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CENTER FOR GLOBAL POLICY

Transcript

CHINA IN THE WORLD PODCAST

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Guest: **Wang Jisi**

Episode 122: Sources of Competition in U.S.-
China Relations

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Haenle: Welcome back to the China in the World podcast. This is our second episode in our special series commemorating the 5th anniversary of the China in the World podcast. Today I'm pleased to be joined by Professor Wang Jisi who is on the show for the first time. To celebrate our past five years, I'm interviewing five of the premier Chinese scholars that focus on the U.S.-China relationship. And for those that missed the first episode, with Professor Cui Liru, the former president of the China Institute of Contemporary International Relations, CICIR, I encourage you to go back to listen to the episode after this.

We're extremely fortunate to welcome Professor Wang Jisi for the second episode in this series. Professor Wang is a professor in the School of International Studies. He's the president of the Institute of the International and Strategic Studies at Beijing University. He is honorary president of the Chinese Association for American Studies. Between 2005 and 2013, Professor Wang Jisi served as the dean of the School of International Studies at Peking University. And prior to that, he was at the Chinese Academy of Social Sciences as the director of the Institute of American Studies. As you know, the Chinese Academy of Social Sciences is one of China's oldest and most respected think tanks. Professor Wang is renowned globally as one of China's top America hands. He has closely watched, written on, and even guided the relationship over his distinguished career. He was named by *Foreign Policy* magazine as one of its top 100 global thinkers. Jisi, thanks for joining me on the podcast.

Wang: Thank you Paul.

Haenle: In January 2019, in less than two months, we will celebrate the 40th anniversary of the normalization of U.S.-China relations. I want to start by looking back over those forty years. I want to get your sense, what in your mind are the key lessons that we should have learned over the last forty years of our relationship, and how should they inform the U.S.-China relationship going forward?

Wang: Two lessons: I think the first lesson we should learn from the 40 years since the establishment of diplomatic relations between our two countries is that China has made great progress despite ups and downs and some problems between our two countries and some problems in China.

The second lesson I will emphasize is that the relationship was shaped by both sides and the world as a whole, but the main driver, actually, to me, has been China. Because when we study the lessons of U.S.-China relations, I will give you an album of that. I wrote a preface to a book and it divided the U.S.-China relations in the last two hundred years into four periods.

Haenle: This is a picture book of the U.S.-China relationship over 200 years?

Wang: Yes. Over 200 years, but it was the divisions that were marked by China's changes rather than the changes in the United States. Because, for instance, the first episode, the first period was the Qing Dynasty, the second period was the Republic period, the third episode was between

1949-1979. All these changes were introduced mainly by China rather than by the U.S. So it sounds strange because people say that the U.S. decides our the course of the U.S.-China relationship, but I have a different opinion. Of course, the U.S. is still much stronger than China. But it has been China's changes that reshaped the direction of U.S.-China relations in the last 200 years.

Haenle: When you hear the vice president's speech, Vice President Pence at the Hudson Institute, seemingly taking some credit on the U.S. side for China's progress over the last two or three decades, you would say that's not accurate?

Wang: The United States has done a great deal not in the interests of China, but in the interests of the United States, but it actually promoted changes in China that were in China's interest to make. So that means the two countries have been working together to promote the interests of both countries. It was not just a benevolent assistance to China. Of course, China also made some changes that made the United States even stronger. So that is my take on the situation.

Haenle: So fast forward to today. Does the U.S.-China relationship, or does the U.S. still have the influence to shape China's trajectory or the trajectory of the U.S.-China relationship? Where has it lost influence, and why?

Wang: No, I don't think the United States lost influence on the direction of China's path. It is still playing a very, very strong role that makes a strong impact on China's future. But that does not mean China is not independent. I think China is the main driver in China's own direction.

Haenle: So when you hear arguments in the United States, one example would be the Kurt Campbell/Ely Ratner article, I think in *Foreign Policy*, where they talk about U.S. effort to shape China's politics in a more democratic way and China's economy to become more market-oriented, but that that approach failed because that's not the direction China's moving in. What's your reaction to that?

Wang: Kurt Campbell makes some points in that argument, but many people in the U.S. do not agree with him because they say they are more sober-minded. They didn't expect China to change dramatically as a result of the relationship. I tend to agree with most of the critics. Kurt Campbell may represent one way of thinking, that is, the U.S. wanted China to change and China failed to fulfill the expectations of the U.S., but some Americans say, some Americans are not regarded as good China hands or friendly to China, they make the argument that they never expected China to change its political system or become a democratic country. They also have an argument to make, that is Kurt Campbell and some others had unfounded hopes, that they failed rather than the U.S. failed.

Haenle: Perhaps that they were naïve in their thinking to a certain degree?

Wang: Yes. But of course, I think I also have my frustrations in the bilateral relationship. And I don't want to conceal my disappointment of some of the things both sides have done.

Haenle: If you look at the relationship today, what do you assess to be the central sources of competition? There's a lot of talk in the U.S. about the competitive nature of the relationship being one of the more prevalent features of the relationship today. Where do you see the central sources of competition?

Wang: Several years ago, I made the statement that I could not tell whether competition or cooperation was more important, more salient in the bilateral relationship. Now I have my conclusion, that competition is more salient than cooperation. So, as for the sources of competition I can identify five dimensions.

Very briefly, the first dimension is U.S. domestic politics and China's domestic politics. Pence, for instance, made a speech and the main audience may have been his American audience, but he also spoke to the Chinese and to other countries, but the domestic agenda is very important to U.S.-China relations. China also has its domestic agenda, so this is the first dimension.

The second dimension is economic and technological. They have more competition now, but as Wang Qishan, the vice president of China, stated recently in Singapore, he still thinks that economic and trade relations are the ballast of U.S.-China relations. I tend to agree because if you look at other dimensions, it is still a more promising dimension, more cooperative dimension, despite all the difficulties. But we now see more competition in this area, and there's a danger of decoupling between the two economies, and the U.S. is emphasizing the technological part of it; that is, they argue that China steals American technology, Americans also charge China for the so-called "forced technology transfer" from American enterprises, and they are not happy with China's government intervention economics supporting SOEs. That comes to the next dimension, beyond economics and technology.

Political systems, economic systems, and the path of each country's road ahead, or what we call "发展道路," (fazhan daolu) or economic development model, that is the third dimension. The fourth dimension is international competition in the Asia-Pacific region in other countries, but I also emphasize there is also cooperation on North Korea, on the Middle East, on some other international issues, climate change should be included. And finally, there is the so-called power equation or power transition. That is, many people in China say, "China is a rising power, the U.S. is a declining power." I don't agree. I think both are rising powers, but China is rising more rapidly than the U.S.

Haenle: Or its starting point was certainly not where the U.S. started from.

Wang: Yes. The core issue of the competition or cooperation is between what I see as the second and third. That is, economic and technology competition connected or based on the deep differences between the two political economic systems.

Haenle: When you talk about the economic aspects and you mention the technology, and I assume there you're talking about the areas of the frontier technology, like AI and quantum computing, robotics, things like that, things that are outlined in the Made in China 2025 document which has caused quite a bit of concern, it seems to me that on the U.S. side, the argument is that it is concerned about its ability to compete with China in those areas over the next 10, 20, 30, 40 years. If the state is going to give huge advantages to Chinese companies in that regard, is that a legitimate argument on the U.S. side?

Wang: I think it is legitimate in the American perspective. I emphasize the American perspective because they think it is unfair. It is unjust. But the Chinese say, "Well, you make money, we make money, that's fair. It's just trade." It reflects the deeply rooted differences in the two countries' political values. Americans say this isn't fair. This is not reciprocal, but the Chinese say, "We are both making money." And in the Chinese mindset, it is development that is the most important thing, but to the Americans this is not simply economic development or economic growth.

There are some other issues, other principles involved. That's why I wrote a book entitled *The Ultimate Goals in World Politics*. I identified five goals: security, economic growth or wealth, and then I also added faith, or belief, and then justice and freedom. I think we Chinese overemphasized the importance of economic growth, because people have other interests to protect. They want justice. They want fairness. So in that regard the U.S. argument makes sense to me. But I'm not saying that the U.S. is always right or was justified in this demand for China. It has its own problems. The problems lie deeply in American domestic politics, and the gap between rich and the poor in the U.S. They criticize China for something they have done at home.

Haenle: Now what's interesting on these frontier technologies and Made in China 2025 is these are also concerns reflected by countries in Europe, namely Germany, in the UK, and France, and even in the Asia-Pacific region. And I think there, my own sense is that's reflecting what countries feel as a vulnerability. That China is now more powerful and has the capability in these areas to really grab on and lead in the future. I think what the U.S. and others say is that we want to compete, we can compete, but we want to do it fairly.

I've heard the message shift in China over the last couple of months from, "You know, this is all about us trying to block China's rise or contain China." I've heard a shift in the argument now where you hear Chinese interlocutors saying, "Look, we recognize we need to make progress on opening our markets. We need to continue to do better on intellectual property and respecting intellectual property, but you cannot change the Chinese system. That will be an effort in which the U.S. and the international community will fail." What does China mean when they say that?

Wang: I think the core of the issue on the Chinese side is the place and role of the state-owned enterprises. And I think to the Chinese leadership, SOEs are the lifeline of the rule of the Communist Party of China. And the legitimacy and basis of the CPC's leadership lies in a state-controlled economy. That, they don't want to change.

They could change some technological issues. For instance, being more open to the outside world, buying more commercial goods from the U.S. and elsewhere, more energy imports, and other things. But when you touch upon this central issue, that is, you don't like state intervention in economics, that China doesn't really want to accept. But it is very difficult to distinguish between the two, that is SOEs and the fairness of trade and technology transfer. That is where the U.S. and China differ fundamentally.

Haenle: Where does China stand on the question of SOEs and the nature of the state-led economy? Because in the 3rd Plenum in 2013, there seemed to be a major shift. The language talked about the market being the decisive factor in allocating resources. If you go back to the time when Zhu Rongji was the Premier, there was a major push to shift the emphasis toward private enterprise, and Deng Xiaoping, I think, when he started the reform of the economy and opening up, seemed to be emphasizing the role of the market. So, how strong is that debate within China today? Is the Chinese leadership still committed to the economic reforms announced at the Third Plenum?

Wang: I think this is the fundamental question. We have debates. We have very deep and widespread debates within China. Looking back at the last 40 years, since our diplomatic relationship was established, and also since when China began to open itself to the outside world, one thought is China has made great progress because of the strong leadership of the CPC. And that is also because of the “治国体制” (zhiguo tizhi) or state system.

The other view is that we have made great progress because we introduced a market economy. We learned from the West, especially its political and economic practices: market mechanisms and opening international cooperation. So they each strongly represented in internal debate in China, in political debates.

Haenle: Is that debate still intense?

Wang: It's still going on. Still going on. Because when we talk about U.S.-China relations today, the trade war, some people say we cannot accept America's demands. Some people say we don't accept all of the demands, but some of the demands are reasonable and we should make adjustments to our economic and political system so that we can be better off. We can introduce more market mechanisms as stated by the Third Plenum of the 18th party congress. And that was also repeated in the 19th party congress. So this is a very fundamental question.

Haenle: And recently a scholar here at Beida, an economist, wrote an article that said the main source of friction in the U.S.-China relationship has to do with the fact that China has not moved on the reforms that it had announced, that if China had moved along, or if China does, as it moves into this next round of reform and opening up, celebrating the 40th anniversary this year of the first round, that that could go a long way to improving the U.S.-China relationship and addressing some of the international concerns. Do you agree with that?

Wang: I agree with that completely. But I'm not saying that china has done everything wrong. China has done a lot of good things, but we still have weaknesses and problems.

Haenle: We've talked a lot about the economics and trade and the areas of technology, but we hear a lot about the strategic competition when it comes to the Asia-Pacific. Can you mention that as one of your five areas of central sources of competition?

You mentioned the international cooperation and then you mentioned the regional aspect, the strategic rivalry is growing in the Asia-Pacific. And I want to ask about, the *New York Times* did an article a few days ago, saying despite the fact that economic and trade are looming large over the U.S.-China relationship, the greatest risk is a potential inadvertent clash between military assets, U.S. and Chinese military assets, in the Asia-Pacific. Do you worry about this in terms of the relationship?

Wang: I worry a great deal about military competition or the prospects of a limited war between the two sides, so I am in favor of establishing more solid and comprehensive crisis management mechanisms between the two countries.

Haenle: When we dealt with the EP3 incident in 2001 and then the accidental bombing of the Chinese Embassy in Belgrade, the U.S. and Chinese leadership were able to work through those challenges, find solutions, and managed to put the relationship back on a constructive track. I think it was largely due to the fact that the leadership in both China and the U.S. concluded it was in the interest of their countries to do so. Today, if you fast forward, do you still think that's true, or do you worry about inadvertent confrontation and our ability to control the escalation, and as you said, our ability to manage crises?

Wang: I'm happy that you mentioned the two episodes. And after the two crises, both governments were sobered, and they thought it would be disastrous if they continued those kinds of practices. They are incidental, but I cannot say well, the bombing of the Chinese Embassy was simply accidental. There might be some kind of planned attack, I don't know.

Haenle: What's interesting about that, is if you talk to 99% of Chinese, they say it was not an accident, and if you ask 99% of Americans, they will tell you it was an accident. So I'm not sure we'll ever come to an agreement.

Wang: Right. So, I don't really want to touch upon the causes of that event, but it happened. And the second incident, that is, the EP3 incident, was more accidental. And after the two crises, the two governments reached some kind of agreement that we would not do that again. But those lessons were drawn about 15 years ago, 20 years ago, it was too long ago.

We have to have another kind of incident or accident that will remind the two sides to be more sober and more careful in treating our bilateral relationship. I don't really want that to

happen, but if that happened it might not be exactly the, you know, a very disastrous thing. I don't want to see any killing of the people, and in both incidents, China lost lives. I don't want to have that kind of suffering again, but I'm afraid that could happen.

Haenle: Just last month, a U.S. Navy Destroyer, *Decatur*, came within forty-five meters of a Chinese navy destroyer, PLA navy destroyer. The Chinese destroyer put bumpers on the ship. I think they thought the two ships were going to collide. I think this is an area that the two sides have to pay very close attention to. I will say, when I talk to PACOM or U.S. navy folks, they say the vast majority of the interactions between the U.S. and Chinese navy are professional, courteous, and safe. But it only takes one incident.

Wang: Right. But, my information, based on my limited contact with the Chinese military, they thought it would be safe. It was safe, but it warned the Americans that they should not be too close to Chinese, too close to what we see as Chinese territory waters. But I still don't want to see that happening again.

Haenle: As an American watcher, I want to shift to politics here. You have understood the phenomenon of Donald Trump. You've looked at it in the context of the U.S.-China relationship. You wrote a very interesting piece in *The American Interest* just shortly after the election and, I'm going to quote you here. You wrote, "As a veteran U.S. watcher in China over the past three decades, I was numbed on November 9th at noontime in Beijing when I got the news that Donald Trump had won. It shattered my confidence in analyzing U.S. politics as the vast majority of U.S. media, as well as all the Americans I had talked to about the election during the campaign, had been misleading one way or another." How do you see American politics today and the election of Donald Trump, and what's been the impact on the relationship in your view?

Wang: I noticed some kind of grievances in the American population at that time and earlier. But I didn't take that too seriously. I think that is a lesson I should learn, that is, the U.S. has been experiencing many difficulties including basically, economic inequality and social cleavage between the haves and have-nots. And it is also linked to identity politics. As expressed in the phenomenal book written by Samuel Huntington, "Who are we?" I mean, the Americans are all for thinking today as who they are. They are, of course, they say they are American. But there are different identities in the U.S. And these identity politics and the dominant social inequalities work together to make the U.S. disunited. I'm very much worried about U.S. domestic politics.

Haenle: In particular, it sounds like you're worried about the divisions, the growing divisions, the greater polarization.

Wang: Yes. Divisions not only along party lines but also along ethnic, religious, and cultural lines. When I studied in the U.S., they called that political correctness based on multiculturalism. But

now the multiculturalism has turned to be less politically correct. The more politically correct thing today is America First. That, I don't like that much. I'm a more liberal-minded intellectual.

Haenle: Well, there's a lot of Americans who don't particularly like America First.

Wang: Right, right, right. But I'm saying this is a fact that the U.S. is less coherent, less unified, and that is not only the U.S. That is happening everywhere in the world, I emphasize everywhere in the world.

Haenle: Right. There are international trends to this. I will say as an American I have a lot of concerns about Donald Trump. But on top of the list is my concern, and it's a big one. Previous Presidents have identified divisions in our society in the U.S. and worked to bridge those differences. And I see Donald Trump exacerbating those differences, in many cases, for his own political gain, and you've struck a nerve with me, because that is perhaps my greatest concern, and I worry about that in terms of the future of our own country.

Wang: I agree with you completely, I'm worried about your country as well.

Haenle: But is it, could it also be the case that what we're witnessing here, even though it's ugly, and the presidential campaign of 2016 was perhaps in my lifetime the ugliest political campaign that I've been witness to, could you also say or make an argument that it shows the strength of the American system in that it uncovered, as you say, real grievances, that U.S. politicians, whether you're Democrat or Republican, have to understand and take into account as we move forward? And so it was not done, you know, the discourse of the real challenges that we face at home, we didn't discover those over political violence, we discovered those through the context of our presidential election.

Wang: That's the very core of the issue, that your transformation in American history has basically or generally been peaceful regardless of the Civil War, which was violent, which cost hundreds of thousands of lives. I think gun control is a thing you have to deal with, and you should avoid organized crime. That is, if you continue to be peaceful, peaceful debates, even demonizing each other, in American history you will always have that. But I confess that I am frustrated that the debates became more vicious, now at least more violent in language. You're calling each other those four-letter words. I don't like that. That is not consistent with America's domestic politics. In the past politicians could congratulate each other saying, "Well, I congratulate you as the elected president," instead of, "I would arrest my competitor."

Haenle: I agree with you, and I think we need to get back to a more civil type of dialogue and engagement and politics. I want to ask you, as you closely watch U.S. domestic politics, what are the biggest impacts on the U.S.-China relationship?

Wang: I think the competition basically has played a negative role in U.S.-China relationship. Because Democrats in the U.S. focus more on some traditional issues like political differences in the two countries' political systems, economic systems. They also take an interest in China's human rights. I searched Donald Trump's criticism of China. He has never mentioned once, even once, human rights. Democrats will remind him.

Haenle: And Republicans of course, even within his administration.

Wang: Yes. And I also of course read Vice President Pence's speech very carefully.

Haenle: And he talked about religious freedom and human rights.

Wang: So that is playing to their domestic politics. If it's simply Trump himself, he would touch upon economic issues and some technological competition, Made in China 2025, but the Democrats would remind him that it is against the U.S. political values and China's political practices.

Haenle: You know, in some ways, there's Donald Trump's approach to China, and then there's the rest of the administration's approach to China. And I think largely when Donald Trump thinks about China, he thinks about trade and economics and getting the economic and trade relations right in a way that's beneficial for Americans, workers, creating jobs, and all the rest. And secondly, I think he thinks about North Korea.

I think, and it's unfortunate, I think his view of China, and in some ways the Asia-Pacific region, is around those two issues. But the rest of the administration under General Mattis and under Secretary of State Pompeo and even hardliner John Bolton, I think has a much broader view of America's Asia-Pacific policy and how China fits into that. But Donald Trump, I agree, he's not thinking about human rights, it's much more transactional.

Wang: Yes, but also I'm afraid of some kind of game of good cop, bad cop. That is Trump doesn't really want to say too negative things about China. He says, "Xi Jinping is a good friend of mine. I respect him. I respect China." But the vice president and some others are delegated to say something more serious about China.

Haenle: Has Donald Trump's approach worked in terms of praising President Xi and talking about his friendship?

Wang: I don't know. I'm not a politician so I don't know what the Chinese are thinking about his praise of Xi Jinping because President Xi never praised Donald Trump that way. He never says, "Donald Trump is a good friend of mine, and I respect the U.S."

Haenle: Xi gave Trump a good visit to China, back a year ago, during the “state visit plus” and gave him unprecedented access to the Forbidden City. He seemed to treat him respectfully when he was here. But I agree he has not lavished the kind of praise that Donald Trump has on him. As we go forward, Jisi, I want to talk about the relationship. It sounds like we’re at a critical juncture where we need to make some modifications on how we deal with each other. The U.S. think tank community is intensely debating the question of what should the new updated U.S. approach to China be. As you think about that question what are, in your mind, the key considerations that should inform a new approach to the U.S.-China relationship?

Wang: I think on the American side they should reduce the rhetoric in demonizing China and the Chinese government because that might backfire. On the Chinese side, we should think more about the specific issues the Americans are talking about. We cannot simply ignore them, saying, well, this is a very Chinese way. That is, “Your attitude is not good. Your questions, I don’t know.”

Haenle: The tone is important.

Wang: Yes. The tone is important, but the specific issues facing our two countries are more important than the rhetoric. We should touch upon the specific issue rather than saying you should redress your attitude about China.

Haenle: I was recently at a very good discussion in Washington D.C. hosted by the Brookings Institution and the Yale-China center. Some of your friends were there: Mike Lampton, Evan Medeiros, Susan Thornton. There were several panels during the day, but the last panel of the day asked the experts one question, which was, “Are U.S. and Chinese interests fundamentally incompatible?” How would you answer that question?

Wang: I wouldn’t say they are fundamentally incompatible. I think some of them are incompatible, some are not. For instance, I mean the differences between the two political systems and two value systems are incompatible at this moment, but both countries will change. Especially I think China will change faster than the U.S. The U.S. change is also very fast, but China is just changing faster.

In the long term I think these two value systems could be compatible. For instance, if we compare the value systems between the U.S. and Saudi Arabia, then I think they are more incompatible than the U.S.-China systems, because we don’t believe in any god, but you have different gods. The differences between the two gods are greater than between one god and civilian society. That is my comparison.

Some of the other issues are compatible because we buy and sell goods to each other and we cooperate. We make money together. We have cooperation over North Korea, over the Middle East, and over a number of global issues, global government issues: climate change, environmental protection, they are very compatible.

Haenle: A lot of people are arguing in the U.S. that engagement in the Obama and Bush administration did not work. Now of course in the National Security Strategy, it's about strategic competition. What's the right framework to think about this going forward? Is there something in between?

Wang: Maybe I hold my wishful thinking, but I would like to see in the next three years when the U.S. produces another National Security document, it would no longer state that China is the main international competitor or rival or adversary. But I don't know whether that will happen or not. It depends on two sides. I think especially it depends on our side. Because if we treated the current problem more soberly and more practically, we would have a brighter future.

Haenle: You've been very generous with your time this morning. Thank you very much for joining us, especially for our special series where we're interviewing five of the premier Chinese scholars. You of course are in that group, and it's been a pleasure and an honor to interview you today. Thank you so much.

Wang: Thank you, Paul. I'm very glad that I could do it.