reconciliation of Taiwan and China is not going to be so bad, but in the meantime our position is to make sure that it's not resolved by force. And so we have said many times that there is a policy box, no independence, no use of force, within that, negotiations across the Straits.

Gideon Rachman

Okay we're running out of time, we've just time for a couple more questions. The chap that the back, sort of middle back, who put his hand up, there.

Question 6

Thank you very much, it's a very interesting talk Professor Nye. I was wondering if you could say a few words on the British role in the US-China relationship. Do you see London backing Washington to the hilt in Asia or do you see it as being more sort of through an economic interest as we perhaps recently saw with Asian investment...

Gideon Rachman

The British were the first to break ranks.

Question 6

Right, yeah.

Professor Joseph S Nye

I actually think the Americans were wrong on the Asian Infrastructure Investment Bank. If China wants to spend some of its reserves developing infrastructure for other countries, that's something of a public good. Now, when the British joined, that helped to reinforce the point that we don't want a Chinese political corrupt slush fund, but we want an institution that has procedures which have transparency. So I think, I personally was not unhappy about Britain joining on that and it's interesting to notice that Obama has changed his position. I think the American position, which was worried that it was going to undercut the World Bank and so forth was wrong from the start and so I didn't have much problem with the British breaking ranks on that. Where I would really have problems if Britain broke ranks of freedom of the seas in the South China Sea, but I doubt they will.

Gideon Rachman

It hadn't even occurred to me that we might.

Professor Joseph S Nye

I hope that's true.

Gideon Rachman

Right, I'll watch out for that one. Last question, perhaps the guy over there, right in the corner.

Question 7

[Indiscernible], journalist from Germany and I happen to be here in London today and I'm very happy to listen to you. Do you think that the stance Russia is taking right now, the aggressive international stance can further China to overtake the United States, or is the Russian question completely out of this political realm for you?

Professor Joseph S Nye

The Russian question isn't out of it because they are in fact turning to China to try to redress their current problems and in the book I have a little section on Russia and I describe Russia as a country in decline. It's basically a single crop economy with demographic problems and extraordinary corruption which blocks reform. You might say, well the country in decline is not a problem, but in fact it's the opposite. Countries in decline often accept higher risks, as Austria did in 1914, and so we have to worry a lot about Russia and Putin's aggression in Ukraine.

I think we – meaning the US and Europe – were correct in imposing sanctions because it indicates that violating the basic norm of 1945 has a price and in that sense, even though it won't lead to the return of Crimea, it shows that whoever wants to violate that norm, will pay a price. Russia is trying to avoid that by turning to China.

So all of a sudden, after the sanctions, you saw Putin coming to terms on the gas pipeline, which previously had been stalled under negotiations for a long time about what the price would be. All of a sudden the Chinese struck a very good deal because basically the Russians needed it. People then took that a step further and they said if you look at the fact that they're cooperating in the BRICS, in the Shanghai cooperation organization and so forth, this is the beginning of the Russian Chinese alliance and that will put the nail in the American coffin. The trouble with that is that's not going to be a Russian Chinese alliance. The Russians and the Chinese are more worried about each other in the long run than about the United States.

So in that sense, I think there's an alliance of convenience in the short run because of the situation that Putin has put his country in, but in the long term of a true alliance to counter the United States, I don't think it's there and I don't think it will be there. So of the things that keep me awake at night, the Russian-Chinese alliance is not one.

Question 8

Thank you chairman, Gordon Wilson, fellow of [indiscernible] and member here. Would you hold the thesis that at the moment now, Xi is not following on from Deng and [indiscernible] as progressive, but more going back to be more Maoist and therefore much more rigid and therefore perhaps not able to take part in dialogue you advocate that goes on between the powers themselves.

Professor Joseph S Nye

You're talking about Xi Jinping.

Question 8

Yeah.

Professor Joseph S Nye

We've seen a turn for the worse in terms of authoritarianism in China. I mean I was in Beijing in December. Brent Scowcroft and I co-chair what they call a track two dialogue between a group of ex-government Americans with the Central Party School in Beijing and I was speaking to one of my friends who I've known for some years and he said, 'We can't say what we used to be able to say.' That's unfortunate. So there is a trend under Xi Jinping to clamp down and I think it goes back to the earlier question and I think this is unfortunate.

I think it still allows state-to-state cooperation although there is still larger interest of the types that I tried to identify where, even though we might disagree strongly on a human rights issue or on a political issue, you can say, you know seeking some sort of agreement

on climate change, or seeking some form of agreement on how you define the so-called Nine Dash line in the South China Sea, these are practical concrete state-to-state interests.

The question is how do we continue to represent our concerns about human rights, which Americans always do, while at the same time doing business on state-to-state issues, which are very important. That's difficult because in the political process, you get tugging back and forth and pulling about which priorities and so forth. So I expect over the next year or two particularly as the 2016 election heats up, you're going to hear more about this in the US, but I think we're going to have to keep some sense of balance with that. I don't think we're going to be happy with Xi Jinping's performance on political authoritarianism in relation to human rights, but I think we're also going to be realistic in terms of dealing with it.

Gideon Rachman

Okay, will thanks very much indeed. I think, you know, as they say in show business, all ways leave them wanting more, and they're wanting more. Lots of people who wanted to ask questions I'm afraid won't get an opportunity, but it's been a fascinating hour. Can I just say to all of you, there's a drinks reception upstairs, so you're welcome to join us there and there's also a great pile of books and I can say without bias that I've read it and indeed reviewed it positively in the FT. So I can recommend you buying it. So thank you very much.