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## PROCEEDINGS

Mr. Qi: We are not going to have a break, we are just inviting our panelists from the second panel to the floor, and we will go straight to that. The good news is, for those of you who need simultaneous translation you can now take your earplugs right outside and we're going to move on to our next panel. And the next panel is going to be moderated by Professor Shi Yinhong. Professor Shi is [inaudible] television and the forums like this all the time [inaudible] reading the news and introduction at all, and we all now he is a distinguished Professor of International Relations in Renmin University, he's also the head of the American Center of American Studies in Renmin University, and I'm sure for this panel you will see many familiar faces, familiar names on this US-China relations. What you're not familiar with is [inaudible] is the new ideas, thoughts and the new thinking on this subject. So now let me just give the mic to Professor Shi [inaudible].

Mr. Shi: Thank you very much for the [inaudible] and [inaudible] to have this panel to discuss the most exciting, and the most significant issue [inaudible] and at the same time the [inaudible] the two most important aspects of Chinese policy and foreign relation [inaudible] is in some sense locked into maritime [inaudible], [inaudible] and the exclusive economic zones. These two most important aspects of course is China relation with the US and China relation with

its neighbors. In all of these two most important aspects [inaudible] maritime disputes, this is in some ways very [inaudible] because we compare this situation with economic [inaudible] and possible [inaudible] China's numerous issue areas which is cooperation with the US already [inaudible] and in great progress. Also, I think on this kind of situation I just need to [inaudible] have some structured nature, if we look into this from ancient times to modern early times, and later on times, we find that great powers and have had the most important rivalry and [inaudible] over maritime areas. And we found a lot of strategic rivalry between great powers, overseas, at seas, in the oceans and so I think the [inaudible] will be at oceans. And who is [inaudible] 21st century, who is [inaudible] and of course very clear, who will be so called [inaudible] and [inaudible] and even who will be the twenty first century's [inaudible] I think that this is a very important issue. [inaudible] these panelists will move attention just like [inaudible] in my perspective, and since it's in the nature of [inaudible] contradiction, we have a gap between words and deeds. We have gap between one group of words and another group of words, we have deeds and there is a gap between our deeds in some issue areas and in some geographic areas, and other deeds in other geographic areas. And [inaudible] we a very very strong panel, and all of them are very experienced critical observers and scholars, and among them are at least two are very experienced in foreign policy makers and presidents' advisors for Barack Obama and Bill Clinton. Among them, we have two distinguished scholars, Professor Liberthal, Professor Pollack I think we expect the insightful

and sharp and I hope balanced opinions about these exciting [inaudible] issues and first let us have such order. First Professor Liberthal, then Mr. Jeff Bader and finally Professor Jonathan Pollack.

Mr. Kenneth: Thank you very much, it's really a pleasure to be here and have the opportunity to participate in this program because our time is shorter than planned, what I will do is to try to provide a sort of bridge from the first panel to the second and then Jeff Bader and Jonathan Pollack will focus more precisely on the framework of the Asian maritime issues and some thoughts about them. I want to begin by noting that the global context within which the US and China relationship is now playing out is unusually unsettled one. Most of the threats that we face now, both the US and China are transnational, and I would argue most have a large component of non-state actors at the core of the threat. The key threats as I see them are those growing out of climate change, terrorism and terrorism if anything is becoming rapidly a greater threat rather than one that is more under control, nuclear proliferation and nuclear proliferation ties back into terrorism the highest aspiration of al Qaeda and other terrorist groups is to gain a nuclear capability and you can imagine what that would produce, economic tensions and uncertainties, the world is still recovering from the financial crisis and now there are new possibilities both for more open trade but also for more segmented trade and more segmented tensions, ethnic and religious tensions both within and across states around the world, refugees and displaced persons

from mostly internal conflicts, the number of refugees now is the highest since WW2 on a global basis reflecting the enormous turmoil going on in many parts of the world today. Within this broad context as Bruce Jones highlighted, the US relationship with China is extremely important. Not that we can resolve these issues, most of these issues have no simple resolution but the issues become more manageable if we are cooperating or at least acting in parallel fashion and become much less manageable if we are actively working across purposes. It's worth keeping in mind that we have the world's two largest economies, we have the two largest and most powerful militaries, we are the two largest green house gas emitters, we are the two largest energy consumers, we are the two most consequential countries within Asia. How we are able to deal with each other is just of central importance for the capacity to make this world a less dangerous and a place for a better future. The US- China relationship as the title of this panel suggests, there are very serious problems at the center of this relationship. I want to begin at a broader context which is to say that in many ways, our relationship is very broad, very deep, and has a scope and dynamic that frankly 30 years ago nobody could have imagined. We have educational ties, not only students going in both directions but actually universities being setup here with major American participation, our economies are interdependent, Chinese direct investment in the US is now growing extremely rapidly, our trade is over 500 billion USD per year, cultural ties have rapidly multiplied, we now have government to government dialogues, the US side accounts for more than 60

formal bilateral dialogues a year, somehow the Chinese side refers to 90 a year I'm not quite sure what accounts for the difference but at a minimum, it is utterly extraordinary to see the ray of institutionalized consultations we have on issues around the world. We have the strategic and [inaudible] with all of this as context, it is a deep concern that the relationship appears now at the geo-political level to be in a downwards spiral. I'm not quite sure how much this was discussed in the last panel, the 3 of us unfortunately had to be at another meetings and so we missed the substance at the last panel. But many of the accounts for this downwards spiral is in fact a lot of these [inaudible] and maybe in Q&A we can go into some of the details of this [inaudible]. At the center of the news about the maritime disputes in Asia and it now appears that the dynamics of those disputes on both sides is affecting each side's judgment of the strategies intentions of the other side. Where strategic intentions are judged to be the unfriendly, the potential for miscalculation and misjudgment grows quite a bit, so this is a situation that is very serious and [inaudible] significant efforts to address directly. The danger is that the tensions over these maritime issues will potentially spill over and make it much more difficult for us to cooperate on these broader issues of [inaudible] consequence where lack of cooperation on those really makes issues of nuclear counter proliferation and so forth enormously more difficult. And as I think Bruce covered in the last panel, and if not let me just highlight that the climate change issue is extremely important, both in the US and China the politics of climate change and [inaudible] in part involves concern about whether

the other part will make the effort [inaudible] is going to make serious threats. And the politics of it globally with the two countries combined accounts for more than greenhouse gas emissions every year. No other countries are willing to take serious measures on this unless both the US and China are seen to be moving head on. So the quality of our relationship and our capacity to deal in a cooperative fashion on this central issue highlights I think a broader set of global issues where US-China cooperation or at least mutual trust is moving in the same direction [inaudible]. So the question is what to do? We seem to be drifting downwards, I don't think either country wants our relationship to get worse but the dynamics are not good at this point. My own sense is that what we need to do at this point is to draw on our experience over the last more than 30 years since we normalized relations, this has not been a smooth relationship at all times, we have had some deep difficulties and real crises at this point over the decades. A number of us have been involved in kind of working through those from our positions in government at the time, and I think the experience we've had in the past which suggests the importance of establishing a first of all, each President, the leader of each country has to be prepared to address this issue to try to stabilize things and then to build a basis for moving forward to cast a relationship in broader and more positive terms. To do that, I think we need to have, what we relied on in the past at times, which is a trusted channel within the governments. And I'm not talking about some secret outside discussion, but each leadership has to designate a task to a top person in a position to commit each leader to

engage intensively to develop a roadmap of steps that can be taken so that we each can anticipate the particular steps that will be taken, the extent to which [inaudible] of those steps to build confidence as you move forward in the sincerity and capacity of each side to move forward. Identifying what issues will be extremely difficult and extremely harmful if they were to [inaudible] and why that is the case. And personally, I would set a goal of having the two presidents, when President Obama is here for the APEC meeting in November, to have the two presidents able to honestly say at the end of the [inaudible] meeting to say that they put out a statement to cast this relationship in the broader and more constructive terms it needs to be in. And so set a more positive framework, but a more positive framework that is built on confidence building between now and then. Confidence building that is well informed, by quiet discussions that have set up the process where each side can move forward with some confidence towards a positive outcome to their meeting in November. And let me say the problem here is a problem on both sides, it's that we do not have the kind of well established channel below the two levels of the presidents that we have sought to have in the past and for most of our relationship we have successfully established. So this really is something where we need to catch up, it needs to be a positive effort, it needs to be sooner rather than later, because this is not going to be easy, it's going to take time to do and I think we need to try to get that up. Let me, my time is up, pass this along to Jeff Bader to pick up there.



Mr. Jeffrey: Thank you Ken. Because of my nationality and my background, I will of course bring up the American perspective but I hope to live up to Professor Shi's suggestion that I try to be as objective as possible, and you judge whether I succeed or not. US and China relations have been through tougher relations than what we experience right now, the Taiwan [inaudible] tensions in 1995-1996, the [inaudible] what's special about this time as Ken mentioned is that we are going through some anxiety in the relationship [inaudible] I argue that they are fairly low, loss of life, no cancellations, [inaudible] major exercise going on right now [inaudible] in the US and China and a number of other countries, no sanctions being imposed. What's unique now is that China can project power regionally, and is doing so, and China has global interests, global military power and they [inaudible] how the US and China has shock. Chinese leaders insist that they are pursuing [inaudible] development or peaceful rise, inclusive in that is the notion that China has a stake in existing world institutions and existing norms and does not plan to use force to alter them. The world in the last quarter or half century is based on US institutions and arrangements underpinned by US powers so [inaudible] several questions. Is China still committed to the peaceful rise and all that implies? Is American [inaudible] development of leadership of international norms and [inaudible] now subject to challenge, and this is a [inaudible] character of the US-China relationship, one that has historically been about cooperation [inaudible] about the change. There are some signs that China's acceptance of the status quo in the Western Pacific and the constraints

against using coercive means to alter have been brutal if I may say so. Number one, the South China Sea. The Chinese entangled with two other [inaudible] using what seems to many to be coercive means to resolve elements of [inaudible]. China's actions have caused anxiety among the other claimants, and offering solidarity among them. Number two East China Sea. I am not here nor do I defend Tokyo's purchase of the Jiaoyou islands which I believe was a serious mistake. Beijing has chosen to interpret that action and it has postured as an [inaudible] as an alteration of the status quo justifying its own substantial change and its own culture. Frequent deployment of vessels, of air craft to penetrate the 12 miles and [inaudible] zones of the Jiayou islands. And third, continuing Chinese buildup of military and quasi military forces and capabilities now combined with radio [inaudible] in the Western Pacific. I'm [inaudible] outside the Western Pacific that indicate that China's intention to build an alternate framework to existing ones. Number one the negotiation on the regional comprehensive economic partnership, this is what is seen as the Chinese led alternative to the US Trans Pacific Partnership. Number two, creation of an infrastructure development bank to compete with the Asian Development Bank with capitalization of 100 billion dollars, of which half will be contributed by China. Number three, posting on the conference on interaction and confidence building measures in Asia and the Shanghai cooperation organizations concentrating on Central Asia but exclude the US. Fourth, statements by Chinese economic officials calling for replacements of the international trade and monetary system.

And finally on a slightly different note, China's warming relations with Russia at a time of Western and American tensions with Russia culminating in a major natural gas deal, and this is not a change in the global order but it obviously could affect the effectiveness of the US policy towards Russia. Now let me add quickly before you get too excited and happy with what I'm saying, that I see some of these developments as absolutely benign, others as natural, and only a few as troubling. I am not mentioning them in order to condemn them, but rather to argue that they all exemplify a growing trend of Beijing acquiring the ability to alter global and regional [inaudible]. What concludes into the American [inaudible] and how China should [inaudible] on these realities is in my closing remarks. First, I do not see them collectively as fundamentally representing a collective threat or interests or a frontal attack on the US led international system. They will require sometimes cooperation, sometimes management, and sometimes [inaudible]. Second, actions by China that pressure or coerce its neighbors sometimes require the US to react. The use of force to settle disputes, particularly [inaudible] kinds of states in these cases would be contrary to [inaudible] as a Pacific power with many partners and allies in the region, the US cannot be indifferent if countries are victims of coercive behavior that unilaterally alter their [inaudible] claims and confidence. Third we should seek to ensure that [inaudible] arrangements that have served the region well adapt to properly accommodate China's rise and increasing influence rather than encourage creation of competing institutions. We, and by that I mean the US, have not always done so.

Fourth, not everything that China does to alter the status quo is inherently problematic for the US. Reserve currency trade denominations for example should reflect realities of the international system, not the interests of a particular nation such as the US. Trade blocks, whether US-based or China-based at the outset should be open to all. Regional organizations do not always need to include all member states. And lastly, probably Bruce spoke this morning, we need to build global cooperation between the US and China on the vast array of issues. Russia-Ukraine, Syria, Iraq, North Korea, Iran, counter-terrorism, these are all issues that the US cannot resolve by itself, that China cannot resolve by itself, we have to work together on these. If we work together on these, we will not only help solve the problems but the basis for our relationship even as we are having these restriction in the Western Pacific. What Americans want to see above all is not assurance of our American hegemony, which frankly overall stated by international relation theorists and [inaudible] analysts, but rather demonstrations that the wisdom of Deng Xiaoping in tying China to the international system and sensitivity of the Chinese attitudes to its neighbors still guides China's policies even as it is growing much stronger. Another way of making the same point, the US should not pursue policies aimed at China's containment, at the same time, China should not pursue policies that make the likelihood of [inaudible] the US more likely. It's hard to see how either side will benefit if either of these two important principles are [inaudible]. Thank you all very much, I look forward to your comments and questions.

Mr. Jonathan: Thank you, it's a real pleasure to be back here at Tsinghua today with my colleagues, talking about some issues that truly are of great consequence to the regional future and therefore to the global future. Though I will talk some about China today, I will try to put this in a somewhat larger context. As we all know, there's a standard vocabulary now that emulates, particularly from journalists that China is being assertive, and my response to that is everyone is being assertive, especially in North East Asia. As states maneuver for advantage, as they reassess their own national strategies, and as they try to push their advantages and opportunities in new directions, I see this deriving fundamentally from domestic sources. It's often emphasized of course that there is this security dilemma between states, in many respects I see security dilemmas as more derivative, more symptomatic of a larger transitions than a casual factor in and of itself. So today we are nearly 25 years since the end of the Soviet Union and the at least what we thought was the end of the Cold War at that point, this region has long resisted the kind of transition of a more fundamental sort that has been experienced elsewhere. So the question to ask is whether or not at present we are at the cusp of a long differed strategic transition that reflects new power realities, new arrangements and so forth. So even as we look at China, if we look at others, if we look at Japan, if we look at different ways of both Koreas, if we look at the role of Russia as it tries to reestablish a presence in the Asia Pacific Region, all of these suggests states with capacities

that they may have lacked before and are now trying to utilize in a variety of ways, not as Jeff noted, necessarily a bad thing, it reflects new realities but can it be done in a way that reinforces stability rather than undermine peace. Given the current unraveling in Iraq, given the whole set of changing circumstances in the Middle East, and given Vladimir Putin's should we say activism in Central Europe and his clear intent to push his advantage and upset national borders that were established definitively at the end of the Cold War, are we witnessing now a kind of indication that the wheels are somehow coming off the international order as we know it. It's easy to make in that context as we see events unfolding, I think it was Mao Zeodong who once talked about there are moments in time when history accelerates, and we may or may not be in that kind of moment internationally. The question is whether this region is in that context at the moment. As has been noted, for all the uncertainties created by the tensions in the maritime environment in the East China Sea, in the South China Sea, there is as yet no blood in the water. Even as the risks of unintended consequences or accidental conflicts have increased measurably and with much more military potency to back them up. So when I try to examine this and I reflect back on the Obama's administration heightened role in the Asia Pacific region, I don't think that what we see at the present is exactly what the Obama administration had in mind to put it mildly. The presumption of the shifts in US policy were to give more emphasis on the Asia Pacific region but on the basis that we ensure prosperity, and security and stability for all on the basis of a more inclusive regional order

where there would not be the resort to unilateral developments that could undermine the peace, and that there were in fact shared incentives to bound national differences for the sake of larger collective gains. These assumptions it seems to me, to some extent, need to be reexamined if not comprehensively rethought. We can front the obvious paradox that at no previous time in history, have we witnessed the [inaudible] interaction of social, economic, institutional, educational and the like that cuts across national borders in East Asia and yet despite this, and maybe even because of it, we see this sense of movement, and vexation and dissatisfaction with existing rules and relationships in a way that casts real question marks on the longer term. So when I look at this, there are possibilities and prospects that are indeed disquieting. The actors across the region, and I would focus very much in this context on North East Asia which is still the predominant zone in which economic and military power is concentrated in this region. Different states, including China, are behaving as if their respective assertion of [inaudible] power do not entail larger consequences. Leaders emboldened by what they believe to be perceived to be domestic support are trying to legitimate their own agendas, pursuing more ambitious strategies and aspirations that in some measure, express or convey a discontentment with the existing arrangements that are persisted including security arrangements that have persisted in East Asia since the end of the Cold War. In Europe today and in the greater Middle East, we are in an event driven dynamic. In my view, there is a risk that we could find the same conditions [inaudible] here. So even as the

US will continue to push for a more inclusive rules-based order encompassing all key regional [inaudible] especially including China, the immediate need as Ken noted is for conflict management and control, inducing restraint in national behavior where at the moment frankly very little is in evidence. This will require in my view both quiet diplomacy, and public statements and public responses, and national responses where mutual behavior and rather national behavior is inherently not acceptable to global norms. This of course poses many challenges to the US given its inherited interests in the Asia Pacific region, its existing alliance relationship at the same time that it tries to find the means by which China can be fully incorporated in the future global order. I suspect that these kinds of tasks will be with us for the long foreseeable future, let us hope that some of the young faces in this audience can do a better job than I don't know, the old men on this stage have sometimes done. Thank you very much.

Mr. Shi: Thank you Jeff, and thank you Jonathan. I think after [inaudible] in some sense we can [inaudible] at least [inaudible] ways by very frank and very [inaudible] on the issues [inaudible] especially relating the [inaudible] of China and of course [inaudible] folks in the mainland. The South China Sea dispute, the East China Sea dispute, which involved all the great powers and small powers and the [inaudible] in some very valid points are very impressive, I think the [inaudible] China has to try to [inaudible] clarify and I think it's a great chance to have three of them and to answer questions and respond to possible comments.



So now the floor is open. Lady first.

Ms. Liu: Thank you, Liu Chien from the [inaudible] I wonder if you were the Chinese government, how do you [inaudible] foreign policy? If you would of course.

Mr. Shi: Who would you like to answer your question.

Ms. Liu: Is it possible if all three.

Mr. Kenneth: If I were the Chinese government, how would I do things differently in Chinese foreign policy?

Mr. Jonathan: Pretend you're Xi Jiping.

Mr. Kenneth: No. I think the biggest concern now that I would have if I were the Chinese government is the deterioration in China's relations with its neighbors. To be candid, if you look from the late 90s to 2008, I know many in the US including all three of us in this panel, marveled at how effective China's diplomacy was in conveying that China's rise did not post a threat to the interests of its neighbors, and in fact there were huge opportunities to work together. If you look at the region now, most of the neighbors of China express concerns about

whether China is [inaudible] to use pressure to move things in China's direction regardless of the concerns of its neighbors. In China I know, I hear constantly that the feeling is that the US actions that have encouraged the neighbors to do that because we want to complicate China's rise, I think that frankly is wrong. From a US perspective, I mean sincerely from a US perspective, not a story that we put out, we have found that China's neighbors not only are allies and close friends, but more broadly than that, have come to the US repeatedly and said effectively we are very worried. Somehow China's diplomacy has changed, China is being much tougher and more assertive than it was being before. We use different words but basically that kind of notion. Then the US has to increase its engagement in the region, so that China does not steamroll us. So the US has responded to some extent in that, and then China sees the US response and says [inaudible] so I think my advice to China just as I have said the US needs to be very careful about what we say, and how we do it, and how it's perceived in the region, I think my advice to China would be to recognize more fully than evident at this point, that things China may think are not threatening at all are simply responding to things in the region, in fact are seen by many in the region as worrisome. So our [inaudible] creating dynamically we have a situation where China it think it's being defensive and responding to others and others think China is pushing its weight a lot without much consideration of others, and that's not a good situation framework. I think if I had a recommendation, it's for China's foreign policy to think a little more about the extent to which the perception that

others say they have of China might actually be their real perceptions. And try to bridge those gaps in a little bit more of a sensitive fashion.

Mr Shi: Do Jeff and Jonathan, do we have something to add. We still have time.

Mr. Jeffrey: I have nothing to add.

Mr. Shi: Okay so we still have time to have many two rounds or three rounds of questions and answers, and I think it's appropriate that for each one, we have some questions and then we can answer them collectively. So Madame [inaudible] and I hate to answer only the [inaudible] journalists step down that, I want some students and professors to ask questions.

Anonymous 1: Thank you very much, I hate to monopolize [inaudible] I would like to have [inaudible] but when we have the three of you all at the same time on stage, of course we [inaudible] Professor Shi, thank you very much. I want to have a very specific question, and the [inaudible] of the topic is very interesting. First of all to Mr. Liberthal, you talk about the mechanisms [inaudible] which is not as you argue being established, what is exactly that mechanism that we are talking about? Can you give us specific details, can you compare what you have as an expectation with some of the [inaudible] examples thank you very

much. And then to Mr. Bader, you talk about the US should not have the policy that it [inaudible] of containing China, and China should [inaudible] policy to follow up with Deng Xiaoping's demonstration of China embracing the world, but are you saying that the policies should not change? Not only on the US side but also on the Chinese side. And as you may know, it is impossible that we are saying things could not and cannot change. And thirdly, let me go to Mr. Pollack, you talk about the assertiveness that all the countries are having and the [inaudible] and I wonder whether it's a very similar experience to what the US has in the Middle East for example, compared to what [inaudible] in the [inaudible] for example in the Arab Spring certainly losing its persuasive power where it used to be allies in the region, for example [inaudible] and I wonder whether the US is [inaudible] process of working also in the Asia Pacific region such as Japan, is there any solution that Washington has in mind of continuing to have that influence, or is there a lack of confidence to exercise [inaudible]. Overall, I have a question for three of you, sorry Professor Shi, that is the three of you, we know you so well, and we know you are ardent workers for US-China relations but I just wonder how many are there in the current administration of Obama not only having expertise like you guys on stage, but also having in mind exactly how important it is for that relationship. Thank you very much.

Mr. Shi: Thank you for your questions, they are very interesting questions but still too much. So next, students and professors.

Anonymous 2: Hello, thank you, my name is Ye Lingkua, and my [inaudible] perspective [inaudible] Professor, and I have one question or one comment. First comment is, I don't [inaudible] inconsistency in China's foreign policy, the only difference maybe is the military [inaudible] or to implement the diplomatic discourse because the confidence in [inaudible] China's economic rise and the government wants to be more assertive, wants to protect its own legitimate rights or interests, and the prospect of China or the US's foreign policy in [inaudible] I think is determined by the [inaudible] to what extent the US government is waiting to take a compromise or to cooperate with China. And I have one specific question to Professor [inaudible] and actually I'm a big fan of your [inaudible] but in the previous lectures, you three panelists did not mention the public opinions of what the general population [inaudible] do they perceive China as a threat? or a future maybe threat? and to what extent is the US government willing to take this public opinion into future policy? if you explain how China and the US' relationship [inaudible] public.

Mr. Shi: So we finish our first round of questions, so that our panelists could answer.

Mr. Jeffrey: Let me start with the question about should policies change. Well, [inaudible] policies should change and [inaudible] policies should not

change. Deng Xiaoping understood that China's rise was going to be a source of anxiety in the region. That's why the [inaudible] description [inaudible] the approach that China should take. There was then the discussion about that, and most recently in 2010, [inaudible] about the [inaudible] article reiterating the wisdom of that policy. [inaudible] one sees the situation that [inaudible] that is that countries in the region become [inaudible] they become anxious, they [inaudible] together, they take actions which will complicate China's foreign policy and China's interests. You know, you mentioned the two things I said. The Deng Xiaoping policy and the US [inaudible] containment policy, I'm not sure if you're proposing that we change our policy to containment, certainly I would not favor that nor would I favor abandoning the Deng Xiaoping policy which has served China so well. That does not mean that China needs to surrender its claims, as I recall Deng Xiaoping said, I can't remember if it was in regards to the Jiaoyou islands or the [inaudible] islands that we are not wise in our generation to solve this problem. And I spoke to a Chinese official not too long ago when this topic came up, and certainly the point was made internally that while [inaudible] Deng Xiaoping, that we can solve this problem now. I don't think these sovereignty issues will be solved anytime soon, the challenge is to handle these problems without trying to [inaudible] impossible solutions and to handle the consequences of them in a sensible way.

Mr. Jonathan: I was asked whether I think that the US is losing its influence

as you say, you made specific reference of course to the Middle East and whether or not there may be parallels to what we see in East Asia. I think the two cases are very very different, what we've been dealing with in the Middle East is two things. Number one, the cumulative consequences of more than a decade of war in which the US was profoundly engaged and deeply committed and you could even argue that President Obama in his two terms in office is trying to find a way to [inaudible] that whole [inaudible] process. If he can, even as he is under great pressure now as you know, to do something, anything, in Iraq, the other point of course is that the Middle East has experienced internal disruption that has taken on almost if you will, revolutionary consequences. The verdict is out on that, we look at Egypt today, it kind of, General Cisse looks like a younger version of Hosni Mubarak before him, so the question of what tools the US has available to use in different contexts is also relevant. I see East Asia as really quite different, on the one hand, the US wants to be judicious about the way it uses its power, it has very very complex sets of arrangements and relationships in Asia, Jeff lauded before and I agree with him that a lot of China's [inaudible] in action have caused concerns that in essence lead many in East Asia to welcome the US, that they don't want if you will the US to go home simply because many of these states feel more secure if they feel that America is somehow present and accounted for. But that does not mean that all these states will do America's bidding, they have processes of their own, they have interests of their own, sometimes their interests are not America's interests, and when that causes

difficulty, the US has to be candid with its partners and allies to avoid a situation that is presumed to be disadvantageous to the US. Jeff gave the example already of some of the steps take by Japan, but Japan is a sovereign state, and for better or for worse they took certain kinds of actions. But the best approach it seems to me would be one that reflects the emergence and the growing competence that is evident in a number of states including China and finds a basis on which you will work with the US. China of course is not a US ally, we sometimes by the way in our strategic vocabulary toss out the term ally rather loosely. If one means literally a treaty defined security relationship with the US, it's a much smaller number of states. But I think the US is dealing with the fact that we are in a world where power has devolved in a significant degree, it's not necessarily a bad thing for the US, it's just something different. And we have to develop new tools that are appropriate to those very very new realities.

Mr. Shi: Well, we are against the time but still we have [inaudible] questions, and one, two, from my perspective is the last [inaudible].

Anonymous 3: My question is the [inaudible] Prime Minister of Japan today to talk about the [inaudible] of the South China Sea. Do you think that the [inaudible] closer to Japan so what's the US's role in it? Is it true that America [inaudible] Asia split as [inaudible] in the region, thank you.



Anonymous 4: [inaudible] from the Washington Herald, one question is actually a follow-up to [inaudible] with the importance of

I'm sorry can you speak directly, none of us can quite hear what the questions are. Please speak loudly.

Anonymous 4: Can you hear me now? [inaudible] that everybody talks about the [inaudible] incident about what could happen between China and the US, if anything [inaudible] during that, [inaudible] President Obama advisers, do they [inaudible] about these issues. Another question is during the Bush government, the government was so preoccupied that China was [inaudible] leaders have to [inaudible] and the leaders are getting out of hand [inaudible] Obama administration will be pretty busy with the leaders again and [inaudible] so do you think China again, [inaudible].

Mr. Shi: No, the floor for students.

Mr. Chris: Hi my name is Chris, I teach at the China Foreign Affairs University, I would love to hear your thoughts from any of the panelists, especially those [inaudible] recent developments in Hong Kong and to expect [inaudible].

Mr. Shi: Too sensitive, I don't want to. I'll [inaudible] American perspective

or the American point of view. Hong Kong, yes is [inaudible].

Mr. Jonathan: Well, I wasn't going to talk about Hong Kong I was going to respond to the questions that were raised given that we were talking beyond 12 o'clock. Let me take the questionnaire back here about the danger of incidents that might occur that nobody wants to see occur. I think particularly, let me just focus on the Sino-Japanese situation regarding the islands. The issue of sovereignty is not going to be resolved anytime soon, the question is whether we can avoid an accident or incident in that area where there is loss of life and is either side prepared to deal with the consequences if that kind of incidence occurs. I finally had been, and if you noticed when President Obama was in Japan, I saw in China there was huge press about the fact that he stayed in what has been US policy for quite some time already, which is an affirmation that the US-Japan alliance does cover the islands because they are administered by Japan and the alliance specifically does cover areas not only of Japanese sovereignty but also areas administered by Japan. But the other thing that he said which is very important, which did not get much coverage here, is that if there is any conflict over those islands, if there is a clash over those islands, that's a massive failure on both sides. Both Japan and China, the approach to this has to be to get agreement on crisis prevention and crisis management, of rules of engagement so that both sides understand better what each will be doing in the region. And that there is some priority given on both sides to not let planes

get close enough to each other that there might be an accident that brings down two aircrafts, cause you can be sure each side will have a very different explanation for who is at fault. And that there be crisis management procedures put in place so that if God forbid something does occur, that it is not a matter of quickly escalation and of nobody to talk or having the channel immediately available or begin to manage the crisis and prevent it from growing a great deal. My sense is in each country, there is a recognition of the risks of this kind of incident occurring, there's a recognition that it can escalate very rapidly if it did occur because of the emotion and the lack of serious discussion of crisis management. [inaudible] acting as if even though there is this great potential for crisis, the atmosphere is not right to deal with and I think that is a very big risk that requires much more attention, active attention than it is getting now regardless of the atmosphere is precisely because the atmosphere is so difficult that this needs to be given priority attention. That again, this is not resolving the issue of sovereignty but making it much less likely that there will be an incident with loss of life and if there is an incident with loss of life, that it is much more likely that it can be managed without it escalating into something that neither side wants, and certainly something the US does not want to see.

Mr. Jeffrey: [inaudible] the question about if there were a US-China incident would be managed. Anything [inaudible] is basically yes. When I was in the oval office in the 90s, we set up a hotline between the US and China [inaudible]

secure digital phone link between the oval office and [inaudible] which we used many many times. There is also a secure link between our defense [inaudible] officials, I remember there was an [inaudible] in the East [inaudible] US Pacific called the commander of the Chinese navy to talk about it. They say, from an American perspective, that we like these [inaudible] and we use them fairly [inaudible] because we have a [inaudible] chain of command and we create a hierarchy in decision making. It's a little more complicated on the Chinese side because Chinese decision making process is I think more consensus-based, and the American side which is frankly more hierarchical sense [inaudible] is true. And Chinese senior people frequently are reluctant to get on the phone to talk to the American counterpart unless they talk to 27 other Chinese people, so they'll dodge the phone call for days and days and days, whereas the Americans just want to know what's going on, make the phone call right away and let's work out the problem. But there are many [inaudible] unlike China-Japan where it's just [inaudible] I'll venture onto Hong Kong for 10 seconds. I think what's important in Hong Kong as we look to [inaudible] is that there be a real election, that Hong Kong will have the real opportunity to [inaudible] for more than one candidate representing a variety of different political views. I think that the existing institutions that have been setup under basic law allow this, and can happen, it doesn't need for the basic law to be throw out, it just needs to be implemented for [inaudible] chance to choose between candidates who are [inaudible].

Mr. Jonathan: The only point I would make about the dangers and risks that were made in reference to China and Japan. China is very insistent that it's not prepared to enter into any negotiations with Japan, unless Japan acknowledges that there is a dispute over some of the [inaudible] of the islands, and I understand China's viewpoint on that. The interesting question would be whether China under these circumstances, since Japan has from time to time indicated its desire for some kind of crisis management mechanisms, whether China enters into that kind of negotiation, making clear its objections to standard Japanese policy but for the greater desire to avoid an incident that could escalate rapidly, an effort would be made to arrive to some kind of rules of the road, or not really the road it's the air on the sea. Because let's not kid ourselves, if there is a significant incident between China and Japan, what that will do in terms of domestic responses in both countries, will set that relationship on a path that will look very very different from that thrust of Sino-Japanese relations that we have observed now over many decades.

Mr. Kenneth: I just want to add one additional thought. When you look back in modern history, what you find I think is that the big events that have really been consequential, have been ones that no one anticipated. So that we always think of how to manage things in terms of these are the issues, these are the tensions and how do we talk to resolve those and so forth, that's what we have to do. But to say that something is low probability, and therefore you don't have to in

advance figure out ways that you can limit the damage if necessary as modern history would suggest, that will come to grieve. 9-11, no one anticipated, the financial crisis 2008-2009, no one anticipated, World War I, I'm serious the low probability events are the ones that in each decade, you have at least one that changes the game in a big way. As I look at the world now, unfortunately, there are a lot of candidates for what may go wrong, if you look at Iraq now and Syria, what are the prospects that you're going to get a terrorist organization that frankly regards China as an enemy, and regards the US as an enemy. China because of tensions here with a Muslim minority here, and the US for all that it represents and what we have done in the Middle East. And the potential for nuclear proliferation. So we really do have to think ahead, you can't cover all the bases but when there are issues that you know are possible to occur, that can be enormously consequential, it takes a lot of political will to devote attention to those on each side. We have to build the kind of relationship where each side knows that if you move cooperatively, the other side is not going to do something that makes you regret that you said we can work with these folks. That I think is the basic message folks have tried to convey here this morning, and I hope that this has been a useful set of perspectives that we tried to communicate.

Mr Shi: Thanks Ken a lot, and with excellent notes we conclude our discussion, and now in fact time is running out and we already go much beyond our scheduled time so I [inaudible] this session is very high quality, and in fact our

discussion is very comprehensive and the panelists' opinion is very [inaudible] and good with detail [inaudible] perspective, and also what is also made our discussion a success is very positive participation of audience, and with their stimulating questions, I think [inaudible] want to thank you everyone in the audience and also let us [inaudible] our gratitude to the three panelists [inaudible] guests with a big applause. Thank you and we are finished.

Mr. Qi: Well thank you very much, and that concludes this special session on China-US relations and the future of world order. Thank you every speaker here and especially Mr. Shi a very effective moderator, thank you all very very much for your enthusiasm, your participation, and we hope to see you in the future.