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Luncheon Speech at a forum on "China's Peaceful Rise" sponsored by the John L. Thornton China Center

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1:00 PM to 3:00 PM

Somers Room
The Brookings Institution
1775 Massachusetts Ave., NW
Washington, DC

Ladies and Gentlemen,
Dear Friends,

It is a great pleasure for me to visit Washington again and come to the Brookings Institution, an important think tank of the United States, to exchange views with you. I hope that our dialogue will lead to better mutual understanding, more common ground, greater mutual trust and less misgiving in the interest of more positive and stable China-US relations.

I know there have been heated discussions in recent years within the US political circle, major think tanks and media on whether or not China's peaceful rise will threaten the American global interests. Some important, constructive, enlightening and interesting viewpoints have been presented. I hope my speech would contribute to the discussion. However, let me assure you that I am not here to debate with you. I just want to talk about solid facts rather than abstract concepts in the following ten points.

First, what has happened in the past two decades and more shows that China's peaceful rise is not a threat but an opportunity for the US. Since China began to pursue the reform and opening up policy in the late 1970s, it has opted for a road of seeking a peaceful international environment for development and, by its own development, contributing to the maintenance of world peace. China's peaceful rise can be understood as both a road and a goal of national development. As a road to development, it means China will independently build socialism with Chinese

characteristics, by integrating with and not divorcing itself from economic globalization and pursuing mutually beneficial and win-win relations with other countries. As a goal of development, it means China will basically realize modernization by mid-21st century, overcome its underdevelopment and catch up with medium-level developed countries.

By integrating China's modernization drive with the economic globalization, we mean that China will take an active part in economic globalization and will not change international order and configuration through violence. "Independently building socialism with Chinese characteristics" means we will mainly rely on our own effort to solve our problems without causing trouble to others. Experience through the past two decades has demonstrated that this road of peaceful rise works. In this process, while China is becoming stronger, the US has maintained a robust growth. Common development and mutually beneficial results have been achieved for both countries. Sino-US cooperation has expanded from the political field to all dimensions including political, economic, cultural, military and security fields.

Second, along with the deepening of our bilateral relations, American understanding of China's peaceful rise is gradually deepening. Of late, I have found quite a few impartial and positive comments or reports about China's peaceful rise by some influential media sources such as the New York Times, International Herald Tribune, Asian Wall Street Journal and the Newsweek. In addition, the well-known Foreign Affairs magazine has been publishing in recent years weighty analytical articles about China's peaceful rise. I am also delighted to hear a growing voice in the Capitol Hill calling for closer China-US relations, in particular, the bill co-sponsored by two Senators on increasing China-US cultural exchanges. A special mention must be made of President Bush's answers to questions about China, which I find quite positive. He said: China's rise is "an amazing story"; China is a "massive market", an "economic opportunity" and a security "partner"; "the relationship with China is a very complex one" and simplistic approach should be avoided. Furthermore, President Bush has rejected the calls from the Capitol Hill for sanctions against China under Special 301 provisions under the excuse of RMB's exchange rate. All this shows that more and more personages with vision from both political parties and various circles in the US begin to face up to the reality of a peacefully rising China and think about how to deal with it. It is a new and encouraging sign.

Third, the Chinese leadership is soberly aware of the existing and future problems in the course of peaceful rise. The peaceful rise of a country with a population of 1.3-1.5 billion

is by no means an easy task. This is especially true in the first half of the 21st century when China is faced with both a "golden period of development" and an "intense period of paradoxes". There are three fundamental challenges in this regard. The first is resources, especially energy. The second is the eco-environment. The third is a series of paradoxes in the process of economic and social development, such as uneven development between the coastal areas and the hinterland, the contradiction between fairness and economic returns, rural-urban disparity, wealth gap and the relations between reform and stability. If these three challenges cannot be settled satisfactorily, then not only your worry will remain, but China's peaceful rise will also be extremely difficult.

Fourth, China has already formulated three strategies to cope with the three challenges. This is of vital importance. The first strategy is to transcend the old-style industrialization and opt for a new style. We will never take on the old-style industrialization characterized by high input, high consumption and high pollution. Instead, China will blaze a new road of industrialization featuring high technology input, economic efficiency, low consumption of resources, low pollution and a full play to its strength in human resources. The second strategy is to transcend the traditional development approaches that big powers took in modern history and the cold-war mentality marked by ideology, and to take an active part in economic globalization. This is because China's peaceful rise benefits from economic globalization, which also facilitates the achievement of this goal. The third strategy is to transcend outdated social management modes and continue to build a harmonious socialist society. It is necessary to build a social network that links government control mechanisms with social coordination mechanisms, complement government administrative functions with social self-regulating functions, and fuse government management forces with social adjustment forces with a view to improving governance and social management. These three strategies can be summed up as maintaining external peace and internal harmony, which are interconnected and mutually complementary, and leading the 1.3-1.5 billion Chinese people toward a better life and greater contribution to humanity in the context of mutually beneficial and win-win cooperation with other countries. Therefore, China's peaceful rise is the ascent of a staunch force defending rather than disrupting global peace. It is by no means a peril. It is a blessing for the world.

Fifth, these three strategies and China's development path of peaceful rise share a distinct feature-solution of problems on our own effort. This is what we mean by "Chinese characteristics" and coherence of its foreign and domestic policies. That is to

say, we link the peaceful rise with the social reform and transformation within the country, and focus on building a Chinese-style socialist society which is modern and harmonious. Such a society has several dimensions. First, it is a resources-efficient society with Chinese characteristics. We address the thorny problem of energy and other resources shortage by implementing the policy of "depending on domestic resources, giving priority to energy saving, improving the energy structure and appropriately developing cooperation with foreign countries". The past 20 years saw China quadrupling its GDP at the cost of doubling its energy consumption. In the next 20 years, China is set to quadruple its GDP again by doubling its energy consumption. That is to say, China has to adopt various ways to keep the energy self-sufficiency rate no less than 90% in the 20 years to come, and embark on a Chinese-style path of energy saving and environmental friendly sustainable development. Second, urbanization with Chinese characteristics. China has a workforce of 750 million, 500 million of which are in the countryside. In the first 20 years of this century, 200 million more redundant rural labour forces will join those who have already come to work in the city. Migration on such a vast scale is unprecedented in the world history. Third, a live-and-learn society with Chinese characteristics. To press ahead with China's urbanization process at a reasonable pace, we must strengthen employment training of the rural population, young people in particular, and build a live-and-learn society featuring the training of the 200 million rural population. Fourth, a society of coordinated regional development with Chinese characteristics. In the next 20 years, clusters of cities around the Pearl River Delta, Yangtze River Delta, and the Bohai Sea Rim will continue to be the engine of China's development. At the same time, China will continue to implement a set of policies to rejuvenate the Northeast, and develop the central and western part of the country, and gradually realize coordinated development among different regions.

Sixth, to sum up, China's peaceful rise is a Chinese dream. Take energy consumption for example, we can't afford an "American dream". Now the per capita oil consumption of the US is 25 barrels a year, while the figure for China stands at less than 1.5 barrels. If the Chinese come close to the current American oil consumption level in the 21st century, how much our energy consumption would grow from the current level? By ten, twenty, or scores of folds? This is dreadful to contemplate for both China and the whole world. Take population flow for example, we will not pursue the "European Dream" either. Europe rose by emigrating more than 60 million people overseas to set up colonies. This might be a rosy dream for some Europeans at that time. However, it was a nightmare for all those who were subjected to their colonial rule. We Chinese have to

rely on our own efforts to address the migration problem within our own territory. Take the enhancement of our national strength for example, we do not want to dream a "Soviet Union Dream". If you take a look at China's social reform and national transformation in the process of its peaceful rise in the first half of the 21st century and Soviet Union's arms race, expansionism and hegemony during Brezhnev's time and its so-called "world revolution" and "export of revolution", you will find nothing in common.

Seventh, by following a development path of peaceful rise, we are not seeking to become a big military power contending for hegemony around the world, but a big market, a major civilization, and a responsible big power playing a constructive role in the international community. Speaking of a big market, China was considered as the "biggest potential market" 20 years ago. Today, China's huge market potential is being turned into reality. China has, since the Asian financial crisis in 1997 in particular, contributed a lot to trade and GDP growth of the whole world. A decade ago, some of the world's top telecommunication companies such as Motorola were just beginning to set up their businesses in China; today, the number of mobile phone subscribers in my country has reached 340 million, more than a quarter of China's total population. Now most of the world's top 500 companies have entered the Chinese market, so have many well-known American companies. Of the top 10 foreign exporting companies in 2004, three are from America. In 2004, 24.3% of the export by the foreign companies in China went to the US. If the US opens itself up as a tourist destination to Chinese citizens like many Southeast Asian countries, the huge number of Chinese tourists will further contribute to the American economic growth. By building a major civilization, we mean China's rise will boost the calibre of the Chinese nation and realize the great renaissance of its culture. Let me quote Mr. Lee Kwan Yew, Senior Minister of Singapore, "China's ambition is not to conquer the world, but to rekindle its civilization with vibrant, high and popular culture."

In short, by unswervingly adhere to a development path of peaceful rise, we seek to become a modern socialist country that is prosperous, democratic and culturally advanced, and a responsible big country playing a constructive role in international affairs which doesn't seek hegemony or leadership of the world nor becomes a vassal state.

Eighth, since the goal of the Communist Party of China and China's development path is peaceful rise as mentioned before, then what is there for the US to worry about? Former EU Commission President Prodi recently said at the Bo'ao Forum for Asia held

in China: We don't need economists to tell us when China will become the world's first or second manufacturer or exporter. What we want to know is what values China will adopt. I agree with him. To understand whether China's peaceful rise will threaten the US global interests, the Americans have first to understand the new concepts of the Chinese leadership since the 3rd Plenum of the 11th CPC Central Committee.

On this issue, I would respectfully draw your attention to the following 5 key points. First, in his late years, Mr. Deng Xiaoping said, "China does not seek hegemony now, neither will it do so even if it becomes stronger, and we must let our future generations remember this." This was his political testament. He time and again stressed that China must stick to the policy of reform and opening up for a long time and adhere to this basic guideline for 100 years to come. Second, Mr. Jiang Zemin put forward the important thought of the "three represents", which carries on Deng Xiaoping theory. Mr. Jiang places greater emphasis on economic globalization, which he thinks is an irreversible trend of the times and China's participation in it. He also points out that the world is colourful, China must develop its culture while learning from the achievements of entire human civilization. Third, the new Chinese leadership with Mr. Hu Jintao as the CPC General Secretary, further emancipating the mind, advocating pragmatism and keeping abreast with the change of the times, pursues a foreign policy of peace, a domestic policy of building a harmonious society and the basic concept of reconciliation with Taiwan. These ideas have already exerted and will continue to exert vital impact on China's domestic and foreign affairs. Fourth, the realization of the country's peaceful rise by the mid-21st century will keep our leadership and people of several generations very busy. We must concentrate all our energy on fulfilling this task. We have neither the energy nor the intention to threaten others. Fifth, China is the beneficiary of the current international order, particularly economic globalization. China stands for reform, rather than violence, in the efforts to establish a new international political and economic order. If people fail to see these important and basic concepts of the Chinese leadership which are in conformity with the trend of our times, they may arrive at a serious strategic misjudgement of China's direction in the 21st century and thus commit a historic mistake.

Ninth, change your mindset, outlook and perspective and you would realize that intrinsic opportunities abound in across-the-board exchanges and cooperation between China and the US and that the Sino-US relations enjoy a bright future. I said here two years ago that it was wrong to characterize China-US relationship as one that was "driven by external forces". This line of thinking suggests that the "Polar Bear" that went after world

hegemony in the Cold War era and bin Laden, who orchestrated September 11th attacks were the binder of the China-US relationship, which would go wrong once the "Polar Bear" or the terrorist threat were removed. Wouldn't it be too pathetic to place our hope for a better relationship totally on drives from external forces? Some have suggested that an emerging power will inevitably pursue a hawkish foreign policy, wage a protracted cold war and harm others for selfish gains. This, in my opinion, is an out-dated view based on old-fashioned theories. I appreciate the views expressed by my old friend Dr Brzezinski at a recent Carnegie Foundation discussion on China's peaceful rise. He said to the effect that if a theory is proven incompatible with the real world, that theory should be corrected. I also agree with what Mr Richard Haass, who used to work at the Brookings Institution, said about China. He said to the effect that China only exports computers, not revolution or ideology. These sober observations deserve our acknowledgement, because they are based on facts and not on rigid doctrines. In my view, both now and in future, China-US relations have great opportunities and a broad horizon for parallel development.

The first opportunity for China-US relations comes from a high degree of convergence of national interests and mutual needs in the age of globalization. This explains the phenomenal growth of two-way trade from some US\$500 million at the end of the 1970s to the current US\$170 billion and China's spending of more than 70% of its US\$660 billion foreign exchange reserve on US treasury bonds. In this way, the two countries have had so much common interests and common stake that makes their relationship very difficult to unravel. That is why the trade friction between the two countries will not easily become emotionally-charged or politicized. If the US side can handle the trade disputes between the two countries in an "apolitical" way, China-US trade ties will surely make a big leap forward instead of a big retrogression.

The second opportunity for China-US relations comes from the new security concept of "major-country cooperation" in response to increased non-traditional security threats. I agree with an often-repeated view of President Bush and Secretary Rice that in today's world, a war between major countries would be unthinkable. Now faced with a common and ferocious enemy of terrorism, WMD proliferation and other non-traditional security threats, we have every reason to deepen cooperation in the area of strategic security. The key is to have between us a mutual trust at the strategic level. I want to stress here, China takes a pragmatic attitude towards American presence, including military presence, in the Asia-Pacific region, respecting history and taking account of the reality, and holds a position of "open multilateralism" with respect to Asia-Pacific integration

propelled by an East Asia community. To argue that China is going for US ostracism from the Asia-Pacific is groundless fabrication, designed only to sow discord between the two countries.

The third opportunity for China-US relations comes from their interest in settling regional hot spots and their joint efforts in maintaining international order. The Asia-Pacific provides the stage for common development of China and the United States. Yet this is an unsettling region that witnessed both the cold war and hot wars. It falls on our two countries to remove the lingering legacy of the Cold War and rise to the real challenges of averting hot wars. If China and the United States can look at the various issues from such a commanding height, it is possible for them to stay clear of the interference, such as "China is pursuing an Asian edition of Monroe Doctrine to push out the Americans", work closely together to defuse existing conflicts, and plan for their future that features peace, coexistence and common development on the basis of mutual accommodation of their respective interests. Furthermore, China and the United States share the duty and obligation to maintain a stable international order and work out its proper reform. We should open our mind and work together to explore new global economic, financial, political and security mechanisms.

The fourth opportunity for China-US relations comes from the coexistence and interaction between our two civilizations. Globalization, in our view, is not a time of "clashes of civilizations". Rather, it is a time of intercultural exchanges and intercivilization harmony. China-US exchanges and cooperation in cultural resources and cultural industries have already become an important part of an emerging Chinese cultural market. A thorough understanding of the Chinese culture has increasingly become a crucial condition for the United States to live harmoniously with China. I was told that a candidate for governorship in Utah made a campaign promise that if elected, he would introduce Chinese language course in every public school. The growing Chinese language craze and Chinese culture craze in the United States and the senators' bill on strengthening cultural exchanges with China I just mentioned will usher in an unprecedented new period of Sino-American cultural exchanges in the first half of the 21st century. Currently, our interaction in education, culture, science and technology is going strong, our cooperation over the Olympic Games, AIDS prevention is full of vigour and the two sides are working together to act quickly on the travel agreement for Chinese tourists in the United States. The future for China-US cultural cooperation is indeed very bright.

Tenth, I would also like to point out that we can't just wait passively for opportunities to come to our doorsteps. We should roll up sleeves to create them. Not long ago, a former American official said the following to me: If China and the United States can work in closer cooperation, then the 21st century will be a great century. But if the relationship moves back, the 21st century will be a very bad one for the two countries and the world. I cannot agree with him more. It takes two hands to make a clap, so fresh headway in China-US relations calls for common efforts by both governments. Let me suggest to my American friends here, when you look at China's rise and China-US relations, you may perhaps need to rise above three things: The first is the Cold War thinking, which is along the ideological lines and decides one's position according to social systems. When one subscribes to such thinking, he is very likely to make a strategic misjudgement about the Chinese-style socialism and the Chinese Communist Party. The second is the sense of cultural superiority which uses one's own values as the yardstick of right and wrong. Today's world, after all, is already in a brand new age with multiple civilizations living side by side and different cultures interacting productively. The third thing that one should rise above is the traditional theory that the emerging power is bound to challenge the existing dominant power because it cannot explain China's peaceful rise and the rising China being a staunch force for world peace.

In conclusion, please allow me to quote two great Chinese leaders. Mao Zedong, the founder of New China, said in the 1950s, "China will become a great, strong and also friendly country." Deng Xiaoping, the chief architect of China's reform and opening program, said in the 1980s, "Relations between China and the United States must eventually be improved." Let me present the words of these two wise men to my American friends here, hoping you will agree with them and tell your folks about them. I also hope that your attitude towards Chinese peaceful rise is one of embracing it.

Thank you.