

**CARNEGIE ENDOWMENT  
FOR INTERNATIONAL PEACE**

**REFRAMING CHINA POLICY**

**CHINA'S STRATEGIC OBJECTIVES IN ASIA**

**SPEAKERS:**

**AARON FRIEDBERG,  
THE WOODROW WILSON SCHOOL,  
PRINCETON UNIVERSITY**

**PROFESSOR ROBERT SUTTER,  
GEORGETOWN UNIVERSITY,  
SCHOOL OF FOREIGN SERVICE**

**MODERATOR:**

**MICHAEL SWAINE,  
SENIOR ASSOCIATE,  
CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE,  
CHINA PROGRAM**

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MARK MEDISH: Ladies and gentlemen, good afternoon. Let me call our session to order. My name is Mark Medish. I'm vice president of the Carnegie Endowment for International Peace. And on behalf of our president, Jessica Mathews, who could not be with us this afternoon, I would like to welcome all of you. Thank you so much for sharing your lunch hour with us today.

We meet at mournful times. And I would like to start with a moment of silence for the victims at Blacksburg and their families. Would you join me please? (Moment of silence.) Thank you.

This is the fifth debate in Carnegie's series, entitled, "Reframing China Policy." What a great room we have to meet in, by the way. I would like to thank Senator Norm Coleman of Minnesota for sponsoring us here today. The purpose of our debate series is to bring together the best and brightest minds on China to get the facts straight and to sharpen our understanding of U.S. policy options. The goal here is to have a spirited deliberation.

We are very grateful to our corporate sponsor, GE, for its generous support for this series. Previous topics in the debate series have included the future of Communist Party rule in China, the long-term sustainability of China's high economic growth, the implications of China's military modernization, and promoting human rights in China. You can hear these debates on our website, [www.CarnegieEndowment.org](http://www.CarnegieEndowment.org).

By the way, the next debate is already scheduled for May 14<sup>th</sup>. The subject will be China's unfair trade practices, and it will be moderated by former Federal Reserve vice chairman, Roger Ferguson. Today we return to a security theme. The specific proposition to be discussed is whether China seeks to dominate Asia and to drastically reduce, if not eliminate U.S. influence as a regional power.

To help us navigate this important subject, we have invited two of our country's leading experts on Chinese security policy. Professor Aaron Friedberg of the Woodrow Wilson School at Princeton University, and a former senior advisor to Vice President Dick Cheney, and Professor Robert Sutter of Georgetown University's School of Foreign Service, who also served as the national intelligence officer for East Asia. You'll see their impressive bios in the pamphlets at your tables.

Without further ado, I'm going to turn this session over to our moderator, Dr. Michael Swaine, who is also a leading China security expert. He's a senior associate at the Carnegie Endowment in our China program, and author most recently of *Managing Sino-American Crises*. Michael, it's all yours.

MICHAEL SWAINE: Thank you very much, Mark. Welcome. Thank you for coming today.

Well, as Mark said just a minute ago, today's proposition is about China's relationship to Asia and the American position in Asia, and the implications of China's position in Asia for the United States. For me, and for many people, this question really is perhaps the most vital one relevant to America's long-term security relationship with China. It's really at the heart of the often-discussed issue of whether and how China as a rising power threatens U.S. interests.

When we look at the historical record of rising powers, the history of power rivalries in Asia, China's own historical experience in the region, and aspects of more recent history of U.S. China relations, they all suggest that a continually growing China and a strong, if not, predominant America in Asia will face considerable challenges, if not confrontations, or perhaps even conflict in dealing with one another in Asia over the long term.

But is this in fact the case? What are China's intentions toward Asia, and the U.S. role in Asia? Will history, mutual distrust, and changes in relative power all combine to produce a full-blown strategic rivalry between Washington and Beijing. If not, then what is the alternative, and perhaps most importantly, what should the United States government be doing now and in the future to maximize the chances that a rising China will prove compatible with, or at the very least, not significantly threaten U.S. interests in Asia.

As Mark said, to discuss and debate this issue today, we have really two superb and highly respected specialists, Aaron Friedberg and Bob Sutter, and they have already been introduced, so I won't introduce them again. I'll just say that among serious specialists on this subject – and they both have written extensively on this subject – Aaron and Bob represent what I consider to be the level of consensus to some degree, but also a level of disagreement that exists within the specialists' community on this issue. And we will explore both their similarities of viewpoint and their differences in the following discussion.

But before we begin, let me say a word about the format. Aaron and Bob will each begin with about five minutes – a five-minute statement, each, from the podium here, that provides their basic overall perspective or response to the proposition outlining some of their underlying assumptions and positions. Then I will ask them each to respond in turn to four specific sets of questions that deal with Chinese intentions, the evolving power structure in Asia, and its effects on the U.S.-China relationship, the potential indicators of a China in search of regional predominance, and U.S. policy responses.

Now, these questions are designed to really address some of the most specific issues that have been mentioned and discussed in our interactions with Hill staffers and other people on the Hill, and other people in the larger D.C. policy community. Aaron and Bob will each take about three or four minutes to respond to these four questions, and I will at times interject to ask for clarification or probe certain areas. And after we cover

them, we will then ask you to present your questions. We ask you to please write your questions on the index cards that are located in the center of the tables where you are sitting. You can start doing that whenever, after you hear their opening statements, or as I am asking before questions. Then you will see there are individuals. Raise your hands and individuals will pick up the cards and bring them to the front, and then we will go through your questions.

So, without any further ado, let's begin with Aaron. Would you like to start with your opening statement?

AARON FRIEDBERG: Thank you very much. Thanks to all of you for being here. It's my pleasure to be given the opportunity to participate in this event. Our hosts, as you have heard, have asked us to debate the question of whether China seeks to dominate Asia and in fact to reduce or push out the United States. My short answer to this question is, I don't know, which may suggest I'm the wrong person to be here. But in my defense, I will say that no one else knows the answer either.

China's long-term strategic goals and ambitions are not only unknown, they are also at this point unknowable, and there are several reasons for this: The Chinese regime is secretive, and in many respects, deceptive about its intentions and capabilities. There is probably at this point disagreement within the regime itself over how exactly to define China's long-term goals and ambitions. China's rapid rise in the last several decades makes this possibility of disagreement more likely.

Finally, we don't know what the character of the Chinese regime is going to be over the long run. I suppose this is always true, but it is more likely to be the case in a country like China that the next several decades could see a fundamental shift in the character of the Chinese regime.

So my comments are going to be focused primarily on the current regime and its lineal descendents, if those are what we are dealing with. These comments are based on a mix of a reading of the evidence, such as it is, including conversations with Chinese counterparts, and a reading of the open-source Chinese strategic literature – but also a fair degree of inference, reading between the lines, because often Chinese writers on these issues are not completely clear and forthcoming for a variety of reasons – a measure of speculation about how things might appear from Beijing, and reference also to international history and to international relations theory – what we know from the past.

So with those caveats, let me briefly touch on four sets of issues – goals, drivers, obstacles, and implications. First, goals: The Chinese leaders and their most likely successors have the following sets of objectives, and I will state them in descending order of confidence on my part. I am certain that they want to increase China's influence in Asia and globally. When I say Asia, I mean not only East Asia, maritime East Asia, but the continental zones around China's northern, western, and southern peripheries.

I am highly confident, although somewhat less certain, that they want to weaken and constrict the U.S. presence and American influence in Asia. Do they want to, do they think they can, they should, they must, seek to eliminate America's presence and influence? My guess would be that that question itself is a topic of debate, and I would imagine that there are some within the Chinese strategic elites who say that this is both necessary and possible, and others who may counter that while it would be desirable to eliminate the United States, it may not be feasible; at least not at the moment.

Finally, I would say with moderate confidence that China seeks, if not dominance, then preponderance, at least in maritime East Asia, and I would say three quarters of the zones of continental Asia with the possible exception of South Asia. When I say preponderance, I mean not physical conquest or direct physical control, but an acceptance by others of China's position as the number-one regional power, deference to it, support for its objectives, an effective veto that it might have over policies of neighboring countries, an elimination or reduction of proximate threats, no hostile alliances against it, and ideally, in the long run, no powers that China might regard as outside powers. Some people have suggested that perhaps the way of thinking about this for Americans is to imagine what American strategists thought their objectives should be in the Western Hemisphere in the 19<sup>th</sup> and early part of the 20<sup>th</sup> century.

Secondly, drivers – why this push for increased influence and control? I would say there are three categories of these, and let me just touch on them briefly. The first would be the dynamics of power politics. This is what rising powers do. Increases in power are accompanied by an increasing desire for influence and control. And historically, it tends to be the case that the appetite grows with the eating.

Like some other rising powers, although not all, China also has a special reason for wanting to expand its influence, and that is its vast and growing need for resources that is propelling it outwards into the world.

In addition to the dynamics of power politics, history is also a driver for China. Here I would include the historical memory of China's role as the middle kingdom and the self-image of importance that comes from that, the more recent memory of the so-called "century of humiliation," which has led to heightened sensitivity to perceived vulnerabilities, and a troubled 20<sup>th</sup> century history with all of the other major powers. China has skirmished with India and Russia and of course has been defeated and humiliated by Japan. As a result, it is very unlikely to be willing to accept a subordinate role to any of these powers.

As regards the United States, many Chinese strategists see the U.S. as an interloper. America is a fairly recent arrival. It is a Pacific power by virtue of geography, but an Asian power by invitation. It is dominant now, and it has been for the past 50 or 60 years, but, in the view of many Chinese, it will not be and should not be forever.

The third category of drivers I would label ideology, by which I mean the character of the Chinese regime and the differences between it and the United States. China's current leadership is insecure; it's an insecure authoritarian regime, which it seems to me is likely to be assertive, if not necessarily aggressive externally, in part, for domestic reasons, and is also likely to be extremely fearful of the United States and of other democracies. This concern will lead it to want to exert control over its surrounding environment in order to push back potential enemies and threats, and will make it reluctant to accept assurances regarding, for example, energy security. This is going to contribute greatly to the difficulty that I expect we'll have in working out some stable modus vivendi between a democratic United States and a still authoritarian China.

Let me just wrap up with a couple of words about obstacles and implications. The ambition, the desire to do something, is not equivalent to the capacity to achieve it. If this were not the case, I would be batting 350 and playing right field for the Pittsburgh Pirates. Unfortunately, that is not the case.

In order to achieve its goals, China must overcome internal weaknesses, the natural balancing tendency of other Asian powers, and the continued presence and commitment of the United States. So the task for a Chinese strategist, is to get the U.S. out, keep Japan down, and keep Japan, India, Russia, and the other Asian powers apart.

This is a very tall order. Two caveats are worth keeping in mind: balances of power don't always balance automatically; if they did, the history of the world would be one of peace rather than conflict. And secondly, what matters is not objective reality, whether in fact it is possible or will be possible for China to achieve its ambitious goals, but what Chinese strategists and leaders think about their ability to do so.

That leads me finally to implications for the United States. First and foremost, , our task is to make sure that people in China don't think that they can achieve this degree of preponderance. At the same time we must continue to pursue policies that increase the probability in the long run of domestic political reform in China, because that is the long-term key to a stable relationship between the U.S. and China. And we have to try to do all of this without, if possible, provoking excessive and dangerous Chinese responses. This too is a tall order, but it seems to me to be doable if we keep our wits about us. In the end, I wouldn't trade their headaches and challenges over the next several decades for ours. Thank you.

ROBERT SUTTER: It's a great pleasure for me to be here and speak with you about China's rise in Asia and what this means for the United States. One thing I have learned in dealing with Congress and dealing with the executive branch is to get right to the point, and I have two basic points here.

The first one is I believe Chinese leaders have been, and are likely to continue, to seek a position as Asia's leading power, and to seek to reduce U.S. influence in the process. But, secondly, and this is a bit contrary, I believe Chinese leaders recognize the cost of taking assertive actions in attempting to achieve this goal under prevailing

circumstances are too high for overall Chinese administration objectives. These circumstances include the large power and influence of the United States in Asia, and the presence of strongly independent-minded Asian governments that work with the United States and in other ways to preserve their independence as China rises in prominence.

China's relative weakness in the face of these circumstances is likely to continue, meaning that the cost of assertive Chinese actions to achieve dominance in Asia will remain too high for the Chinese administration. The Chinese authorities may continue to be frustrated, but they will be compelled to adjust to an Asian order where China is not dominant and the United States remains very powerful.

Now, the reasons for the first point, why I believe China seeks leading power in Asia and a reduction of U.S. influence in Asia, and I look at Chinese actions. The history of Chinese action – Chinese leaders, whether radical revolutionaries or pragmatic reformers, have worked hard to free China's periphery from great power presence. This presence is seen as a threat to China. Parenthetically, the perception of threat seems based on national security grounds at bottom, and this may not change in China's one-party, communist administration becomes democratic.

The second reason: The moderation we see in China's recent emphasis on peace and development is offset by continued strong nationalism and national security actions and statements, which underline the Chinese administration's continued effort to seek Asian leadership and reduce the U.S. influence in Asia.

Third, Chinese specialists privately disclosed that classified Communist Party documents have continued to hold that Asian leadership is a Chinese goal. And fourth, the recent – the continued treatment of Japan and India via China, China's actions on U.N. reform, in ASEAN, and elsewhere, work to assure that China's regional and global prominence will not be superceded by these powers.

Now, perhaps even more important to go into the reasons for the second point, why I feel so strongly about this: This is based on extensive interviews – why China can't dominate Asia. This is based on extensive interviews with Chinese officials; it's based on interviews with 150 officials in eight Asian-Pacific countries over the period of three years – sometimes duplicate interviews over the course of time. It's based on prevailing scholarship and it's based on my own analysis of available data.

What this shows is the following: Chinese leaders recognize that the balance of power and influence in Asia for now and for the foreseeable future means that China will not be able to dominate Asia or emerge as Asia's leading power, and that endeavoring to do so would involve challenging U.S. leadership and upsetting other Asian powers in ways that would seriously and negatively affect core Chinese interests in regional stability and development essential of continued Communist Party rule in China.

The Chinese leaders recognize that a more assertive posture, seeking Chinese leadership that challenge U.S. leadership in Asia would hurt core Chinese priorities.

They do not believe recent U.S. and other assessments that show a new China-center order emerging in Asia. While China's influence grows, and will continue to grow, China will be in no position to undertake the large tasks, the massive costs, and the major commitments of a security and economic leadership position even remotely comparable with those undertaken by the United States in Asia. Any sustained Chinese effort to do so in an assertive way is seen to lead to counterproductive backlash from most of Asia's large and medium powers, and many small countries that actively maneuver and hedge with one another and with the United States in the face of a rising China.

Now, I do have some implications for U.S. policy. I was urged to keep this short, so I'm only going to focus on one implication. I really appeal to everyone to think about this. Please, don't exaggerate China's strengths and U.S. weaknesses in Asia. Try to seek a balanced view of each power's strengths and weaknesses before you come to your assessment of the situation and what is likely to happen in the future.

What you will see, if you go back into history, you will see that Americans tend to exaggerate the rising power, and they tend to exaggerate the capability of the rising power. And at the same time, they tend to be quite negative about their own capabilities. I have lived through two of these episodes. After the Vietnam War, when the United States was indeed weak, divided, we found that the prevailing view on Capitol Hill, where I worked, and the U.S. government, was that the Soviet Union would be the dominant power of Asia, and that the United States would be pushed into a secondary position.

Then after that, in the 1980s, again, here on Capitol Hill, elsewhere in Washington, and throughout the country and the world, it was widely held that Japan, with its economic power, would dominate Asia, and the Americans had no choice but to accept a secondary position in Asia as Japan lorded over Asia with all of its money and so forth.

Both of these assessments, ladies and gentlemen, were dead wrong. They were dead wrong because they looked only at the strength of the rising power and they looked at the prevailing weaknesses of the United States. They didn't look at the strengths of the United States and the weaknesses of these rising power. Please, look at that. And when you consider the situation, add into this: Asia is not a blank; Asia is full of governments that want to remain independent. They are tough-minded officials running these governments. They are not going to be anybody's patsy. Please remember that as well. Thank you.

(Applause.)

MR. SWAINE: Thank you, both. That was excellent. We have had a very good start here in laying out some of the basic positions of each of you on these issues. You have in your programs the four questions. Many of them have been addressed in one way or another by Aaron and Bob, but I just want to probe some aspects of the four questions to some degree before we turn over the floor to questions and answers.

And the first, as you can see, is really getting at this question about intention. This is something that is often referred to among observers of China's policies in Asia and beyond, for that matter. The question of whether or not the Chinese government has a deliberate, self-conscious, directed policy to achieve a position of predominance in the region, and, in order to do so, to remove the United States or to reduce significantly U.S. power in the region.

Now, my impression, in listening to Aaron and Bob is that, on the one hand Aaron says ultimately, you can't know this for sure; you don't know whether the Chinese have that kind of intention or not. But nonetheless, it seems – but I will ask Aaron to correct me on this, that he is also making the argument that the logic of the situation and the past experience of rising powers would suggest that the Chinese most likely do have such an intention, or they will develop such an intention over time.

For Bob, I think there is something like a similarity there in terms of your perspective on this as far as the here and now is concerned, that the Chinese – in fact, we can't know for sure, but they probably do seek to have a position of predominance, although you describe this as leadership. And there, I would like to know what the distinctions are, if there are any, between a desire to seek leadership as you have been told by some of your Chinese interlocutors and a desire to achieve predominance in the region. Is there a difference there? And maybe we'll start with you on that score then, Bob?

MR. SUTTER: Well, thanks, Michael. One of the issues that I would like to get to – and it's very important to define this – is that, what the United States wants in Asia as well. The United States wants leadership in Asia, but the Americans don't want dominance in Asia. It would be foolish for the United States to carry this out. The Chinese recognize this as well. To try to dominate Asia would lead to all sorts of backlashes and counterproductive activities.

But I think it's quite clear – is that – I think the Chinese – what is unclear is the Chinese say, do they want to dominate Asia; they say no; other people disagree. What is very clear is that the Chinese want to prevent anybody – any large power from consolidating their position along the periphery of China. The record of that is very, very clear, and they continue to work at that.

And so that means that nobody else can be the dominant power in Asia. And with China's size, and so forth, my assumption would be that they would therefore be naturally the predominant power. So I liked Aaron's predominance idea. That is more or less what I think the Chinese would like. But it's clear what they don't like, and that is the United States and in the past, the Soviet Union, and any other power that is big that tries to set itself up along the periphery of China is something to be resisted.

MR. SWAINE: But when you refer to these statements that have been made by your Chinese interlocutors, that they have seen documents that talk about leadership as an eventual goal, you take that as being defined in the way you have just described it?

MR. SUTTER: Yes, I do. In the current context, we need to keep in mind that China is in a very moderate phase; they have many goals in Asia, and the idea of pursuing their top position in Asia is not something that they think a lot about right now. They are very busy with all sorts of domestic issues, and trying to get along with their neighbors, deal with Japan, deal with Taiwan. They have a lot of issues. But my interlocutors indicated that this is in the background, that this is the longer-term objective.

MR. SWAINE: That is an important point, the issue of prioritization. And Aaron, I would like to ask you, on both of these points, the intent issue and the prioritization issue what your viewpoint –

MR. FRIEDBERG: On the issue of intent, I agree with what Bob has said about the goal of greater influence, preponderance. We quickly get into questions of what these terms mean – what is dominance? what is preponderance? – or more importantly, trying to understand more clearly how people in China may interpret those terms, or the terms that they may use. Their use of the term “leadership” may imply something different than what we would think, for example.

But overall, as I indicated, I do think that preponderance is the goal, and it is growing in seriousness and centrality in part because China’s capabilities are growing; its influence is increasing, in part I suppose because many people around China are telling China that they expect it to play a bigger role, and acting as if that is the case. Even if that thought had never entered their minds 20 years ago, I do think that it is there now.

As far as the priorities, I agree with this basic notion that the current Chinese leadership is very much preoccupied with internal issues, with maintaining economic growth and political stability. Obviously they have a full plate. Where I think I may differ from some people on this issue is in the conclusions that I think they may draw from this for China’s external behavior. I think that the internal concerns and insecurities may actually make them more concerned about the necessity of shaping their external environment.

For example, they are worried about energy security and access to energy, as are many other countries, but I think for the current leadership in China, the concern is that disruption of supplies and the economic dislocations that might follow could lead them to be overthrown – not just to be voted out of office, that these could lead to fundamental changes in the character of the regime.

The leadership’s internal concerns and feelings of vulnerability in many ways actually make them more attentive to what is going on in the outside world and perhaps give them a greater need or desire to exert some control over what is happening outside.

Now, if they didn't have any capacity to do so, all they could do would be to wring their hands. But what is interesting and what is changing very rapidly in the last, say, five or ten years, is just the extent to which they do have available to them instruments for exerting influence over events at a distance, not only in their immediate neighborhood, but further a field in the Middle East, in Africa, in Latin America, and so on. The fact that China is becoming a major investor and is appearing on the world stage in places where it really has not played a central role since the 1970s or 1960s is a considerable change, and I think it too will create its own momentum and create a desire, again, to play a larger role in the world, not just in the Asian stage.

MR. SWAINE: Any reaction to that?

MR. SUTTER: No, agree with that.

MR. SWAINE: Well, this leads in very well to the second question because – and they are very closely related, and that is the issue of whether or not the sort of structural environment, if you will, the changing power relationships, the changing influence that China is able to exert, that this, aside from any intention, aside from any deliberate preconceived intention, will indeed drive the United States and China, or initially China, to try to seek predominance and the United States to resist it. I mean, this is sort of classic realist argument about rising powers, and about how China would seek to behave in this process.

Now here, it seems that when you project into the future, look longer term on this, there does seem to be a difference between the two of you on this issue. But, again, correct me if I'm wrong. It seems that what you're saying, Bob, is that, yes, there are these structural dimensions to changing power relationships in the region, however, this by no means is going to necessarily result in the Chinese seeking predominant power and being able to achieve that effort because the structural relationship, the power relations in the region will prevent the Chinese from doing this in one way or another, and, more so than that, the Chinese will acknowledge this. They are already beginning to do so, and they will accept this fact, whereas, Aaron, you really, I don't think, agree with that. You believe that the structural situation in the region will predominate over time in terms of great power relations in particular, and that the Chinese could indeed very well seek to and may even achieve to some degree an effort to seek predominance, but please correct me if I'm wrong.

MR. SUTTER: That is exactly right. The prevailing assessments often – maybe not the prevailing ones, but many of the assessments that deal with the United States and Asia are overly negative, and that deal with China's rise in Asia are overly positive about China's power. When I try to look at China's power, I don't find a lot of instruments that they use. I mean, they use diplomacy and they use trade, but it's a very interdependent trade; it's win-win diplomacy; doesn't require anybody to do anything they wouldn't ordinarily do. I don't want to oversimplify it; I don't want to downplay it, but I don't think it's all that significant, whereas you look at the commitment and the importance of

the United States in the region – and this has been an ongoing sort of thing – it’s enormous.

And I can go into detail on this; I don’t think we have time for this, but just on the security side, if I could put it this way – in the security dimensions, the Asian governments matter; they are very calculating. They need to have development, nation-building development. To do that, they need stability, and yet, Asian governments basically don’t trust each other. What you see between China and Japan is emblematic of what you see throughout Asia.

And so they need a source of stability. Who provides that? The United States provides that, and it costs in the range of \$50 to \$100 billion a year to do that. China does nothing like this. They are not even close to doing something like that. And I think it’s going to be a very long wait when China is ready to undertake these kinds of responsibilities. The Asian government leaders that I interviewed, the 150 of them, generally have the view that we understand this; we understand this strategic reality. And so I’m very confident that this is going to continue because I see the United States continuing to do this sort of exercise.

MR. SWAINE: So basically, you’re saying, if the United States continues to aspire for the goals or the current situation that it has in the region now, which is this unique position as kind of the oxygen of the region in terms of security and stability. And if the countries of the region continue to have problems among themselves, which is probably quite likely, and they continue to want to be independent, it’s highly unlikely that the structural dynamics of the situation will permit the Chinese. They are going to make a cost-benefit assessment, which they are already making, and conclude that the costs of trying to achieve a predominance in Asia simply outruns the benefits, and this is likely to continue over the long term.

MR. SWAINE: That is exactly what I mean. Aaron, what is your view on this?

MR. FRIEDBERG: Could I comment on three things that have come up? One is the question of the drivers towards competitive tendencies, not only between China and the United States, but between China and the other major players in Asia. I do think that the power shifts that are underway are very important; they always have been historically a source of at least tension and often conflict, and they are happening very rapidly and are of enormous magnitude.

So I do think that matters. I would say also that the ideological differences to which I referred amplify those tendencies. If these were two democracies – China and the U.S. – eyeing each other in the way that Britain and the United States did at the turn of the 20<sup>th</sup> century, the situation would be difficult, but I think it would be more easily manageable. The fact that there are these deep differences in the characters of the regimes and the suspicions that result from those differences, I think is going to make this a more difficult competition to manage; not impossible necessarily but more difficult.

On the question of costs and benefits, while I generally agree with the sense that has been expressed that there are strong balancing tendencies and equilibrating tendencies that will keep China or any other country from exerting a preponderant influence in Asia, I worry that there may be a tendency towards complacency.

We may tend to assume that things are automatic. And as I said, the history of the international system is not one of balances forming in a timely fashion, nor is it always the case that leaders make accurate assessments. If Kaiser Wilhelm had done a real and accurate cost-benefit analysis, there wouldn't have been a First World War. I don't mean to be alarmist about China in this regard, but I think one has to be concerned about this.

A final point just about the instruments – and here, I think I do disagree with Bob a bit – it's striking to me the instruments that China has available to it now that it didn't have before. Now, maybe in certain respects, these are small or weak in comparison to the United States, but just to mention two – I have already touched on economics.

The fact that China is now a leading trading partner for South Korea and Japan and Australia and other countries in the region can't help but influence the political perceptions of those countries – it doesn't necessarily mean that they are going to slide over to China's side and ignore the United States. But the fact that China can invest and is a desired trade partner and investment partner in a way that it never was before – means that it has access and potential for political influence not only in Asia but also around the world.

The other instrument that I think we need to pay attention to are institutions. I think there is now actually a struggle underway to shape and reshape the institutions of East Asia. And the United States is sitting on top of an institutional structure that it played a very large role in creating – and which benefits it in many ways.

And China isn't necessarily trying to overthrow that structure; it wants to participate in it and partake of it, but I do think we see some indications of a desire to build other, perhaps parallel institutions, which may exclude or limit the influence of the United States, and could over time grow up to replace the existing institutions and result in a quite significant diminution of American influence at the expense of China. That is something, again, that wouldn't have been conceivable ten years ago, and it's partly a function of China's economic growth.

MR. SUTTER: Yes, I do, but I'm not sure how much time we have.

MR. SWAINE: Not a whole lot; we have to get down to the third question, but –

MR. SUTTER: Just complacency –

MR. SWAINE: If you have a response to him –

MR. SUTTER: This city and this country is not complacent. Pearl Harbor has been a big lesson to the United States, and I think that after 9/11 everybody is on edge in this city. We are not complacent on China, in particular. It's just the opposite, as far as I can see. On the instruments, trade is very interdependent – trade dependent on export – these are export-oriented economies, China being in the lead. They have to have a market and the U.S. market is very important.

Investment – Chinese investment – I think they will invest more eventually. Chinese investment last year, by Chinese figures, was \$16 billion a year for the whole world. That is not very big. And then multilateralism is something that is emerging, and the U.S. is playing a role in here, but I think it's pretty weak. If you can't have the meaningful cooperation between China and Japan, East Asian multilateralism and cooperation is going to be difficult, and I think we are in for a long haul here. So the U.S. should pay attention to this, but as a significant force I think it's not too significant.

MR. SWAINE: Do you recognize that there is a significant possibility, though, of miscalculation on the Chinese part, as they grow in their level of power, their level of –

MR. SUTTER: It's always possible.

MR. SWAINE: Influence in the region of the type that Aaron refers to?

MR. SUTTER: Yes, it's always possible, but this administration in China is trying to do something that is against modernization theory. They are trying to preserve a one-party state, and do all of this freedom with economics, and freedom in society. It's very difficult to do. Job one is to stay in power, and therefore, if they have a big cost in international affairs, they tend to avoid that. And if they confront the United States in a significant way or confront the realities of power in the region, it seems to me that they risk jeopardizing their position in power, and they will not do it.

MR. SWAINE: Any reaction, Aaron?

MR. FRIEDBERG: Yes. People may be on the edge; they may be on the edge about the wrong things; that is always a possibility. Again, I insist that this problem of complacency is a real one.

If you think about the examples that Bob mentioned earlier, the post-Vietnam fears of Soviet dominance in Asia, they seem sort of silly in retrospect, but just recall that it was in large part because people were concerned about growing Soviet power, including people in this country, so they pulled themselves together, even after this unpleasant experience in Vietnam, and began to compete with the Soviets much more vigorously than they had for some time before with a happy outcome in that case.

Again, I don't say that that is necessarily what we need to be doing in this case, but it wasn't simply by sitting back and letting the forces of nature run in our favor that we won the Cold War. Another thing that I want to mention is that China, as a

competitor – and I think we have, and will have, a very mixed relationship with China that has elements of cooperation, but also of competition – China as a potential strategic competitor of the United States in a very interesting and potentially problematic challenge because it is not clearly in one category or another; it is not clearly an enemy of the United States but neither is it really a friend.

What that means is that we are going to have to hold contradictory ideas in our collective heads, and that may not be so easy to do. And as a result of the extraordinary economic relationship and the well-intentioned efforts of many people to promote good relations between the United States and China, there may also be some dampening effects that make it hard for us to do consistently over a period of time the things that we will need to do to maintain a balance, even as China becomes stronger.

My worry is partly that we won't do those things, but more, that we won't do them for a while, and then we'll get very alarmed and perhaps overreact.

MR. SWAINE: Well, clearly there is some degree of difference here, but we have to move on. Maybe we can touch on a few more of your views in the question-and-answer session.

But let me just go to the third issue here, which really gets to the question of how do you perceive efforts by China to do things that the United States might not consider to be compatible with its interests, and in particular, what would you take to be, if you look at the process of U.S.-China interaction over the longer term, what would you take to be as indicators – unambiguous indicators of indeed a shift by the Chinese.

Let's say that they do miscalculate in some way from your perspective, Bob, or from a more deliberate perspective, from Aaron's view, that they do take actions that would be regarded as a threat to the U.S. position. What would they be? What kind of indicators would you look for if you were trying to define a Chinese search for predominance in the region that would really go against U.S. interests? Bob?

MR. SUTTER: Well, I think you would see a basic up-tick of the kinds of very subtle actions that the Chinese – generally subtle actions that the Chinese are taking against U.S. interests in the Asian area today, though you would see more coercive action vis-à-vis Taiwan. You would see efforts to use whatever leverage they had to compel alliance partners to choose between the United States and China in favor of China or at least neutralize the relationships with the United States in one degree or another, working more acidulously against the U.S. military presence in places like Central Asia, perhaps working against the U.S. close relationships with both India and Pakistan in South Asia. It would be these kind of actions, and of course using these multilateral organizations that Aaron alluded to in ways that would exclude the United States and try to isolate it from the region. And you could presumably see an up-tick in their propaganda, in their rhetoric dealing with the United States. They were very vocal against the United States up to middle of 2001, and that could resume. And so that would be another indicator.

MR. SWAINE: Aaron?

MR. FRIEDBERG: I agree. What is striking to me in Bob's list is that, as he indicates, almost all of these things are going on now, so it is in part a matter of degree, and I would have said the same things: working to weaken existing U.S. alliances, or isolate U.S. alliance partners as China is doing with Japan, increasing the military capabilities that China would need to counter and push back or make more difficult American military operations in the Western Pacific, undermining existing institutions and seeking to create new ones that limit the power and access of the United States, and stepping up efforts to divide other powers.

That is in part the problem for us, that many of these things are underway, and they do reflect an underlying intention to weaken the U.S. position. So I don't think we're going necessarily to see a dramatic phase-shift transition where we suddenly come to the recognition that this is what we are faced with. My concern is more the one of the frog that boils slowly as the heat is stepped up, that our position could erode, China's could grow stronger at our expense over a period of time without our necessarily coming fully to grips with what was going on.

MR. SWAINE: Well, what about that, Bob? I mean, if the factors are already there to a large extent, but to a low degree – and it is really a question of degree; it's a question of how much quantitative, if you will, change there is, and not sort of a qualitative shift – then how do you determine where the threshold lies, where the United States might really begin to or should begin to become really concerned.

MR. SUTTER: I think the United States has considered this. It keeps us on our toes. And the Chinese efforts in this regard, keep in mind, were much more direct, much more in your face in the first – throughout the 1990s. This is a moderate phase. They are in moderate phase – (since ?) 2001, they are in a moderate phase on these issues. They are not confronting the United States as much as they used to. They used to be – and this is only seven years ago. They were very confrontational in a public fora and public speeches.

I remember Hu Jintao going to Indonesia in 2000 and railing against the U.S. alliance, Cold War thinking in Asia. This is quite a change. We're aware of this as a government. We aren't complacent in that regard. And if they were to ramp it up, we would ramp up too. We are ready for this; the system is ready to deal with this as needed, and we see this in Taiwan; we see this in other areas.

MR. SWAINE: Just very briefly, and then we'll move on.

MR. FRIEDBERG: China was easier to deal with as a strategic competitor when it was in our face; it's much harder to deal with when it's not. I see this as a shift in tactics, not in strategy, and one that has been very effective.

MR. SWAINE: Well, maybe we should go on to the fourth question then because we don't have a whole lot of time, and I'm accumulating a significant number of questions from you, which I want to get to. And that really is the issue of what the U.S. should do. When you look at the range of U.S. policies towards China today, when you think about the future and how it could evolve in the context of this issue that we are discussing, how should the U.S. modify or adjust its existing policies, or should it, to most effectively manage China's growing presence?

MR. SUTTER: First, I'm a Democrat; I never voted for a Republican. I'm sorry to offend people. But I want to say something good about the Bush administration, so I want you to understand where I am coming from. I think the Bush administration is doing a good job in managing the China relationship. I think the balance is good; they are emphasizing engagement, and they are hedging at the same time, and they are doing this well. Therefore, I think that that approach is when I would basically endorse.

What is important is to make sure that the U.S. has the power behind it, and that involves two fundamental things, it seems to me. Number one is the willingness of the United States to undertake these strategic commitments in Asia. This is a long-term process. I'm not sure the United States can reduce these in major ways in the near term. Is the United States willing to continue to do this? My sense is that it is. My sense is that what I see in the country that – the willingness to spend the money, for people signing up for the military to go to East Asia, to get shot, to keep stability in the region continues. I see my students at Georgetown; it's remarkable to watch them in this regard.

I think the country is still basically very patriotic, and so I see that continuing, but that is something that is important. And the other role of the United States is as the recipient of massive imports from Asia, and at a time when the U.S. has a trade deficit of over \$700 billion a year. If that were to significantly change, then I think the U.S. – this is a pillar of U.S. strength in Asia – then I think that this could complicate the U.S. position on Asia, if it were significantly changed.

I'm not talking about smaller things. I'm talking about major changes in the U.S. approach because comparatively speaking, the U.S. market is extremely open and the Asian exporting economies understand this. If there is some modification, that is one thing; but if it is a tremendous change in U.S. policy, becoming very restrictive and protectionist, then I think this would change U.S. position in the region.

And that one I'm not so sure about; looking out, I'm not sure that will be sustained. I think it will, but I'm not sure, and that makes me a little uncertain about U.S. influence in the region. But I think the U.S. needs to shore up its influence in the region, and that involves dealing with various issues like the Iraq war, and dealing with trade issues, but keeping these two pillars very strong. I think that is very important.

MR. SWAINE: Aaron?

MR. FRIEDBERG: Well, I won't disagree with Bob that the current administration has been doing a good job on Asia; I think it has in a variety of different ways, but I still believe that continuing to do this over the long term will be a challenge, and it will involve a variety of different efforts that we'll have to undertake simultaneously, including maintaining adequate military capabilities as time passes, and as China's capabilities grow, strengthening or bolstering our existing alliance relationships. We have some significant work to do, for example, with South Korea, where I think the relationship has deteriorated markedly in the last several years.

We also need to encourage rather than be concerned about the growth of the kind of network of overlapping relationships, which are not going to congeal into a formal sort of Asian NATO, but will involve bilateral, trilateral, and multilateral cooperation on strategic issues among the region's democracies, including recently signed agreements between Japan and Australia, Japan and India, the U.S. and India, as well as the U.S. and Japan and so on. That is what we need to be building towards.

And aside from all of the economic issues which are also extremely important, I would say we are going to have to avoid the temptation to delude ourselves about what it is that we're dealing with. We have a tendency sometimes to want – as I mentioned, to put countries' cleanly into one basket or another. We have to come up with some way of being able to talk about China among ourselves that acknowledges both its promise and its current helpful behavior on some issues and the ways in which it is not helpful and may even be threatening, and I see that as a significant political challenge, starting with our leaders who have to find some way of framing things that is not black or white.

MR. SWAINE: Very briefly, let me just ask you very quickly, do you think it's useful to refer to U.S. strategy, as some people do, as either what is called outside in, or inside out, and by that meaning, do you think it's critical to refer – or it's important to refer to U.S. strategy as the U.S. should pay attention primarily to its relationship with its allies, and its main ally, in particular, Japan, and the China relationship will naturally be manageable, or come along, if you will, if the primary focus is on that. Or do you think the primary focus in some way should be on the U.S.-China relationship. If you get that right, then U.S. interests in the region will likely be served. Those two contrasts really are discussed often in the region. What do you think?

MR. FRIEDBERG: Well, I'm always averse to the use of these terms, labels – containment, engagement, strategic competitor. You waste a tremendous amount of time arguing about them. I guess if I had to say, I'm more outside in than inside out. Our true friends and partners in Asia and around the world are other democracies; we shouldn't forget that.

I'm concerned also that if we appear, as we sometimes have, to be more concerned with not offending China, than we are, for example, about reassuring Japan, that we may encourage some tendencies not to engage in balancing. We may encourage the belief that we have concluded that we have to come to some condominium agreement or understanding with China, which will leave others to fend for themselves. So I'm

more concerned that we maintain our close relationships with our true allies, and I think the China relationship will follow from that.

MR. SUTTER: I agree with that, except that I don't necessarily think it will follow; Aaron would probably agree with this too – you do have to work at the China relationship, but I would not put it first. I think that is a mistake. I understand why Richard Nixon did it, but the record of U.S.-China relations since then – if you're looking for the smoothest periods of U.S.-China relations, when relations work best, it seems to me it's when the United States had its outside situation intact. It had a strong relationship with Japan. It was dealing with China from a position of strength.

And I don't want to be a hegemon; I don't like the idea, but this works with China. And this is important I think, that we reassure China, and other countries in Asia, that the U.S. doesn't want dominance in Asia. We don't want to dominate China. Historically, we haven't wanted to do this; even Maoist China. We didn't want to roll back communism in China – maybe we wanted in our hearts, but we didn't really push that as a matter of policy; we want balance. We want a favorable balance in Asia.

There is a basis for the U.S. to cooperate with China, and a very good basis. Get the outside-rim strategy, pan-Asian strategy, whatever you want to call it, get that in place and use that as a way of working with China in an effective way from a position of strength.

MR. SWAINE: Great. This actually leads us into the question-and-the-answer session because I want to raise a question that has been asked by someone in the audience that relates directly to this issue.

And the question is, you both speak generally about U.S. interests in Asia. Well, specifically, what are they and why are these interests in existence in Asia? Here the fundamental question in many ways is, is it in the interests of the United States – well, first, at present, is the United States indeed a predominant power in Asia in ways that others would recognize as being such? And secondly, what is it in the interests of the United States over the long term with China's emergence, assuming China's rise? Is it for the United States to strive to maintain or achieve this kind of predominance? Or is it indeed to try to achieve a more balanced power structure in the region?

Now, Bob would argue we've already got a balanced power structure in the region in various respects. My general impression, just to intrude – one comment from my view is that many American decision-makers don't necessarily accept that in terms of maritime Asia, that indeed, they tend to assume that the United States is a predominant power, particularly militarily, in the littoral of Asia and in the maritime area, which is the most critical area of Asia, but others may disagree.

Aaron, what do you think on this?

MR. FRIEDBERG: Well, on that point – and then I would like to say a word about interests – is the U.S. the dominant preponderant power in maritime Asia? Certainly in military operational terms the answer is yes, and there is no one who can challenge the U.S. in its ability to operate in that part of the world. Should we want to maintain that position, I think the answer is yes, in part because we have friends and allies there, including most centrally Japan, but also South Korea and other countries in the region that depend upon freedom of the seas and rely on us to ensure that.

Can we share that? Could we somehow be co-dominant in a military sense with another country? It's a little hard to see how that works. If you're allies or partners cooperating, perhaps, but if in some measure you're planning and operating and sizing your forces against this other country, it's going to get tricky, and there is a possibility for accidents, errors, and so on. In some ways I find it useful to think of, in almost a graphic sense, the circle of American power, the edge of the envelope of American power running all the way along the coasts of China and has been like that certainly since the end of the Second World War, and China didn't have any capacity until very recently to project outwards. Now its capacity is growing, those two curves are crossing, and the question is what's going to happen in that intervening zone?

On the question of interests, there are various shorthand ways in which American decision-makers have talked about our interests in Asia. One has always been the statement that the United States has an interest in preventing the domination of either half of the Eurasian landmass by a hostile power or coalition, and I think that that's still true and the concern has been historically, for the last 100-plus years, that such a hostile power might be able to aggregate the resources of the region and eventually pose a direct challenge or threat to the United States. There is also the question of economic access and the concern that political domination by a hostile power could result in the loss or constriction of economic access, but there is also the question of ideology or values. Certainly in the last 50, 60 years the United States has seen its role both in Europe and in Asia as assisting in the defense of other democracies, and to the extent feasible, assisting in the promulgation of democratic values, and there would have to be a concern that an authoritarian preponderant power would certainly not have those same interests and might act in ways that was contrary to them.

MR. SUTTER: Excellent summation. Just to reiterate one point, I think my view historically of U.S. interest in Asia, it goes back to this Eurasian landmass, the U.S. seeing powers or coalitions that dominate the Northeast Asia or dominate Western Europe as a threat to the United States. That's the fundamental strategic concern of the United States, even today. Pearl Harbor showed that Japan was able to dominate Northeast Asia, and it posed a direct threat to the United States. The upshot of this is that the U.S. wants to prevent that. It wants to make sure that doesn't happen. Someday maybe there will be a situation in that part of the world where that area will not be seen as threatening to the United States. The possibility of a hostile power taking that over – a coalition of hostile powers taking that area over will seem very – totally unlikely. And then I think the United States would pull away from a military-dominant position, but

that is a long way off, and the key question mark in that equation is China. We don't know what China is going to do.

We're not prepared to pull away from Asia, from a strategic point of view, and we will do the military things that Aaron indicated in order to maintain a position in the area, maintain a balance, until we're sure that the situation will be favorable from the American strategic interests point of view. Keep in mind, we have already pulled away from Western Europe. We don't do this in Europe anymore. That's a very different situation than it was 10, 15 years ago. The U.S. was the dominant military power in Western Europe. That's not the case anymore. This is what I'm hoping for in the future, but it's well into the future in looking at Northeast Asia.

MR. SWAINE: But just to get this clear, Bob, you have said earlier that you think the Chinese, in some respects, have indeed recognized and accepted that they can't become the predominant power in Asia.

MR. SUTTER: That's right.

MR. SWAINE: Now, does this mean, in your mind, that they have therefore accepted and recognized that the continuation of American military predominance in maritime Asia is acceptable to them?

MR. SUTTER: It's not acceptable to them at all. They're working against it all the time, as we talked about, but they have to abide it. They're frustrated. China is frustrated by U.S. power. There's no question about that. They work at it wherever they can, but they can't do very much; the costs are too high.

MR. SWAINE: Well, addressing this issue of historical analogy, we have a question that asks the question of the comparison with the pre-World War I situation, basically. It seems that the power structure in Asia looks a lot like the pre-World War I European structure, with China playing the role of Germany, and Japan that of Britain. This suggests that conflict can erupt even though no power wishes it. What do you think?

MR. FRIEDBERG: Well, that's certainly possible. I think what's interesting about the turn of the century – turn of the 20<sup>th</sup> century is the transition of power in the Western Hemisphere between the United States and Britain, and that's the piece of this which may also be instructive. The British had, for a long time, been the dominant naval power in the Western Hemisphere and had major positions on land; had been concerned for some time about the growth of American power, and decided ultimately to give way, to pull back its naval forces and to no longer attempt to compete with the United States for a dominant influence in the Western Hemisphere. It did that in part because it felt it had more immediate threats to face at home, or closer to home, particularly from Germany and Europe, but it was able to do that in part because there was a degree of trust that had developed despite a very rocky beginning to the relationship between the United States and Britain that was rooted in the belief that these were two countries that shared

common values, had a common ideology, even though there were differences in their political institutions; shared a common language and so on.

There were a lot of factors that made it less painful, less worrisome for the British, to back away from the Western Hemisphere in the face of rising American power than it would at present be for the United States to back away from Asia in the face of rising Chinese power – at least as long as China continues to be governed by an authoritarian regime.

MR. SWAINE: I want to get back to that in a second.

Bob?

MR. SUTTER: Just on the World War I analogy and looking at China and Japan in this way, this just doesn't consider the role of the United States, and the United States is a lot more powerful than China, and it's an ally of Japan and a lot more powerful than Japan. It's really pretty crude but it's perhaps – is the United States playing the role of the room monitor here? You know what I mean? You just can't do this with the United States around if the United States is powerful enough to sustain its role in the region, and I think that it is. That's a factor that precludes this, as well as the interests of these governments which are still very much focused on domestic development. Both of them, and most of the governments in Asia, are focused on domestic development. They don't want big trouble because it's very bad for their legitimacy and their stability, and China is at the head of the list in this regard.

So the analogy doesn't hold very well, and if you look at the analogy, you're ignoring the role of the United States as a stabilizer in Asia.

MR. SWAINE: Now we have a question that actually gets to the last remark that Aaron just made a second ago, which is on the political makeup of the Chinese government: What impact on U.S.-Sino cooperation or competition in Asia would you envision if the PRC indeed were to become significantly more open, if not democratic, in its political system?

MR. FRIEDBERG: Well, you have to distinguish between the short run and the long run. In the short run, movement toward reform and opening could actually make China more difficult for the United States to deal with. There is a large literature in political science which makes this basic point that regimes in transition from authoritarianism towards democracy are sometimes the most rambunctious, assertive countries and difficult for their neighbors and others to deal with.

Over the longer term, though, the key, the most hopeful prospect for a stable, enduring, truly friendly relationship between the United States and China – is change in the character of the Chinese regime. That would change perceptions in the United States over the long run of China's power and position, and it would certainly be the case that a new leadership in China would have very different attitudes towards the United States.

They would not see the U.S., as the current leadership does, as trying to undermine their rule, and of course in some sense they're right; the United States is trying to promote liberalization and reform in China. This is not entirely a misperception.

MR. SUTTER: I agree, and I'm not sure about the instability – I think Aaron isn't either – but it is something that you'd have to be careful about. But just imagine this: If democracy took place in China and one of the first things they did, they said, Tiananmen was a big mistake; we did the wrong thing – they apologized fundamentally for Tiananmen –that would have an enormous impact on the United States. That is the key – that's a defining issue of how the United States would deal with China. If this administration would say, this was an abomination, what happened at Tiananmen and we'll never do it again – and a democratic administration might do something like that. That would have a big, immediate effect on attitudes in the United States dealing with China.

MR. FRIEDBERG: It would also perhaps alleviate some of the tensions with Taiwan, in the long run, if China is liberalizing, the prospects for some peaceful resolution of that dispute are much greater.

MR. SUTTER: This one is harder to know because the Chinese people have been conditioned so much with this strong nationalism that on a nationalistic issue, democracies can be awfully nationalistic, and so I'm not so sure about that one.

MR. FRIEDBERG: From the point of view of Taiwan, many people in Taiwan would say now that we find it easier to imagine that we might someday agree to an arrangement that would join us – if only symbolically – with China if China were democratic.

MR. SWAINE: Right. Now here is a question that we all often encounter when we travel to China and we speak with Chinese analysts about this larger issue of U.S.-China rivalry or position in the Western Pacific, and that is the following: You can argue China does not have any desire to exert dominance, military or economic, in the Western Pacific. If that's the case, why does the United States feel it has a right to do so in Asia? Why do different standards apply?

MR. FRIEDBERG: Well, I'm not sure I accept the initial assertion that they have no desire to do that. The American position in Asia is rooted in relationships with other countries with whom the U.S. has treaties and who rely on it at least to some degree for their security. There isn't any problem in what the United States does in Asia, and I don't think most people in Asia – with the possible exception of the Chinese regime, and maybe the North Korean and the Burmese governments too, would be troubled by this.

I also don't think that although the U.S. is dominant in a military sense, as Bob says, the U.S. isn't even trying to dictate or dominate China, let alone countries with whom it's allied. That doesn't mean that everything we do is well received or that we're

universally loved and respected, but I think more people would be concerned about a reduced American role in Asia than would be pleased by it.

MR. SUTTER: This notion that China doesn't want to project power into the Western Pacific is wrong. I've done briefings in China with Chinese officials about Taiwan – why does China want Taiwan? – and I'll do a briefing and then a Chinese strategist will get up and correct me and say, you've done the nationalistic issues and the political issues and the economic issues, but you haven't done the strategic issues, and here is why we want Taiwan: Taiwan has to be neutralized. If we don't neutralize Taiwan, we will be unable to project our power into the Western Pacific effectively. That's happened to me more than once in dealing with Chinese strategists. So I'm pretty convinced that they want to expand their power.

MR. FRIEDBERG: Are you talking about military strategists?

MR. SUTTER: Military strategists.

MR. FRIEDBERG: These are people in the military?

MR. SUTTER: These are people in the foreign affairs military structure in China. So it seems to me that it's a little naïve to argue that China doesn't want to do this, and I think they do want to do this. They'll feel safer if this is under control, from their point of view. So I don't buy that.

And then, on the U.S. position, I agree; the world is unfair. The United States – (chuckles) – no, it's – but I understand why the Americans are there. You know, we don't want to go back to Hawaii and Guam and then to have a dominant power emerge in Asia once again. Then we have to fight our way back as we did in the Pacific war. We don't want to do that. We want to stay there until it's stable, until we are sure that no power can dominate the region and be a threat to us. That's what we want to do. Therefore, yes, we're staying, and we work it out with the countries, but we're staying.

MR. SWAINE: Of course this question of what the Chinese say to us and how you can assess it is also the source of one question, which is basically from someone who also has been to China: My Chinese interlocutors have said repeatedly that China does not wish to expel the U.S. from the region, so how should one take this assertion? Is this pure propaganda or is this something that actually reflects a genuine belief among the Chinese – strategist Chinese leaders?

MR. SUTTER: You asked us to do a paper for the presentation – I wrote this. I said, "The Chinese deny that they want to dominate Asia." They talk about a lot of things. I find their actions are better indicators to me and their actions to reduce a great power involvement around their periphery is a constant in Chinese foreign policy. They've just been doing this since Mao Zedong. They do it in different ways, but they keep doing it, because it's a threat. From their perspective, it's a threat. They will keep doing it.

MR. FRIEDBERG: There may be some subtlety here, it may be true in a limited sense that Chinese strategists would prefer, for example, for the United States to maintain its relationship with Japan for the time being because there is always a possibility that Japan could once again, in the Chinese view, become a major military threat. But in the long run, as I've indicated, and I think Bob and I are in agreement, China's desire seems to be for the United States role to be greatly reduced, if not eliminated. It may be a question of timing. This may reflect my own tendencies, but the more I hear my Chinese colleagues and interlocutors say that they want us to stay, the more convinced I am that that's not really what they mean.

There has been an effort – an ongoing effort to shape the perceptions of Americans who deal a lot with Chinese counterparts. It doesn't mean that everything that is said is intended to deceive, but some of it is intended to shape the views of elites and people in Washington about Chinese intentions, and one always has to ask the question of why it is that one's hearing from many different sources a particular message like this one. I believe that it's intended to reduce American concern that we're entering into a period of intensifying competition with China. That doesn't mean that we're not entering into such a period. It suggests to me that we're already well into it.

MR. SWAINE: Now, we have a couple of questions that deal with very specific issues that are going on in the region, or specific relationships, and the first one is really do to with the U.S.-Japan relationship: Would Beijing like to see U.S. bases close on the Korean peninsula and in Japan, or is there utility to China in having the U.S. presence and alliances continue in the region?

This really gets to the question of how the Chinese look at the U.S.-Japan relationship. Do they see Japan as tied to the U.S. with U.S. bases in Japan as better than the alternative: the United States withdrawn from Japan as perhaps a security partner; Japan then to some degree going its own, the implications of that?

Bob?

MR. SUTTER: Aaron has already alluded to this situation. The Chinese see some utility in the United States' relationships with Japan and with Korea. Interestingly, the Chinese do attack – still attack the U.S.-Japan security alliance. They don't want to see this strengthened. Even when they're trying to be moderate toward the United States in recent years, they still go after this. But even when the Chinese were hostile to the United States up to 2001 in their rhetoric, they rarely attacked the U.S.-Korea relationship. The U.S. had all these difficulties with South Korea; the Chinese didn't make any statements about this.

They want stability in Korea. They see the U.S. forces in Korea for now and the U.S. bases as stabilizing, and they don't want big problems there for the time being. This is a reflection of that kind of orientation of the Chinese administration. So we're in a position now where China wants stability overall, and therefore it doesn't make a big deal

out of – it has not made a big deal about the Korean bases, and it's pretty subtle about how it attacks the U.S.-Japan relationship.

MR. FRIEDBERG: Again, there may be a distinction to be drawn here between short run and long run – short run, yes, they serve a function – the American presence serves a function as long as the overall relationship between the United States and China is pretty good. In the long run, though, I think the goal must be to diminish – at least to drain these relationships of strategic significance, even if they're not torn up and done away with. It's interesting to look and to compare China's relations with South Korea and Japan because they really have gone in opposite directions in the last five or six years. My view is that China has made a great deal of progress in drawing closer to Korea and taking advantage of some of the differences between the United States and South Korea on the North Korean nuclear issue and feels that it's made progress even though the North Koreans continue to cause problems towards what is probably their ultimate goal, which is to have the Korean Peninsula reunified under the control of a more or less friendly government and with U.S. forces gone.

On Japan, on the other hand, China has pursued what I think of as a second-best strategy. They seem not to have been able to woo Japan and to take a friendly posture towards Japan, which might have been possible actually to pull significantly at the alliance after the end of the Cold War, and instead, for various reasons, they've preferred to bully Japan and criticize it, sometimes with justification, on the history issue, and they've settled, for the moment at least, on trying to isolate Japan somewhat from others in the region by keeping it off balance on the history issue. But now they're apparently trying to warm relations.

But this is a long-term game. From the Chinese perspective, even if you don't want these American alliance relationships and bases to disappear tomorrow, one thing you don't want is to see them strengthened and augmented, and that is a cause for concern in China as regards the U.S. relationship with Japan.

MR. SWAINE: Do you think it's in the interests of the United States for China and Japan to have an antagonistic relationship on balance, or do you think it's in the interest of the United States for China and Japan to really have a stable and generally positive relationship?

MR. SUTTER: An antagonistic relationship is not in the interests of the United States. It's too destabilizing; it's too problematic. And a convergence in Japan-China relations, if it were to converge in a way that was consistent with American concerns about dominance in the region and U.S. economic access and U.S. values, I think that's fine. The likelihood of that is very, very low. So the U.S. doesn't have too much to worry about in that regard, but as far as friction in Japan-China relations, big friction is not in the interests of the United States at all.

Aaron, what do you think?

MR. FRIEDBERG: The problem with friction is that it can spiral out of control. You don't want heated emotions that could be difficult to control. On the other hand, it is useful to the United States that, increasingly, people in Japan have come to the view that they need to do more to provide for their own security and to maintain a balance of power in East Asia to cooperate more closely with the United States in doing that. Those are all for the good and we want to encourage those things. We don't want something that's done in hot blood. It should be done in a cool and level-headed and non-provocative way, and that's basically the way in which things have proceeded.

MR. SWAINE: We just have one or two questions, and I think time left for it, if you can be somewhat brief in your answer. And again, they deal with more specific issues.

Where does the recent Chinese destruction of its own satellite fit in your assessment of China's intentions?

MR. SUTTER: It's an indication of their commitment to military modernization, which is at odds with their articulated world view of peace and development. If you look at the statement of the Chinese government on peace and development, the peace and development road of December 2005, this is a very clear view of the world, but it doesn't talk about the military. Then you look at the Chinese defense publications of 2004 and 2006 and you get a very different view of the world. It's a view of the world that's very contentious.

The Chinese have great difficulty in coming together with a coherent strategy. Aaron and I have talked about this, and maybe we have differences on this issue. I really don't see China having a coherent strategy. They have a pretty coherent national development strategy, but then they had this national security approach, and it's very different than what they're doing. Then they have an approach toward Taiwan, and so they have a whole bunch of strategies, I guess. But when you put it all together, it's very messy, and it shows that China really has a lot of contradictions that they constantly have to deal with and trade-offs that they have to worry about, and this is one of them; this is a big one. How do they, on the one hand, modernize their military the way they want to, to be powerful the way they want to, and at the same time convince everybody that they're not a threat. It's really hard, and that's how I look at that situation.

MR. SWAINE: Aaron, what do you think?

MR. FRIEDBERG: In operational terms I see this test as confirmation of other indications that China is very serious about developing the capability to counter American power projection, and that one key part of that from the Chinese point of view is finding some way to attack, if necessary, command and control systems which the United States would rely on, particularly at the great distances that would be involved in conducting military operations in the Western Pacific. Satellites are key to that. The Chinese are interested in developing techniques for attacking satellites. At some point you have to test it to make sure that it will work.

As to whether they have a coherent strategy or whether there are trade-offs, I believe they do recognize these –something like this test serves a military purpose. It has a diplomatic cost, but it also has a diplomatic benefit perhaps in that it sends a strong deterrent message to the United States. China, like the U.S., is trying to balance seemingly disparate elements in its strategy just as we are in our effort to balance our strategy with them. They want to stay as close to us as possible and keep us as friendly as possible, but they also want to increase their capabilities for the longer run.

MR. SWAINE: You wouldn't disagree with that, Bob?

MR. SUTTER: Not really, no. Remember it took them 13 days or 11 days to get their act together to say what they meant. So I don't think that's coherent.

(Laughter.)

MR. SWAINE: Well, on that note, I think you both do recognize to some degree there is some complexity there, that they're trying to coordinate different strands of approaches on these issues. But we've reached the end of our time, and some excellent questions, and thank the audience very much for providing them. But also, please join me in thanking both Bob and Aaron for an excellent, excellent discussion.

(Applause.)

(END)