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Topic: **China and the United States: A View From ASEAN**

Lecturer: **Prof Tommy Koh**
Co-Chairman, China-Singapore Forum
Chairman, Centre for International Law,
Special Adviser, Institute of Policy Studies,
National University of Singapore

1 Professor Qin Yaqing, Ambassador Cai Jinbiao, distinguished professors and students, ladies and gentlemen.

2 I would like to begin by thanking the China Foreign Affairs University (CFAU) and the Chinese People's Institute of Foreign Affairs (CPIFA) for inviting me to deliver this public lecture. I feel privileged to speak at the CFAU, the leading education institution on foreign policy in China. Founded in 1955, on the initiative of the much loved and respected Chinese Premier, Zhou Enlai, the CFAU has groomed generations of ethically qualified and professionally competent personnel for the Chinese foreign service. Under the wise leadership of Ambassador Zhao Jinjun and Professor Qin Yaqing, I am certain that the CFAU will continue to "serve the needs of the nation, open itself to the changing outside world, look into the future, and train generations of worthy talents."

3 I would also like to thank Professor Qin Yaqing for chairing my lecture. Professor Qin has made many important contributions to the scholarship of international relations and politics. He has taught at many leading universities, at home and abroad.

4 I am in Beijing as the leader of the Singapore delegation to the Sixth China-Singapore Forum, a track 1.5 dialogue. The Forum was held on 19 October and was very successful. We discussed the flourishing bilateral relations between China and Singapore; the 20 year old and mutually beneficial relationship between China and ASEAN; and the relations among the major powers in Asia and the role of ASEAN in that context. Some of my colleagues are here this morning. If you have any questions about the Forum, I will request them to help me to respond to your questions.

5 I will now turn to my lecture.

What is the Nature of the World Order?

6 For nearly half a century, from the 1950s until the end of the 1990s, the world was dominated by two superpowers: the US, backed by NATO; and the USSR, backed by the Warsaw Pact. The world order was bipolar. With the collapse of the Soviet Union, the Cold War ended. Russia, without her former empire, has been reduced to a major power although it still has a superpower's arsenal of nuclear weapons. With the Soviet Union gone, the world is left with one superpower, the USA. The question is whether the world is still unipolar or have we entered a new paradigm.

Are We Living in a Post-American World?

7 Fareed Zakaria has argued in his brilliant book, "The Post-American World" (2008), that the brief moment in history when the world was dominated by one hegemon has passed and that we are now living in a post-American world. I do not agree with the Zakarian thesis.

8 I think we are still living in an American world. America possesses a totality of economic, military and soft power, which is unmatched by any other country or combination of countries. The EU has a larger economy than the US, but the EU lacks America's military power and the capacity to act as one on the world stage. The EU project of a common foreign and security policy is a work in progress. In any case, the EU's foreign and security policies are generally aligned to those of the US. The US does not see the EU as posing a threat to its hegemony. None of the other countries, whether in G7/G8 or G20 or BRIC, has the capacity or the will to challenge the US domination of global affairs. It is, of course, true that as other powers rise, the power of the US, in relative terms, is not as weighty as in the past. Increasingly, the US has to mobilise the support of its allies and friends in order to succeed in its endeavours. It can lead but cannot dictate. It is, however, still an American world because few initiatives will succeed without American leadership or participation.

Is the US in Terminal Decline or Will it Bounce Back from its Current Crisis?

9 Asians who are knowledgeable about the US do not agree on the answer to this question. In Singapore, for example, Kishore Mahbubani and I, who have spent many years in the US, hold opposite views. I commend Kishore Mahbubani's book, "The New Asian Hemisphere: the irresistible rise of the East",

to your attention. I also recommend Prof Simon Tay's book, "Asia Alone".

10 Kishore Mahbubani is of the view that the US is in a state of terminal decline and will, sooner rather than later, lose its pole position to China. I believe that, as in the past, the US will bounce back from its current crisis and will retain its pole position for the next 20 to 30 years. Simon Tay has taken a more nuanced position, somewhere between Kishore Mahbubani and me.

11 What are the reasons for my optimism?

12 First, history. America has faced many adversities in the past, such as the Civil War, the Great Depression, the oil embargo, stagflation, the savings and loan crisis, etc. The record shows that America has always bounced back, each time, leaner and stronger. One should, therefore, not underestimate America's resilience and capacity for re-generation.

13 Second, American dominance in science and technology. American scientists and technologists continue to lead the world. The fact that, each year, the majority of the Nobel Laureates are Americans confirms my point. Another indicator is the number of patents granted each year to Americans or US-based inventors.

14 Third, the quality of US universities, research and development. American universities continue to dominate the annual rankings of the best universities of the world. In a knowledge-intensive world, this is a significant achievement. It is also significant that the US continues to invest more in research and development than any of its rivals.

15 Fourth, the ability to attract and retain global talent. There is a global competition for talent. There is no country which is a bigger magnet for attracting global talent. Unlike Europe and Japan, foreigners find it very easy to assimilate in America. US brainpower is, therefore, being constantly augmented by a brain transfusion from the rest of the world.

16 Fifth, a culture of innovation and entrepreneurship. America has a culture of encouraging innovation and entrepreneurship. This is reinforced by a conducive eco-system, including a legal system which protects intellectual property and the availability of venture capital and angel capital.

17 Sixth, tolerance of failure. In many Asian countries, there is no tolerance for failure. A person whose venture has failed is stigmatised. In America, there is

no stigma for an honest failure. You are expected to pick yourself up and try again.

18 The answer to the question, is America a declining power, has an impact on how America views the world. A strong and competitive America will be self-confident and not see the rise of other nations as a threat to its prosperity and security. A weak and declining America will be defensive and may turn inward and become more protectionist and nationalistic. An insecure and nationalistic America may seek to contain the rise of potential rivals, such as China.

How do Americans View the Rise of China?

19 It is easier to say how Americans view the rise of China than to say how the American government does. This is because polls are regularly taken by Gallup, Pew, the Chicago Council of Global Affairs and all the major American TV networks and newspapers.

20 Two academics, Prof Benjamin Page (USA) and Prof Tao Xie (PRC), have co-published a very valuable book, “Living with the Dragon: how the American public views the rise of China” (2010). After analysing all the polls, Page and Xie conclude: “... most Americans oppose efforts to limit China’s rise A large majority of Americans want to avoid conflict, favouring cooperation and engagement with China.” (page 111).

21 On China’s economic competition, Page and Xie report: “... most Americans now recognise that China’s economy is likely to grow to equal the size of the US economy and is likely to do so rather quickly – perhaps within twenty to thirty years. Reactions to that prospect tend toward the negative. And many Americans – though happy to get inexpensive goods from China – worry about the quality and safety of those goods, about China’s trade practices (widely seen as unfair) and especially about the impact of trade and investment with China on the jobs and wages of American workers. Yet there is no evidence so far of an upsurge in protectionist sentiment, just support for measures like environmental and workplace safety provisions in trade agreements plus opposition to major investments in the United States by Chinese or other sovereign wealth funds.” (page 111, emphasis added).

22 Finally, on China’s growing military capabilities and influence in the world, Page and Xie report that, “Many Americans are concerned. The average American has not been very favourably impressed by China’s diplomatic activities and would prefer that China have less rather than more influence in the world.” (page 111).

23 To sum up, the American public do not have a hostile attitude towards China. They prefer cooperation and engagement over conflict. However, they do not trust China and therefore view the prospect of China catching up with the US economically and wielding more influence in the world as a negative development. The American people feel that China is not bearing its fair share of responsibility as a major global power in terms of maintaining the global order. In the American democracy, the attitudes of the electorate is an important factor in the making and practice of US foreign policy.

24 It is harder to answer the question, how does the US government view the rise of China. Why? First, because different US Administrations have articulated different views on China. Second, the concept of the “government” is more complex than in most other countries. Of the three branches of the US government, two of them, the Administration and the Congress, share power. The Congress is made up of two houses, the Senate and the House of Representatives. Even when the same political party holds the presidency and the majority in the two houses, they do not always work in tandem. The President has to negotiate with Congress in order to arrive at a decision. The situation becomes more difficult when the majority in one or both houses of the Congress is controlled by the opposition party. In the American democracy, other actors also wield power and influence over the making of the China policy. The following are some of the most important: the business community, the human rights lobby, organised labour, the religious lobby, the intelligentsia and the mass media. In formulating his China policy, every US President has to take into account the laws of the land, the views of Congress, the demands of the various interest groups and public opinion. It is important for China’s leaders and scholars to understand the complexity of the process of decision-making in Washington. Such an understanding will enable China, not necessarily to accept, but to understand better why the US President has no choice but to do certain things which are viewed by Beijing as unfriendly, such as meeting with the Dalai Lama or selling arms to Taiwan. I am sure that much of this is well-known to Chinese diplomats and policy-makers, but it might still be worthwhile reminding ourselves of the complexities of decision-making in a democracy like the United States.

25 Third, US policy towards China will always be subject to the tussle between the importance of interests and values in the making of foreign policy. In most countries, realism guides the making of policy. A country’s foreign policy is exclusively or primarily based upon the pursuit of its national interests. In the US, however, its foreign policy is often described as a reflection of American values and ideals. A constant refrain in American rhetoric is that it shall be the policy of the United States to promote individual liberty, human rights, democracy and the free market in the world. The idea that US foreign policy should be valued-based rather than interest-based is part of the American discourse. In practice, of course, US policy makers will usually give greater weight to US interests rather than US values. However, in other cases and, at other times, US domestic politics may elevate values over interests. The US policy on China will inevitably have to

be a compromise between the pursuit of US interests and the pursuit of US values. The consequence is that the US policy towards China will be based, partly, on cooperation and competition, and, partly, on dialogue and agreement to disagree.

What are the Convergent Interests of China and the US?

26 Do China and the US share any convergent interests? In my view, they share many convergent interests, such as the following:

- (a) They wish to maintain peace and prevent conflict in the Asia-Pacific region;
- (b) They wish to promote free trade and investment globally and, especially, in the Asia-Pacific region;
- (c) They share a responsibility to help manage the world economy, being the world's two largest economies, and with China serving as a major engine of growth of the world economy;
- (d) They support the growth of Asian regionalism and regional architecture;
- (e) They cooperate to prevent the proliferation of nuclear weapons, fissile materials and missile technology;
- (f) They cooperate to combat terrorism;
- (g) They cooperate in the various institutions of global governance, such as the UN, IMF, World Bank, WTO, IMO, ICAO, UNEP, WHO;
- (h) They cooperate in dealing with many non-traditional threats to international security, such as epidemics, piracy, drug and human trafficking, etc; and
- (i) They seek to foster better mutual understanding through education, culture and people-to-people exchanges.

What are the Divergent Interests of China and the US?

27 At the same time, we must acknowledge that there are issues which divide China and the US. I enumerate below some of the most important:

- (a) Human rights and democracy;

- (b) North Korea and Iran;
- (c) Tibet and the Dalai Lama;
- (d) US sales of arms to Taiwan as mandated by the Taiwan Relations Act;
- (e) China's military modernisation;
- (f) China's foreign exchange policy;
- (g) China's treatment of US companies and their intellectual property rights;
- (h) Differences between China and the US in the climate change negotiations;
- (i) US restrictions on Chinese investments in the US; and
- (j) US "mismanagement" of its economy and currency.

The Way Ahead

28 It is not an exaggeration to describe the China-US relationship as the most important bilateral relationship in the world. It is a relationship between the world's two largest economies. It is also a relationship between the incumbent superpower and a rapidly rising power which has the potential to challenge the former. To make matters more complicated, the PRC is viewed by many Americans with distrust because it is not a democracy but is ruled by the Communist Party of China (CCP). Most Americans, however, do not know that the CCP is no longer in the business of exporting revolution but of goods and services, and that it has jettisoned a centrally planned economy in favour of a market economy with Chinese characteristics.

29 The management of the Sino-American relationship requires great wisdom on both sides. The world is fortunate that for the past nearly 40 years, American and Chinese leaders have focused on expanding the areas of convergent interests and gradually reducing the areas of divergent interests. Nixon's vision of bringing China out of isolation and socialising it into the international community has guided his own and the administrations of Ford, Carter, Reagan, Bush (41), Clinton, Bush (43) and Obama. Will a future US President discard that vision and seek to contain China's rise? Will a future Chinese President seek to challenge US leadership in the Asia-Pacific? Will a more powerful China continue to pursue a policy of good neighbourliness towards the region or adopt a more aggressive posture in asserting Chinese interests, for example, in the South China Sea? Is it

possible to avoid a future conflict between China and the US over Taiwan, North Korea, the South China Sea or Pakistan? The future is full of promise and uncertainty. China and the US stand at the fork of two roads. One road leads to cooperation and competition. The other road leads to confrontation and conflict. Which road will they choose?

A View From ASEAN

30 ASEAN has a stake in good relations between China and the US. First, because ASEAN wishes to have good relations with both and does not wish to have to choose between them. In the event of a confrontation or conflict between China and the US and ASEAN is forced to choose sides, this would pose a challenge to ASEAN unity and could result in its fracture. Second, ASEAN's agenda of building peace and stability in the Asia-Pacific through the various ASEAN-centred institutions and processes would be aborted if China and the US were in conflict. Third, ASEAN's ambition of promoting prosperity in the region through free trade and regional economic integration would similarly fail in such an eventuality. One of the most important reasons for inviting the US to join the East Asian Summit is to encourage China and the US to work with each other and with the rest of the region. ASEAN welcomes China's rise and seeks to deepen its comprehensive engagement with her. At the same time, ASEAN values the constructive role which the US plays in the region, both economically and strategically. ASEAN does not wish to see the region come under the domination of any major power. For this reason, ASEAN seeks to engage all the major and middle powers and to give all of them a stake in the region's stability and prosperity.

31 Speaking from an ASEAN perspective, I would encourage China and the US to choose the road which leads to cooperation and competition and not the road which leads to confrontation and conflict. First, there are no fundamental contradictions of interests between the two countries. Economically, the two economies are more complementary than competitive. They are also increasingly inter-dependent. China needs the US market for its exports. The US consumers benefit from the affordable prices of Chinese exports. It is true that China is running a huge trade surplus with the US. It is, however, also true that China has become America's largest creditor. There are, of course, issues which divide the two countries, but these can be gradually resolved through dialogue and negotiation.

32 Second, although China's economy is likely to overtake that of the US in the next 10 to 15 years or even sooner, this should however be viewed in perspective. China is still a developing country with a huge population of 1.3 billion and great disparities. According to the World Bank (2010), China's per capita income is \$7,570 whereas that of the US is \$47,120. It will take time before China catches up with America in terms of the standard of living of the people,

although in major cities, such as Beijing, Shanghai and Guangzhou, incomes are rising rapidly. Although Americans frequently express concerns about the opacity of China's military expenditures and China's rapid military modernisation, the reality is that US military power is without peer. The US continues to outspend the rest of the world put together, in military expenditures. It will take China even longer to catch up with America militarily. As for soft power, the competition has just begun. In recent years, China has made tremendous progress in developing and projecting its soft power through its Confucius Institute and by hosting the highly successful Beijing Olympic Games in 2008, the Shanghai Expo in 2010 and the Asian Games in Guangzhou in 2010. In sum, I believe that for the next 20 to 30 years, China is in no position to challenge America even if it wants to. However, I see no evidence that China wishes to do so.

33 Finally, I think that China and the US need each other more than ever before. In an increasingly globalised and inter-dependent world, the boundary between domestic and international is becoming less and less relevant. For example, the US cannot resolve its fiscal crisis without the help of China. For example, China cannot gain acceptance by the West as a market economy without the help of the US. For example, the current climate change negotiations will not succeed unless there is an agreement between the two largest emitters of carbon dioxide, China and the US. Rationally, the US needs China and China needs the US. It is logical for them to cooperate where their interests coincide and compete where they do not. It is not logical for them to embark down the road of confrontation and conflict. History, however, teaches us not to under-estimate man's capacity for irrational behaviour. On that sober note, I conclude my lecture and look forward to answering your questions.

34 Thank you very much for your attention.

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