

## **Sino-American Dynamics in Perspective**

Remarks on the 30<sup>th</sup> Anniversary of the Establishment of US-PRC Diplomatic Relations

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Beijing, China. December 15, 2008

Thirty years ago, the late Deng Xiaoping persuaded the Chinese Communist Party to make two linked decisions. In the first, China resolved to risk eclectic borrowing from other socio-economic systems to invigorate its own. In the second, the Chinese government determined to reach out to the United States. Deng Xiaoping's courage in overcoming domestic political barriers and bypassing irreconcilable differences to do so found its match in Jimmy Carter.

There can be few examples in history of decisions with such far-reaching effects. The distance that reform and opening enabled China to travel in less than two generations – from the drab poverty and international isolation of 1978 to the celebration of Chinese prowess and prestige at the Beijing Olympics of 2008 – has astonished the world. The rapid development of Sino-American relations helped catalyze this miracle of Chinese change, as Mr. Deng hoped it would. Despite all the bickering and the occasional unpleasant incidents this sometimes involved, today the relationships between our two peoples and governments are vastly broader, deeper, and more stable than anyone imagined they could be three decades ago. Our relationship has shaped and is still shaping a new world order in ways that few, if any, anticipated.

The thirtieth anniversary of normalization is an appropriate moment for Americans and Chinese to review both what our mutual engagement has wrought and the lessons we should learn from it. On that basis, this morning I would like to propose eight theses on Sino-American relations. They are meant to provide a framework for examining the journey we have made together and to help illuminate the path before us. I will state these theses and then return to each for a brief but somewhat more detailed exposition.

First, Sino-American relations have always been strategic in nature, that is: they cannot be

separated from the global and regional contexts in which they exist, nor can they be analyzed in purely bilateral terms.

Second, changes in Sino-American relations have played and continue to play a decisive role in shifting and shaping the global and regional orders.

Third, the state of Sino-American relations is of great concern to third parties, who are affected by the international context that our interactions create and by the relative priority that China and the United States assign to dealing with each other, as opposed to relations with these third parties.

Fourth, Sino-American relations have been and remain troubled by differences originally set aside to pursue larger common interests but not subsequently resolved between us.

Fifth, Sino-American relations have been and are still interest-driven, not value-based or dependent on personal relations between leaders. This gives them resilience to recover from setbacks.

Sixth, Sino-American relations are now grounded in interaction between the two societies as much as or more than between government officials.

Seventh, Sino-American relations are multidimensional and more than the sum of their political, economic, financial, cultural, and military parts. They cannot be understood by an analytical process that ignores all but one dimension of them.

Finally, Sino-American relations embody a dynamism that reflects the constantly shifting balances of capability between the two societies and states, and the narrowing of gaps in these capabilities with the passage of time.

Let me begin with the first three theses: the essentially strategic nature of Sino-American relations, the impact of our relations on the global and regional orders, and their effects on third parties.

The Nixon opening to China of 1971-72 nicely illustrates all three. This was a classic example

of diplomatic maneuver for positional advantage. Chairman Mao's acceptance of it rearranged the global and regional strategic geometry. He enlisted China in the cause of containing the Soviet Union in return for US deterrence of Soviet attack on China. Nixon's initiative improved the US bargaining position in both Moscow and Hanoi. It also ended China's international isolation, catalyzed the United Nations' acceptance of Beijing vice Taipei as the capital of China, and stimulated the normalization of China's relationship with Japan.

Seven years later, the normalization of Sino-American relations consolidated these advantages. It protected China against a Soviet military response to China's use of force to persuade Vietnam to halt empire-building in Indochina. It also kicked off the strategic restructuring of China's socio-economic system. A year later, the Soviet invasion of Afghanistan brought China and the United States into a broad strategic coalition with major Arab states and Pakistan. This coalition's backing for Afghan guerrillas enabled them to defeat the Soviet Union and compel its withdrawal from their country. Meanwhile, China demoralized the Soviets by demonstrating what could be accomplished by abandoning the Soviet model of political economy. Ruinous levels of military spending and other long-evident weaknesses of the Soviet system then combined to bring it down. First the Soviet empire fell, then the USSR itself.

The two decades since the end of the bipolar order of the Cold War era in 1989 also illustrate the centrality of the Sino-American relationship to the state of the world, though perhaps less in the politico-military sphere than in economics and finance. The opening of the American and Chinese economies to each other has been the central driver of the phenomenon we call globalization – the rapid emergence of transnational markets for commodities, manufactures, labor, and capital. The topics addressed in the multi-ministerial Strategic Economic Dialogues (SED) between our two countries are de facto acknowledgment of this. They underscore the strategic nature of our present interaction. Without effective measures to stimulate the economies of our two countries, the world cannot recover from the current panic and recession. Without Sino-American partnership, the world cannot craft the new and more secure monetary and financial system it needs. Without Sino-American cooperation, the world of the future will be much less able to pursue peace and development than otherwise would be the case.

The global economy is now more open and interconnected than at any time since the first decade of the last century. That first era of globalization was, of course, ended by the unexpected

outbreak of war between the great powers who had been its major beneficiaries. By the end of World War I, the value of the British consol (the “T-bill” of the time) had been cut in half, Britain had lost its global dominance, and gains from globalization had been reversed. Unlikely as it may be, a Sino-American war would now have similarly dire consequences for the world order.

This brings me to issues left over from history. In military science, the doctrine of “maneuver warfare” (of which Blitzkrieg is perhaps the most famous example) advocates bypassing enemy strong points in order to isolate them while focusing on vital targets that can be taken more quickly and easily. The “breakthrough diplomacy” with which Sino-American relations began and by which it has achieved its greatest advances, can be analogized to this. Breakthrough diplomacy concentrated on achieving agreement on vital issues where feasible while deferring attempts to solve more intractable issues.

This is a very productive approach to statecraft by which rapid progress can be made between nations. But, as in the case of maneuver warfare, neither the fortresses nor the problems that have been bypassed always wither away after having been skirted. Sometimes they reemerge to threaten continued advance. And, in the end, they have to be addressed if what has been achieved is to be consolidated. Some points of serious disagreement between China and the United States – like how to deal with various proliferation issues – were initially bypassed in this manner but later resolved. Others – like some aspects of the situation on the Korean Peninsula – are currently under discussion. Still others remain unresolved.

Of such bypassed and unresolved issues, the question of Taiwan’s relationship to the rest of China is the most important. The Taiwan issue pits the passions of China’s nationalism against the vehemence of America’s sense of honor. Sino-American contradictions in this regard are an ever-present threat to everything we have achieved. Left unchecked by reason, the emotionalism of the Taiwan issue could easily ignite a war between us. As I have noted, history suggests that such a war could be catastrophic, not only for our bilateral relations, but for world order. Fortunately, both sides have so far shown a clear understanding of how much we would lose by conflict, or in an inappropriate attempt to negotiate the irreconcilable differences between us. More importantly, we have recognized how much we can gain by acting to sustain the prospects for peaceful redefinition of the relationship between the two sides of the Strait. It is encouraging

that, as the fourth decade since US-China normalization begins, the outlook for this has never been better.

My fifth and sixth theses are that Sino-American relations are mainly interest-driven rather than value-based, that they are as much or more between our societies as between our governments, and that these realities lend stability to our ties. The United States and China came together three decades ago out of cold-blooded calculation of our respective national interests, notwithstanding deep mutual suspicion and ill-will. Ours was, in short, a marriage arranged by geopolitics, not affection. Since then, however, the emotional bonds between us have grown and thickened, our misperceptions of each other have subsided, and our mutual understanding has greatly improved. There are many friendships and considerable affection between our two peoples. But differences in our ideologies and values remain a source of tension between us. I see no prospect that we will soon reach a common understanding of the roles that representative democracy, human rights, religious faith, or collective bargaining should have in our respective societies. So we will have to continue to manage differences in values like these even as we pursue common interests. So far, despite occasional serious quarrels, we have not done badly at this.

Our relationship began with the perception by the most senior levels of our governments that, despite the “essential differences” between our “social systems and foreign policies,” (to quote the 1972 Shanghai Communiqué), strategic cooperation was in the national interest of both countries. Since then, especially over the thirty years since the normalization of our diplomatic relations, the recognition of common interests has steadily broadened and deepened. It now links every level of government, every kind of business and financial institution, and every element of the intellectual and cultural life of our two societies. Even when we disagree on important aspects of foreign policy, as in the case of the Korean Peninsula, we have found it possible to pursue common interests. Our disagreements over exchange rates and other matters do not impede trade and investment flows. Our arguments over social issues do not prevent engagement between like-minded NGOs.

The realism engendered by the focus on interests rather than values and the stability imparted by the engagement of our two societies have enabled us to weather serious incidents that might have been fatal to a less dispassionately grounded and broadly based relationship. I think here, with sadness, of the accidental bombing of China’s embassy at Belgrade and the mid-air collision near

Hainan that took the life of Squadron Leader Wang Wei. Countries have gone to war over lesser incidents. We chose another, better path.

My final theses are that Sino-American relations are more than the sum of their parts and that they reflect the relatively rapid shift of the balance of capabilities between our two governments and societies. I suspect that few present here today would object to either observation. Yet we continue to read analyses of our relationship that focus narrowly on one aspect or another, to the detriment of the whole. This is especially the case in the military arena, ironically the aspect of our relations that is both the least developed and in which the disparity in capabilities is most pronounced. Just as some in China imagine an American effort to encircle and contain China by military means, some in my country fantasize about China as a military rival with global ambitions.

Overall, there is a tendency for Chinese to underestimate the degree to which China has become a global leader and to shrink from accepting the responsibilities of such status. Meanwhile, Americans habitually overestimate China's capabilities and argue for it to do more in support of global norms, stability, and prosperity. This is a somewhat perplexing contrast. It reflects the naturally disturbing nature of change, which can evoke dysfunctional denial as well as ill-founded apprehension. We must guard against both as the balance between us continues to shift and our relations evolve apace with this in the decades to come.

Large gaps in capabilities persist, but it is undeniable that, in every respect except military, the balance of capabilities between the two countries is more equal than it was three decades ago. Politically, Chinese prestige has never been higher. Economically, China is now seen as a great power with a decisive role in global prosperity. Culturally, Chinese film directors, actors, artists, and musicians have gained a widening international following. A Chinese author, though one in disfavor at home, has won the Nobel Prize for literature. And China's self-defense capabilities have been vastly upgraded and its military professionalized, especially over the past decade. These successes have attracted American attention and elevated the priority the United States assigns to good relations with China.

This is all to the good. Initially, the new American administration is likely to concentrate on economic problems and to focus more on trends in West Asia and Europe than in northeast Asia.

However, the promise of Sino-American relations remains exceptional, and the answers to many problems can only be found in their further development. In due course, President Obama will be able to turn his attention to the opportunities that rising Chinese wealth and power already present. As I see it, these include:

- Working together with the world's other great economies to define and implement a new order for global trade and finance to which China can make contributions commensurate with the benefits it derives from sustained globalization, peace, and development.

- Creating institutions for trilateral and multilateral dialogue to coordinate regional policies and manage crises, while making Sino-American relations more transparent to third countries. The security and prosperity of countries like Japan, the Koreas, ASEAN members, Australia, India, Pakistan, the Central Asian states, and Russia and the state of our respective relations with them are of natural concern to both China and the United States. They are similarly interested in Sino-American interaction. Enhanced dialogue would benefit all parties.

- Realizing still more benefits from the process of mutual opening begun by wise leaders on both sides three decades ago by systematically examining and eliminating legal, regulatory, and other barriers to greater interaction and cooperation between all levels of our two societies.

It goes without saying that the prerequisite for our pursuit of these and other opportunities to advance our common interests is ensuring that problems left over from history do not flare up to threaten the present or the future. Based on our performance over the past three decades, I think we can be optimistic. It is important that we rise to the challenges before us. As one considers the eight dimensions of Sino-American relations I have touched upon this morning, one cannot help but be struck by the many contributions our relations have made to our two societies and to world affairs in the past. This underscores the stakes Chinese and Americans and the world have in Sino-American relations continuing their mostly positive course in the years to come, and it highlights the importance of the topics to be discussed in this conference.