

IPS-Nathan Lectures
Dealing with an Ambiguous World – Lecture II: US-China Relations: Groping towards a New *Modus Vivendi* by Bilahari Kausikan
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Dealing with an Ambiguous World

Lecture II:

**US-China Relations: Groping towards a New
*Modus Vivendi***

Bilahari Kausikan

**2015/16 S R Nathan Fellow for the Study of
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Auditorium 2, Stephen Riady Centre

US-China relations set the tone for East Asia: when they are stable, the region is calm; when they are roiled the region is uneasy. In time the same will hold true, I believe, for other regions as well. US-China relations will certainly be a, if not *the*, central pillar of any new post-Cold War international order.

US-China relations are mature: it has been 44 years since President Nixon's visit to Beijing transformed the global strategic landscape. US-China relations are intricately interdependent across a broad spectrum of domains. And US-China relations are infused with deep strategic distrust. The US and China are currently groping towards a new *modus vivendi* with each other and the rest of East Asia. The complexity of US-China relations and hence the complexity of the adjustments between them that are underway, are a large part of the uncertainties of our times.

I am not clairvoyant. The purpose of this lecture is not to predict the timing, shape or nature of the future accommodation between the US and China or even if there will be one. My purpose is more modest: it is to sketch in very wide strokes some of the issues that will have to be confronted in this process. In particular, I want to deal with the roots of the strategic distrust that exists between them. Unless that is understood and dealt with, no matter how well the US and China may work together on climate change or terrorism or finance or Afghanistan or any other specific issue, a stable new equilibrium will be difficult -- if not impossible -- to achieve. And even if some sort of equilibrium is reached, it will be difficult to maintain.

Despite or perhaps because of their long experience of each other, US-China relations have been rife with misunderstanding. The most persistent of these misunderstandings in recent times is the notion that economic reform will lead to political reform. American attitudes towards China have oscillated between hopes and fears that perhaps say more about America than China. In the 19th century, many Americans believed that trade with China was, as John K. Fairbank, the great American historian of China, described it, "our manifest destiny under the invisible hand of divine providence". One could conclude that the illusion has persisted ever since. At any rate, when the notion of destiny, divine or otherwise, intrudes into the

analysis of international affairs, trouble usually follows. Looking back what is surprising is that despite persistent misunderstanding – usually masquerading as profound insight – there has been so little trouble, although when trouble ensues it has been spectacular, as during the Korean War.

Today the dominant attitude seems to be drifting towards regarding China as a threat, at least in the American media and political discourse. Perhaps it is. But it is important to understand the nature of the challenge accurately and exaggerating the so-called ‘China threat’ is as bad as wishful thinking. So let me state my bottom-line up-front.

Competition and rivalry are intrinsic parts of relations between all major powers. As China gains strength and confidence, it is bound to pursue its interests more assertively and acquire the instruments to do so. Former President Hu Jintao said as much in 2009 when he announced China should pursue “Four Strengths” one of which was greater influence in international politics. Since then, the PLA has assumed a higher profile in China’s external relations, particularly in East Asia but also as far afield as the Horn of Africa. Military modernization was one of the ‘Four Modernizations’ announced as early as 1978, and we should not profess shock or surprise that China has now begun to acquire the military capability befitting a major power. We may consider China’s military modernization as in our interests or see it as against our interests, but China acquiring a modern military is not in itself unusual. Competition is not necessarily conflict. The important question is what use China makes of its growing military strength.

This is not a question that should lend itself to facile answers. So let me clear away some of the theoretical debris that has accumulated around it. In my first lecture I described these theories as mental frameworks that some cling to in order to comfort themselves with a false familiarity in a situation that is in fact intrinsically unfamiliar and uncertain. Clearing the debris will go some way to defining realistic parameters within which the US and China must seek a new accommodation.

In my first lecture I described US-China relations as defying simple characterization. But we can at least say what the relationship is not. It is certainly not ‘a Clash of Civilizations’. For the last two hundred years or so, the fundamental challenge confronting the non-western world is how to adapt to a western defined modernity. The very concept of the modern is western. All non-western countries have, in different degrees, had to change themselves. But only a handful of countries, almost all in East Asia beginning with Meiji Japan, have successfully met the challenge. China is the most important example. Communism is a western ideology. The Chinese Communist Party (CCP) is the latest and most successful iteration of a series of political experiments in search of ‘wealth and power’ to deal with western predations that began in the late Qing Dynasty and which continue to this day.

Those East Asian countries that have most successfully adapted to the western definition of modernity, China included, have in a sense achieved the ambition of Fukuzawa Yukichi the Meiji era reformer, of ‘leaving Asia and joining the West’. This does not mean that we have all somehow become or will become ‘good westerners’. What does that mean anyway?

By changing itself, China is changing the very concept of the political ‘West’ which has now been compelled to adapt its definition of self to new realities. The changes are most pronounced in Europe. Among other things, the price Norway had to pay for giving Liu Xiaobo the Nobel Peace Prize in 2010, the cringingly obsequious welcome that President Xi Jinping received in London last year – Lord Macartney must have spun in his grave -- and the spectacle of European leaders trooping to Beijing cap in hand after the Eurozone crisis began, are visible symbols of the evolving political definition of the ‘West’.

The US has always been a more robust and self-confident country than a tired Europe now confused and unsure about the sustainability of its own post-Cold War identity. China could not have succeeded without the US. China’s success is in a very fundamental way also an American success, albeit a not entirely comfortable one for America. This perhaps makes adaptation more difficult for the US than

Europe and adds in no small part to the complexity of the strategic adjustments that are underway between the US and China.

But whether it admits it or not, the US too has begun to adapt. There can be no 'Clash of Civilizations' because we are now all hybrids and will become even more so. There are no 'pure' traditional civilizations anywhere. If there is indeed a 'Clash of Civilizations' it is not with the West as represented by the US, but between a part of the Islamic world and all else who have to whatever degree adapted to the western definition of modernity, including most Muslims.

The most objective measure of adaptation is economic development. As its economy matures and it restructures its economy, China's growth is bound to moderate. Still, according to a recent study by the East Asian Institute of this university, even at a lower rate of growth of 6.5%, China generates additional GDP that is equivalent to 80% of Indonesia's current GDP or a third of India's current GDP. China faces many challenges. I do not assume that China will continue to grow in a smooth upward trajectory. No country has ever done so. Why should we expect China to be an exception? But it would be imprudent to assume that China will fail. The CCP has a record of adaptability. It has survived many traumas that would have wrecked a less robust creature; never mind that many of those traumas were self-inflicted.

The inevitably irregular rhythms of economic growth ought to make us cautious about accepting simplistic characterizations of US-China relations as some variant of a contrast between a rising China and a declining US. This posits a false dichotomy. China is certainly rising but the US is not in decline, although if we confine our view of the US to the political shenanigans in its capital we may be forgiven for coming to such a conclusion. But the most significant developments in America do not necessarily take place in the political arena or in Washington DC. They occur in the 50 states, in American corporations, on Wall Street and in its universities and research laboratories. All who have underestimated American creativity and resilience have come to regret it. The changes in the distribution of power are relative and not absolute. As I pointed out in my first lecture, the US is still

preeminent in most indices of power and is likely to remain so for the foreseeable future.

This is most obvious in the military realm. China has carefully studied the experience of the former Soviet Union, and while it will continue to improve its military capabilities, it is not likely to make the Soviet mistake of bankrupting itself by trying to match or surpass the US in every military system or in every theatre of operations. It does not have to do so. Before too long, China will reach a more symmetrical military equation with the US in East Asia. This will have very important implications for the maritime disputes in the South China Sea (SCS) which have become something of a proxy for the strategic adjustments underway between the US and China. I will deal with the SCS in my next lecture on ASEAN and Southeast Asia. For now, suffice to say that while military planners cannot ignore any contingency, and in a system of sovereign states the possibility of war can never be entirely discounted, war is not a very probable scenario. I think war is highly improbable.

Neither the US or China is looking for trouble or spoiling for a fight. The essential priorities of both are internal not external. Of course neither is going to roll over and let the other tickle its tummy. That is not how great powers behave. Both will not relent in the pursuit of their own interests which sometimes will be incompatible. There will be friction and tensions. But the most vital of all Chinese interests is the preservation of CCP rule. Beijing knows that win, lose or draw – and the most likely outcome of any military conflict with the US is a loss – the CCP's grip on power will be placed in grave jeopardy.

Chinese leaders sometimes talk tough as the leaders of all great powers are wont to do. But they are not reckless. They have studied the rise of other great powers and do not want to repeat their mistakes. China has repeatedly stressed that its 'rise' will be 'peaceful' and has even modified the original slogan to 'peaceful development' as a less threatening formulation. President Xi Jinping has articulated a bold "China Dream" and he has been more assertive than his predecessor. But President Xi Jinping is a 'princeling' who must regard CCP rule as his patrimony to be preserved.

I doubt he will be adventurist even as he asserts China's new status externally, while grappling with the many complicated internal challenges that confront the CCP internally.

There has been a historical tendency for America to look inwards after periods of intense external engagement. The wars that the US chose to fight but lost – or at least did not win – in the Middle East after 2003 were the longest in American history, longer than the Korean and Vietnam wars, longer even than the Second World War. President Obama was elected on the backlash. As the sole global power, the US cannot retreat into complete isolationism. Like it or not, the world will intrude and in East Asia specifically there has been a fundamental consistency in US policy over the last forty years or more that I expect will be maintained. But the political mood that has sustained Donald Trump and Bernie Sanders in their unlikely Presidential campaigns is disillusionment with globalization and working and middle class insecurity about their future in an increasingly unfamiliar and uncertain world.

There is an impression across East Asia, shared even by some American Asia specialists of both political parties, that the second Obama administration has been less engaged and weaker than the first Obama administration. This is not entirely accurate but what matters is perception. Whoever next occupies the White House will therefore probably talk and even act tougher. But no American President can ignore the national mood which is not for more wars of choice.

With both sides inclined towards prudence, I have little regard for mechanistic theories of US-China relations such as the so-called 'Thucydides Trap'. It is true that historically, strategic adjustments of the magnitude that are underway between the US and China have either been the result of war or ended in war. But to treat someone as an enemy is to make an enemy and the theory of the 'Thucydides Trap' does not place sufficient emphasis on human agency: to recognise that there may be a Trap is to go a long way towards avoiding it. In any case, China will soon acquire a credible second strike capability if it does not already have one. The prospect of

Mutually Assured Destruction has the effect of freezing the international order as it substantially did during the Cold War when, except in the Middle East, most geopolitical changes were due to internal rather than external developments. The primary military risk in US-China relations is conflict by accident, not war by design.

If war between the US and China is highly improbable, is there or will there be a 'New Cold War' between the US and China? There will almost certainly be tense episodes. But I do not think this is an appropriate metaphor to understand the US-China dynamic.

Unlike in US-Soviet relations during the Cold War there is no fundamentally irreconcilable ideological divide between the US and a China that has now enthusiastically embraced the market. During the Cold War both the US and the Soviet Union legitimated themselves through the claim of universality for their respective systems. This made their competition a zero-sum game and the Soviet Union a revisionist power by definition even if its actual policies were often conservative. We think of the US as custodian of the *status quo*, but the US is also a revisionist power. Don't take my word for it: ask Iraqis or Afghans. Every great power is selectively and simultaneously revisionist when it suits its purposes, and a staunch upholder of the *status quo* when it does not.

As I argued in my first lecture, while China may not be an entirely satisfied power, neither is it clearly a revisionist power. The SCS is an exception. But globally, China is still largely a free-rider. China wants its new status acknowledged, and it was never very realistic to expect China to meekly accept the role of 'responsible stakeholder' – which is a polite way of describing a junior partner -- in an order it had little say in shaping. But China has by and large worked within institutions such as the UN, WTO, World Bank and IMF and abided by their decisions. China has never claimed universality, except for a brief Maoist period which was but a blip in the long sweep of Chinese history. Instead China regarded itself as *the* Universe and demanded acknowledgment of that status. Something – too much -- of that attitude still lingers in Chinese policies in East Asia and complicates China relations with the

US and other countries in the region. But that is a different matter from claiming universality or being revisionist.

The Soviet Union was containable because it largely contained itself by pursuing autarky. The US and the Soviet Union were linked primarily by the need to avoid mutual destruction. But China is so vital a node in the world economy and the interdependence between the US and China so deep and wide that the US might as well try to contain itself as try to contain China. This would be an exercise in futility. The US and China both know that they cannot achieve their basic national goals without working with the other. I do not think that either necessarily likes the situation they find themselves in, but both are pragmatic and accept it.

The very complexity of US-China relations – the enormous range of issues that the relationship now encompasses – generates a certain self-correcting dynamic. Whether you begin from the inclination to view the relationship through the distorting prism of democracy and human rights promotion as did the first Clinton administration in 1993, or you start from the equally distorting premise of regarding China primarily as a strategic competitor as did the neo-conservatives at the beginning of the George W. Bush administration in 2001, the very effort to balance and reconcile the diversity of interests across a broad range of issues that cannot be ignored, eventually drives policy to the centre. Lest you think that this is an overly sanguine conclusion, the key word is “eventually”. There can be a whole lot of damage both to the relationship and collaterally to third parties before the centre is reached.

I am aware of the argument, based on what I consider a false historical analogy with Europe before the First World War, that interdependence did not then prevent Imperial Germany and the country formerly known as Great Britain from blundering into war. The classic description of European interdependence of that period was by John Maynard Keynes when he wrote of an inhabitant of London being able to “order by telephone, sipping his morning tea in bed, the various products of the whole

earth”. Is there a fundamental difference between the situation in Europe then and between the US and China now?

I think so and let me venture a hypothesis that I am too slothful to research and will leave to others more energetic and knowledgeable to prove or disprove if they are so inclined. The key difference is I think in Keynes’ use of the word “products”. The classical theory of comparative advantage holds that if I have an advantage in, say, producing beef and you have an advantage in, say, producing wine, we should each stick to producing what we have an advantage in producing and if we exchange beef for wine, we will both live happily ever after replete and drunk. But is this how the most economically significant part of international trade is today conducted?

I doubt that the concept of a production chain existed before the First World War, or if it existed, it was only in a very rudimentary form. I suspect that the most economically significant parts of contemporary world trade are not in natural resources or manufactured finished products, but in gizmos of one sort or another as part of transnational production chains by multinational corporations. This I think raises the costs of disrupting interdependence to qualitatively new levels and creates a kind of economic mutually assured, if not exactly destruction, at least impoverishment. I do not claim that interdependence whether of this new type or the common-or-garden-variety makes war between the US and China impossible, only that it enhances the other factors that make war highly improbable.

So where does all this leave us? I do not think it makes the strategic adjustments any easier. But it does imply that the parameters within which the US and China must seek a new accommodation are narrower than what we might have been led to expect by the media or the more sensationalist sort of academic analysis.

I earlier argued that it would be futile for the US to try and contain China. It would be equally futile for Beijing to try to exclude the US from East Asia. Both the US and China will remain essential parts of the East Asian strategic equation. China has proposed a ‘new type of major power relations’ to the US. It is not entirely clear what

China means by this, but by any definition it implies some sort of role for the US in East Asia, even though the specifics of that role are yet to be determined. The delineation of their respective roles is in fact what the groping after a new US-China *modus vivendi* is all about.

At the 4th Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA) in Shanghai in May 2014, President Xi Jinping resurrected the notion that “it is for the peoples of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia”. Although the idea has a venerable if unhappy history – the ghost of the Greater East Asia Co-Prosperty Sphere haunts it -- and bears a generic resemblance to China’s ritualistic argument that outside powers should not interfere in the SCS disputes, I am not inclined to read too much into it.

Who or what is ‘Asian’? Is it a geographic, cultural or political identity? Russia is a member of CICA. So is Israel. Are they ‘Asian’? The US is an observer in CICA. So are Belarus and Ukraine. What in a globalised world is an ‘outside power’ or even a ‘region’? CICA is not obviously an ‘Asian’ forum. Nor are any of the other regional organizations and forums in which China participates, including the SCO a Chinese initiative which has Russia as a member and Belarus as an observer. Any inconsistency between the idea President Xi floated at CICA and the proposed ‘new type of major power relations’ is perhaps an indication that China is still uncertain about what geopolitical concept would be in its best interests in a post-Cold War world and hence reluctant to foreclose any option. In any case, it now seems to have been displaced by President Xi’s vision of ‘One Belt, One Road’. This is primarily an economic vision but has geopolitical implications insofar as it can be understood as an ambition for a Sinocentric Eurasian – and not just ‘Asian’ – order.

Japan is undoubtedly ‘Asian’. The impossibility of displacing Japan from East Asia is the strongest argument against any Chinese design to entirely exclude the US from the region. Sino-Japanese relations are complicated and will remain so even as tensions wax and wane. Without the US or even if the US-Japan alliance is

significantly weakened, Japan may well decide to go nuclear and it has the ability to do so very quickly. If Japan goes nuclear, South Korea has the capability to follow suit. It was the US that quashed such thoughts in Seoul during the 1970s, but they have never entirely disappeared and have recently resurfaced.

China can do without these serious potential complications to an already complicated East Asian strategic equation. Once China acquires a credible second strike capability, an East Asian version of the question attributed to Charles de Gaulle must arise: will San Francisco be sacrificed to save Tokyo? It may well already be whispered in Kantei. It is not in China's interest to encourage such questions to surface prematurely let alone be answered because the most probable answers will not be the answers Beijing wants. I am sure that China would like to reclaim something of its central historical role in East Asia from the US. But how much to reclaim and how to do so without provoking a response from Japan and South Korea is a matter of very fine judgement and the cost of mistakes would be extremely high. I think the Chinese leadership knows this.

I chose the word 'groping' to describe the process of the US and China trying to reach a new *modus vivendi* with some care. The outcome of the strategic adjustments underway will not be determined by a deliberate process of negotiation; by American and Chinese leaders sitting around a table as Stalin, Roosevelt and Churchill did at Yalta as the Second World War drew to a close. That can only happen if there is some climactic denouement to the process and that is precisely what both sides are trying to avoid. I think that the outcome will instead be determined by the accumulation of a slew of big and small diplomatic, political, military and economic decisions taken at all levels over a long period, probably decades. Many of these decisions will be ad hoc responses to situations or issues as they crop up and each decision may bear little or no obvious relationship to the overall strategic outcomes American and Chinese leaders seek, assuming that they know precisely what they want from each other, which is not to be taken for granted. It is not even to be taken for granted that there will ever be a definitive outcome.

I stated at the beginning of this lecture that US-China relations are infused with strategic distrust. Such uncertainties are one cause of distrust. Interdependence may also enhance strategic distrust by exposing mutual vulnerabilities. All the more so because China's rise has been psychologically unsettling to many in the West because in China, capitalism flourishes without democracy. This is regarded as somehow unnatural and illegitimate because it punctures the western myth of the universality of its political values and of the inevitability of the development of political forms similar to its own. Unlike the former Soviet Union, China cannot be dismissed as an economic failure and thus challenges in a very fundamental way the western sense of self which assumes its political and moral superiority as a key element.

Of course in these politically correct times the western sense of its superiority is rarely, if ever, admitted and would be vehemently denied. But the attitudes and modes of thought ingrained during the two hundred years or so when first Europe and subsequently America shaped the basic structures, processes and concepts of international relations are not easily shaken off. They linger in invidious perhaps even unconscious ways, camouflaged by talk of universality, the promotion of human rights and democracy and good governance. It is the basic mental framework within which the US views itself and the world, the foundation of which is the idea of America as moral exemplar and Shining City on the Hill. As I argued in my first lecture, the West misinterpreted the meaning of the end of the Cold War. This reinforced the assumption of superiority.

I will deal with the Myth of Universality in my fourth lecture. For now, let me just note that this is not just an abstract intellectual matter. The claim that certain political forms and values are universal was used to justify military interventions to change regimes in North Africa and the Middle East. All these interventions turned out very badly. They have resulted in greater instability in the region which have had global consequences and added to the general uncertainties of our times. But I do not think that there has been any fundamental change to the cast of mind that led to these

disasters, even if some of the more extreme variants of the idea of universality such as the notion that History had ended are now smothered in an embarrassed silence.

Attempts to change regimes in the Middle East and the bloody messes that resulted were closely watched by China and others in East Asia. Prudence has dictated that military intervention in the name of universality has been deployed only against the weak. This has tempered but not erased the doubts and anxieties that this approach has aroused in many countries, including China. Of course, no one is mad enough to subject China to kinetic intervention. But that is beside the point. Not all interventions are military and East Asia, Singapore included, has experienced more than our fair share of western attempts to interfere in our domestic affairs. It seems very hard for the white man to lay down his burden and forswear the habit of whipping the heathen along the path of righteousness, even when the effort is utterly ineffectual.

I laughed when I read about Lord Patten and British parliamentarians pontificating about democracy in Hong Kong during the 'occupy central' demonstrations. That only made the British look more hypocritical than usual. But when 20 American Senators wrote to President Obama on the same subject and when the President felt obliged to pronounce, however gingerly, on Hong Kong, that was no laughing matter.

The US and China have had a number of senior level discussions on the 'new type of major power relations' that China has suggested. It has three broad elements. Both sides readily agree that they should try to minimize disagreements. They also readily agree that they should try to foster habits of cooperation. But the US has been unable to give clear endorsement to the third element that is perhaps the most important element to the Chinese: mutual respect for core interests. Why? There are indeed aspects of the concept of 'core interest' that need clarification. Is it for instance an invitation to create spheres of influence? But I think the US knows that preservation of CCP rule is the most vital of Chinese core interests and is reluctant to endorse this explicitly. The US deals with the CCP pragmatically; it has no choice. But to invest CCP rule with legitimacy requires a redefinition of American values,

including a *de facto* abandonment of the idea of universality that is apparently too painful to bear.

American leaders and officials often speak more to be heard domestically than internationally. There is often a large element of ritual in their invocations of the universality of democracy and human rights. But this idea is so essential a part of the American psyche that I do not think their words are always just posturing. I think Chinese leaders suspect that this is so too. The words of great powers reverberate more loudly and widely than may be intended and American politicians do not sufficiently understand how their pronouncements may grate on foreign ears and have strategic consequences. Americans sometimes forget that domestic politics is not an American monopoly. The days when even the most powerful of Chinese leaders can entirely disregard the opinions of their own people or insulate them from inconvenient foreign pronouncements are long gone.

This is a particularly delicate phase of China's development. Beijing is now embarking on a second and more difficult stage of reform that in essence requires loosening the centre's grip on crucial sectors of the economy while preserving CCP rule. Can it be done? One should certainly hope so because all the alternatives are worse. But no one really knows, including, I think, China's leaders. China's external confidence masks a deep internal insecurity. Social protests are widespread, their impact potentially magnified through the internet and social media. China has about 650 million internet users. The CCP has so far been able to prevent local protests from escalating into national threats. Still, at a time when the CCP is grappling with such existential questions, it is understandable that Chinese leaders should regard American attitudes towards universality and incautious words on Hong Kong or Tibet or Xinjiang or Taiwan or other sensitive issues, with grave suspicion: as ultimately intended to destabilize and delegitimize the CCP; a complication to already complex problems. But there seems to be great reluctance by the US to confront this core issue.

On their part, Chinese leaders and officials too do not seem to understand that their own attitudes can evoke distrust. If a new *modus vivendi* requires the US to acknowledge that different political systems can have their own legitimacy, it requires China to resist the temptations of triumphalist nationalism.

With communism discredited as an ideology, the CCP is increasingly relying on nationalism to legitimate its rule. Chinese nationalism is sometimes disquieting, but the issue is not nationalism per se. The US is also a highly nationalistic country, although in America this is usually benignly portrayed as 'patriotism'. The essential source of American and Chinese nationalism is a sense of exceptionalism; the US and China both consider themselves exceptional countries. But the conclusions they draw are different. America is an inclusive culture that wants everyone to become like it and believes that the world would be a better place if this were so. China has an exclusive culture that rejects the notion that anyone could become like China as impossibly pretentious. To China, the best others can do is humbly acknowledge China's superiority and the sooner we do so the better for everyone.

This is a very ancient and deeply ingrained feature of China's approach to international relations. Throughout its history, China took great pains to preserve the forms of its centrality, at least in its own mind, even when the facts were otherwise. It never lost its sense of superiority even when powerless before the West and Japan. Now that China has reemerged as a major power, this sense of superiority has become the underlying cause of the difficulties in China's relations with many countries. The attitude that China is *entitled* to have its superiority acknowledged and that failure to do so can only be due to recalcitrance or ill-intention, is why I think China will always suffer a deficit in 'soft power' and evoke resentment. It is most pronounced in the case of Sino-Japanese relations. In June last year at a World Peace Forum organized by Tsinghua University, Foreign Minister Wang Yi bluntly told the audience that the key to improvement in Sino-Japanese relations was for Japan to accept China's rise and change its "mentality", by which he clearly meant accept a subordinate status.

I do not think there is any country, Japan included, that would deny China's rise as a geopolitical fact. You would have to be living on another planet to do so. But the Chinese assumption that acknowledgment of this fact this should be accompanied by the normative acceptance of subordination within a natural hierarchy with China at its apex is an entirely different matter. No self-respecting country will readily accept this and it is perhaps more difficult for Japan than most countries. Seldom if ever in their long history of interactions have Japan and China had to deal with each other on the basis of equality and both find it very difficult to do so. Many public opinion surveys in Japan have shown that in the space of a relatively short time, China has gone from being one of the most popular countries to being the most unpopular country, surpassing even Russia in this respect, which is a remarkable failure of Chinese diplomacy.

This Chinese attitude is not confined to Japan. Singapore has a very good relationship with China. But Chinese leaders and officials, despite our repeatedly correcting them, persistently refer to Singapore as a 'Chinese country' and say that we should therefore 'understand' them better, meaning of course that we more than other countries should know our position in life and show deference even at the cost of our own interests. It is not even confined to the Chinese attitude towards small countries – and almost every country is smaller than China – or to a country which just happens to have a majority Chinese ethnic population like ourselves. A few weeks ago I asked a Chinese scholar if he thought that the current state of China's relations with Russia could be maintained. His immediate, almost Pavlovian, response was that it could, provided Russia accepted its status. He obviously did not mean Russia as China's equal. I thought this did not augur well for Sino-Russia relations. I think it is also a factor in Sino-India relations.

Does this attitude contaminate US-China relations as well? Perhaps not at present. Some vague notion of equality seems implicit in the concept of a 'new type of major power relations'. China has cautioned the US not to 'embolden small countries' and Chinese diplomats have on occasion warned that if China's interests in the SCS are not recognised by ASEAN it will settle matters with the US without ASEAN. This also

implies, if not equality, at least that China regards the US as being on a different level than other countries. If and when China overtakes the US as the world's largest economy, the psychological framework within which China now approaches the US might change. I do not think it makes much substantive difference if an economy is ranked first or second as both will still be hugely influential. But Chinese confidence will certainly get a boost. The line between confidence and over-confidence is a thin one. It is always dangerous to believe one's own propaganda because that is when miscalculations often occur.

In East Asia, the assumption of Chinese centrality and superiority is particularly difficult to accept because it seems to encompass a strong element of Revanchism. This is not the same thing as revisionism but still causes anxiety. Almost exactly two years ago, President Xi Jinping met Lien Chan, the former Taiwanese Vice-President in China. In a speech that *The People's Daily* published on its front page under the title "The Chinese Dream to Fulfil the Great Rejuvenation of the Chinese People Together", President Xi placed the 'Great Rejuvenation' – a phrase he also used in his opening speech when he met Ma Ying-jeou in Singapore last year --- in the historical context of how Taiwan had been occupied by foreign powers when the Chinese nation was weak.

Reconciliation between China and Taiwan is of course to be welcomed. Every country in East Asia recognises the PRC as 'One China'. But by casting the 'Chinese Dream' of reconciliation with Taiwan as an instance of the rectification of historical injustices inflicted upon a weak China, it suggested and left open broader questions. There is no doubt that China suffered many injustices in the 19th century and first half of the 20th century. Does a rising China intend to rectify all these historical injustices? If not, how will it choose which injustices to rectify? By what means does China intend to rectify historical injustices?

The anxieties are accentuated because China seems to be increasingly relying on history to justify its claims of sovereignty in the SCS and elsewhere. China has such a long history that it can be used to justify almost anything and China has a tradition

of manipulating history as a tool of statecraft. Japan again provides the most vivid recent example of this aspect of Chinese nationalism, although the US and the West in general have not been spared. The CCP has described itself as, to quote former President Jiang Zemin, the “finest and most thoroughgoing patriot” which had redeemed China after ‘a hundred years of humiliation’. The Chinese public has been subjected to a steady drumbeat of various reminders of Japanese atrocities in China to fan and keep alive bitter memories of the Second World War and the CCP’s role in defeating Japan, particularly during last year’s celebration of the 70th anniversary of the end of the war.

But it was not always so. Consider, for example, this statement: “As you have formally apologised for the debts you incurred in the past, it is not reasonable to ask you for payments of those debts. You cannot be asked to apologise every day, can you? It is not good for a nation to feel constantly guilty ...”

This is not some right-wing Japanese politician trying to justify Japan’s wartime record. It is a statement by Chairman Mao himself to a delegation of the Japanese Diet only a decade after the end of World War Two. And when Mao Zedong met former Japanese Prime Minister Kakuei Tanaka in 1972, he brushed aside Tanaka’s attempts to apologise, saying that he was grateful to Japan because without the war the CCP would not been able to seize power. Under Mao, the CCP’s primary claim to legitimacy was class struggle. The CCP then emphasized its defeat of the KMT as representative of the old order it overthrew. But once China began to embrace the market economy and particularly after 2002 when businessmen working in private enterprises – in other words, ‘capitalists’ – were allowed to join the CCP, class struggle lost credibility as a means of legitimating CCP rule and the emphasis shifted to the CCP’s defeat of Japan. Incidentally, it was the KMT not the CCP that bore the brunt of the fighting against Japan.

Such manipulations of history and the narrative of China as a victim are not costless to China and carry risks. A great power cannot forever portray itself as a victim without calling its intentions into question. Chinese diplomacy is characterized by a

passive-aggressiveness which is the corollary of the portrayal of China as victim. The classic, indeed clichéd but alas still used, illustration of this tactic is the accusation that for one reason or another someone has ‘hurt the feelings of 1.3 billion people’. This aims to simultaneously make you feel bad – you must be a truly obnoxious human being to hurt the feelings of so many people -- and is a not-so-subtle warning about getting on the wrong side of a big country. Chinese diplomats also whine about ASEAN ‘bullying’ China or ‘ganging up’ against China. All ten members of ASEAN combined are smaller than China. This absurd complaint is in effect a threat. It sets up a false dilemma as if ASEAN’s only choice is to agree with China or be against China and the obvious insinuation is that this would be unwise. Such tactics raise doubts about the kind of partnership China really wants with ASEAN and are not in China’s own interest. But Chinese diplomats do not seem to care, perhaps because some ASEAN members do succumb to this tactic.

But what China should not ignore is how the narrative of the CCP as the champion and redeemer of a victimised China could dangerously narrow China’s options if an accident with the US or Japan should occur. I had said earlier that the military risk is conflict by accident not war by design. War is not in China’s interest, and China may for all the reasons I have earlier set out, want to contain any incident. But Beijing could be trapped by its own historical narrative and the highly nationalistic public opinion that the CCP both cultivates and fears, may force Beijing down paths it does not really want to travel.

Let me conclude this evening’s lecture with a final point on US-China relations. After news broke a few days ago of China’s deployment of surface-to-air missiles on a disputed island in the Paracels, President Obama criticised the action as “ ... China resorting to the old style of might makes right, as opposed to working through international law and international norms to establish claims, and to resolve disputes.” I entirely agree. But the use of the phrase “old style” also brought to mind Secretary of State Kerry’s characterization almost two years ago of Russian actions in Ukraine as “... 19th century behaviour in the 21st century”.

Both statements seemed to me to miss a fundamental point about diplomacy and statecraft. A century is not merely a unit of time but also a political construct. It is pointless merely to complain about a competitor operating on the basis of a different political construct. Why assume that everyone necessarily operates within the same frame as oneself? That could lead to being ambushed by events. One of the basic functions of diplomacy is to see the world through your competitors' eyes in order to understand the frame of reference he is operating within, and thereafter one of the basic purposes of statecraft to use what means are available and appropriate to manoeuvre him into your preferred frame of reference or if this is not possible, to operate within the same frame in order to achieve your purposes.

A stable *modus vivendi* can only be reached if all parties are operating within the same frame of reference. Are the US and China operating within the same frame of reference? I think they do substantially but not entirely and therefrom arises the complexity and risks of the relationship. Can they be brought within a common framework? That is not yet clear. Time will tell. But I do sometimes wonder whether the eventual answer, if there is an answer, may not prove more challenging than the question.

Ladies & gentlemen, I have spoken for far too long and only scratched the surface of US-China relations. I hope I have nevertheless succeeded in setting out in broad outline the parameters of that relationship and some of the basic issues involved. I do not think any of them will be resolved anytime soon if ever. Still, I am not pessimistic about US-China relations because, as I have stressed, both countries are pragmatic, prudent and understand the importance of and want a stable relationship. Neither is looking for trouble and the issues between them, while difficult and complicated, can be managed. What it does mean is that while the US and China grope towards a new *modus vivendi*, the rest of us will have to navigate a prolonged period of more than usual uncertainty and stress. In my next lecture I will examine what this means for Southeast Asia and ASEAN. Thank you for your patience in listening to me this evening.