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# Beyond the Pivot

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## A New Road Map for U.S.- Chinese Relations

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*Kevin Rudd*

**D**ebate about the future of U.S.-Chinese relations is currently being driven by a more assertive Chinese foreign and security policy over the last decade, the region's reaction to this, and Washington's response—the "pivot," or "rebalance," to Asia. The Obama administration's renewed focus on the strategic significance of Asia has been entirely appropriate. Without such a move, there was a danger that China, with its hard-line, realist view of international relations, would conclude that an economically exhausted United States was losing its staying power in the Pacific. But now that it is clear that the United States will remain in Asia for the long haul, the time has come for both Washington and Beijing to take stock, look ahead, and reach some long-term conclusions as to what sort of world they want to see beyond the barricades.

Asia's central tasks in the decades ahead are avoiding a major confrontation between the United States and China and preserving the strategic stability that has underpinned regional prosperity. These tasks are difficult but doable. They will require both parties to understand

each other thoroughly, to act calmly despite multiple provocations, and to manage the domestic and regional forces that threaten to pull them apart. This, in turn, will require a deeper and more institutionalized relationship—one anchored in a strategic framework that accepts the reality of competition, the importance of cooperation, and the fact that these are not mutually exclusive propositions. Such a new approach, furthermore, should be given practical effect through a structured agenda driven by regular direct meetings between the two countries' leaders.

### **HIDDEN DRAGON NO LONGER**

The speed, scale, and reach of China's rise are without precedent in modern history. Within just 30 years, China's economy has grown from smaller than the Netherlands' to larger than those of all other countries except the United States. If China soon becomes the largest economy, as some predict, it will be the first time since George III that a non-English-speaking, non-Western, nondemocratic country has led the global economy. History teaches that where economic power goes, political and strategic power usually follow. China's rise will inevitably generate intersecting and sometimes conflicting interests, values, and worldviews. Preserving the peace will be critical not only for the three billion people who call Asia home but also for the future of the global order. Much of the history of the twenty-first century, for good or for ill, will be written in Asia, and this in turn will be shaped by whether China's rise can be managed peacefully and without any fundamental disruption to the order.

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The postwar order in Asia has rested on the presence and predictability of U.S. power, anchored in a network of military alliances and partnerships. This was welcomed in most regional capitals, first to prevent the reemergence of Japanese militarism, then as a strategic counterweight to the Soviet Union, and then as a security guarantee to Tokyo and Seoul (to remove the need for local nuclear weapons programs) and as a damper on a number of other lesser regional tensions. In recent years, China's rise and the United States' fiscal and economic difficulties had begun to call the durability of this framework into question. A sense of strategic uncertainty and some degree of strategic hedging had begun to emerge in various capitals. The Obama administration's "rebalance" has served as a necessary corrective, reestablishing strategic fundamentals. But by itself, it will not be enough to preserve the peace—a challenge that will be increasingly complex and urgent as great-power politics interact with a growing array of subregional conflicts and intersecting territorial claims in the East China and South China seas.

China views these developments through the prism of its own domestic and international priorities. The Standing Committee of the Politburo, which comprises the Communist Party's top leaders, sees its core responsibilities as keeping the Communist Party in power, maintaining the territorial integrity of the country (including countering separatist movements and defending offshore maritime claims), sustaining robust economic growth by transforming the country's growth model, ensuring China's energy security, preserving global and regional stability so as not to derail the

economic growth agenda, modernizing China's military and more robustly asserting China's foreign policy interests, and enhancing China's status as a great power.

China's global and regional priorities are shaped primarily by its domestic economic and political imperatives. In an age when Marxism has lost its ideological relevance, the continuing legitimacy of the party depends on a combination of economic performance, political nationalism, and corruption control. China also sees its rise in the context of its national history, as the final repudiation of a century of foreign humiliation (beginning with the Opium Wars and ending with the Japanese occupation) and as the country's return to its proper status as a great civilization with a respected place among the world's leading states. China points out that it has little history of invading other countries and none of maritime colonialism (unlike European countries) and has itself been the target of multiple foreign invasions. In China's view, therefore, the West and others have no reason to fear China's rise. In fact, they benefit from it because of the growth of the Chinese economy. Any alternative view is castigated as part of the "China threat" thesis, which in turn is seen as a stalking-horse for a de facto U.S. policy of containment.

What China overlooks, however, is the difference between "threat" and "uncertainty"—the reality of what international relations theorists call "the security dilemma"—that is, the way that Beijing's pursuit of legitimate interests can raise concerns for other parties. This raises the broader question of whether China has developed a grand strategy for the longer term. Beijing's



*Rebalancing act: Barack Obama and Xi Jinping in Beijing, November 2009*

public statements—insisting that China wants a "peaceful rise" or "peaceful development" and believes in "win-win" or a "harmonious world"—have done little to clarify matters, nor has the invocation of Deng Xiaoping's axiom "Hide your strength, bide your time." For foreigners, the core question is whether China will continue to work cooperatively within the current rules-based global order once it has acquired great-power status or instead seek to reshape that order more in its own image. This remains an open question.

### **XI WHO MUST BE OBEYED**

Within the parameters of China's overall priorities, Xi Jinping, the newly appointed general secretary of the Communist Party and incoming president, will have a significant, and perhaps decisive, impact on national

policy. Xi is comfortable with the mantle of leadership. He is confident of both his military and his reformist backgrounds, and having nothing to prove on these fronts gives him some freedom to maneuver. He is well read and has a historian's understanding of his responsibilities to his country. He is by instinct a leader and is unlikely to be satisfied with simply maintaining the policy status quo. Of all his predecessors, he is the most likely Chinese official since Deng to become more than *primus inter pares*, albeit still within the confines of collective leadership.

Xi has already set an unprecedented pace. He has bluntly stated that unless corruption is dealt with, China will suffer chaos reminiscent of the Arab Spring, and he has issued new, transparent conflict-of-interest rules for the leadership. He has set out Politburo guidelines designed

to cut down on pointless meetings and political speechifying, supported taking action against some of the country's more politically outspoken publications and websites, and praised China's military modernizers. Most particularly, Xi has explicitly borrowed from Deng's political handbook, stating that China now needs more economic reform. On foreign and security policy, however, Xi has been relatively quiet. But as a high-ranking member of the Central Military Commission, which controls the country's armed forces (Xi served as vice chair from 2010 to 2012 and was recently named chair), Xi has played an important role in the commission's "leading groups" on policy for the East China and South China seas, and Beijing's recent actions in those waterways have caused some analysts to conclude that he is an unapologetic hard-liner on national security policy. Others point to the foreign policy formulations he used during his visit to the United States in February 2012, when he referred to the need for "a new type of great-power relationship" with Washington and was apparently puzzled when there was little substantive response from the American side.

It is incorrect at present to see Xi as a potential Gorbachev and his reforms as the beginning of a Chinese glasnost. China is not the Soviet Union, nor is it about to become the Russian Federation. However, over the next decade, Xi is likely to take China in a new direction. The country's new leaders are economic reformers by instinct or intellectual training. Executing the massive transformation they envisage will take most of their political capital and will require continued firm political control, even

as the reforms generate strong forces for social and political change. There is as yet no agreed-on script for longer-term political reform; there is only the immediate task of widening the franchise within the 82-million-member party. When it comes to foreign policy, the centrality of the domestic economic task means that the leadership has an even stronger interest in maintaining strategic stability for at least the next decade. This may conflict occasionally with Chinese offshore territorial claims, but when it does, China will prefer to resolve the conflicts rather than have them derail that stability. On balance, Xi is a leader the United States should seek to do business with, not just on the management of the tactical issues of the day but also on broader, longer-term strategic questions.

### **OBAMA'S TURN TO TAKE THE INITIATIVE**

More than just a military statement, the Obama administration's rebalancing is part of a broader regional diplomatic and economic strategy that also includes the decision to become a member of the East Asia Summit and plans to develop the Trans-Pacific Partnership, deepen the United States' strategic partnership with India, and open the door to Myanmar (also called Burma). Some have criticized Washington's renewed vigor as the cause of recent increased tensions across East Asia. But this does not stand up to scrutiny, given that the proliferation of significant regional security incidents began more than half a decade ago.

China, a nation of foreign and security policy realists where Clausewitz, Carr, and Morgenthau are mandatory reading in military academies, respects

strategic strength and is contemptuous of vacillation and weakness. Beijing could not have been expected to welcome the pivot. But its opposition does not mean that the new U.S. policy is misguided. The rebalancing has been welcomed across the other capitals of Asia—not because China is perceived as a threat but because governments in Asia are uncertain what a China-dominated region would mean. So now that the rebalance is being implemented, the question for U.S. policymakers is where to take the China relationship next.

One possibility would be for the United States to accelerate the level of strategic competition with China, demonstrating that Beijing has no chance of outspending or outmaneuvering Washington and its allies. But this would be financially unsustainable and thus not credible. A second possibility would be to maintain the status quo as the rebalancing takes effect, accepting that no fundamental improvement in bilateral relations is possible and perpetually concentrating on issue and crisis management. But this would be too passive and would run the risk of being overwhelmed by the number and complexity of the regional crises to be managed; strategic drift could result, settling on an increasingly negative trajectory.

A third possibility would be to change gears in the relationship altogether by introducing a new framework for cooperation with China that recognizes the reality of the two countries' strategic competition, defines key areas of shared interests to work and act on, and thereby begins to narrow the yawning trust gap between the two countries. Executed properly, such a strategy would do no

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harm, run few risks, and deliver real results. It could reduce the regional temperature by several degrees, focus both countries' national security establishments on common agendas sanctioned at the highest levels, and help reduce the risk of negative strategic drift.

A crucial element of such a policy would have to be the commitment to regular summitry. There are currently more informal initiatives under way between the United States and China than there are ships on the South China Sea. But none of these can have a major impact on the relationship, since in dealing with China, there is no substitute for direct leader-to-leader engagement. In Beijing, as in Washington, the president is the critical decision-maker. Absent Xi's personal engagement, the natural dynamic in the Chinese system is toward gradualism at best and stasis at worst. The United States therefore has a profound interest in engaging Xi personally, with a summit in each capital each year, together with other working meetings of reasonable duration, held in conjunction with meetings of the G-20, the Asia-Pacific Economic Cooperation, and the East Asia Summit.

Both governments also need authoritative point people working on behalf of the national leaders, managing the agenda between summits and handling issues as the need arises. In other words, the United States needs someone to play the role that Henry Kissinger did in the early 1970s, and so does China.

Globally, the two governments need to identify one or more issues currently bogged down in the international system and work together to bring them to successful conclusions. This could include the Doha Round of international

trade talks (which remains stalled despite approaching a final settlement in 2008), climate-change negotiations (on which China has come a considerable way since the 2009 UN Conference on Climate Change in Copenhagen), nuclear non-proliferation (the next review conference for the Nuclear Nonproliferation Treaty is coming up), or specific outstanding items on the G-20 agenda. Progress on any of these fronts would demonstrate that with sufficient political will all around, the existing global order can be made to work to everyone's advantage, including China's. Ensuring that China becomes an active stakeholder in the future of that order is crucial, and even modest successes would help.

Regionally, the two countries need to use the East Asia Summit and the Association of Southeast Asian Nations' Defense Ministers' Meeting-Plus forum to develop a series of confidence- and security-building measures among the region's 18 militaries. At present, these venues run the risk of becoming permanently polarized over territorial disputes in the East China and South China seas, so the first item to be negotiated should be a protocol for handling incidents at sea, with other agreements following rapidly to reduce the risk of conflict through miscalculation.

At the bilateral level, Washington and Beijing should upgrade their regular military-to-military dialogues to the level of principals such as, on the U.S. side, the secretary of defense and the chairman of the Joint Chiefs of Staff. This should be insulated from the ebbs and flows of the relationship, with meetings focusing on regional security challenges, such as Afghanistan, Pakistan, and North Korea, or major new

challenges, such as cybersecurity. And on the economic front, finally, Washington should consider extending the Trans-Pacific Partnership to include both China and Japan, and eventually India as well.

### **TOWARD A NEW SHANGHAI COMMUNIQUE**

Should such efforts begin to yield fruit and reduce some of the mistrust currently separating the parties, U.S. and Chinese officials should think hard about grounding their less conflictual, more cooperative relationship in a new Shanghai Communique. Such a suggestion usually generates a toxic response in Washington, because communiqués are seen as diplomatic dinosaurs and because such a process might threaten to reopen the contentious issue of Taiwan. The latter concern is legitimate, since Taiwan would have to be kept strictly off the table for such an exercise to succeed. But this should not be an insurmountable problem, because cross-strait relations are better now than at any time since 1949.

As for the charge that communiqués are of little current value, this may be less true for China than it is for the United States. In China, symbols carry important messages, including for the military, so there could be significant utility within the Chinese system in using a new communique to reflect and lock in a fresh, forward-looking, cooperative strategic mindset—if one could be worked out. Such a move should follow the success of strategic cooperation, however, rather than be used to start a process that might promise much but deliver little.

Skeptics might argue that the United States and China must restore their trust

in each other before any significant strategic cooperation can occur. In fact, the reverse logic applies: trust can be built only on the basis of real success in cooperative projects. Improving relations, moreover, is increasingly urgent, since the profound strategic changes unfolding across the region will only make life more complicated and throw up more potential flash points. Allowing events to take their own unguided course would mean running major risks, since across Asia, the jury is still out as to whether the positive forces of twenty-first-century globalization or the darker forces of more ancient nationalisms will ultimately prevail.

The start of Obama's second term and Xi's first presents a unique window of opportunity to put the U.S.-Chinese relationship on a better course. Doing that, however, will require sustained leadership from the highest levels of both governments and a common conceptual framework and institutional structure to guide the work of their respective bureaucracies, both civilian and military. History teaches that the rise of new great powers often triggers major global conflict. It lies within the power of Obama and Xi to prove that twenty-first-century Asia can be an exception to what has otherwise been a deeply depressing historical norm. 🌐