U. S. –China International Security Relations in the Asia-Pacific Region: Cooperation and Competition

Remarks by Mitchel B. Wallerstein, PhD, president of Baruch College to the SISU-Baruch College Confucius Institute Global Finance Forum

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Introduction

Good afternoon. It is a pleasure and an honor to address this Global Finance Forum hosted by the SISU-Baruch College Confucius Institute. Baruch College is the leading academic element of the City University of New York with 18,400 students, which includes 15,000 undergraduates and about 3,400 graduate students pursuing Master’s and doctoral degrees. The College consists of three schools: the Zicklin School of Business, which is the largest AACSB-accredited business school in the United States, the Weissman School of Arts & Sciences, and the Marxe School of Public and International Affairs. Our students and their families come from more than 160 countries, and they speak more than 130 different languages. We have a strong contingent of Chinese citizens and Chinese-American students studying at Baruch, and they tend to be among our best students.

When Chairman Jiang Feng generously invited me to present remarks at this Forum, I had to decide what topic would be most appropriate. I am not an expert on global finance; my academic background is in international relations and international security policy. I spent five years during the presidency of Bill Clinton as a senior policymaker in the U.S. Department of Defense working on non-proliferation matters, and in that capacity I traveled here to China on several occasions. Since leaving the U.S. government and returning to the university, I have continued to focus on nuclear, biological and chemical weapons issues from an academic perspective, with particular reference to the Democratic Peoples Republic of Korea. It is for these reasons that I have chosen as my topic: “U.S.-China international security relations in the Asia-Pacific region.” I will start by identifying some important historical context regarding the US-China security relationship, and then address some of the more sensitive issues that currently confront our two countries. And I want to emphasize that the views I express here are entirely my own, and they do not represent the views of the U.S. Government or the City University of New York.
Alliance during World War II and opposition during the Korean War

As most in this room will surely be aware, the United States and China were allies during the Second World War, working together to resist and defeat the Japanese occupation. With the establishment of the Peoples Republic of China in 1949, this bilateral relationship underwent a significant change, driven in part by the parallel development in the post-World War II era of bi-polar confrontation between capitalist, democratic governments and communist, single party governments in Europe and Asia, which came to be known as the Cold War.

The security implications of this hardening bi-polarity for regional security in the Asia-Pacific region became evident a year later with the outbreak of the Korean War on June 25, 1950, when North Korea invaded South Korea following a series of clashes along the 38th parallel. The United Nations Security Council subsequently voted to come to the assistance of South Korea, and the United States provided the majority of military assets, while the Peoples Republic of China and the Soviet Union supported North Korea. The conflict was brutal and bloody, with substantial casualties and physical damage on both sides.

The decision by the PRC in October 1950 to enter the war on the side of the DPRK proved to be decisive in forcing the Korean conflict to a stalemate. Unfortunately, it also led to a decision by the U.S. Congress to protect and arm Taiwan. Ultimately, of course, an armistice was declared on the Korean peninsula on July 27, 1953, which has remained in effect for the past 65 years without a formal treaty ending the conflict. This situation has led to continuing tensions at the Demilitarized Zone and periodic flare-ups of violence between the two Koreas. While it is possible that the historic summit meeting last week between Chairman Kim Jong-un and President Donald Trump may have established a process that may eventually lead to a peace treaty and permanent cessation of hostilities, it was notable that no announcement on this subject was made at the conclusion of the meeting.

Japan and the Republic of Korea

Any discussion of international security relations in the Asia-Pacific, and especially in the context of Northeast Asia, must also take into account the dynamics of historical relations between Japan, China, and South Korea in the 20th century. Japan effectively began its occupation of Korea in 1905, which lasted until it surrendered in 1945 at the end of the Second World War. Similarly, the Japanese invaded and occupied Manchuria in 1931; and in 1937 the Imperial Japanese Army invaded the Chinese heartland, undertaking major attacks on Beijing, Shanghai and Nanking, while it also occupied Hong Kong, which was then a British territory. This occupation, as well, continued until the Japanese surrender in 1945. Much has been written about the harsh and cruel treatment of civilian populations in both China and Korea, including the infamous Nanking massacre and the abuse of Korean “comfort women” by the occupying Japanese army. Clearly, this painful history created tensions and mistrust in security relations that have existed until the present day.
Conflict in the Taiwan Strait

Following the 1953 armistice that ended hostilities on the Korean peninsula, the United States continued to staunchly support the Nationalist government on Taiwan and to deny the PRC government’s political and territorial claim to the island as a province of China. Eventually, the conflict over control of Taiwan led in 1955 to what has been called the Offshore Islands Crisis or the Taiwan Strait Crisis, which was a brief armed conflict between the PRC and the Republic of China, the latter of which was supported militarily by the United States. The United States and the ROC Navies joined forces to evacuate military personnel and civilians from the Tachen Islands, and there were frequent artillery duels focused on the Kinmen, which was also known as Quemoy, and Matsu islands.

In August 1954, the Nationalists placed 58,000 troops on Kinmen and 15,000 troops on Matsu, and the PRC government began shelling ROC installations on Kinmen. Premier Zhou Enlai responded with a declaration on 11 August 1954 stating that Taiwan must be "liberated." Accordingly, the PLA seized the Yijiangshan Islands on 18 January 1955, and fighting continued in and around Kinmen and the Matsu Islands. On 29 January 1955, the Formosa Resolution was approved by the U.S. Congress, which authorized President Eisenhower to use U.S. forces to defend the ROC and its possessions in the Taiwan Strait against armed attack.

In May 1955, the PLA ceased shelling Kinmen and Matsu, and the crisis was temporarily over. But the fundamental issues remained unresolved, and both sides subsequently built up their military forces on their respective sides of the Taiwan Strait, which led to a brief renewal of the crisis three years later in 1958. The United States was once again actively supporting the Nationalists, primarily with fighter jets and artillery, and periodic shelling continued on and off, although with little impact, until the U.S. diplomatic opening to the PRC in 1972.

Nixon opening to China and expanding economic relations

While hostilities across the Taiwan Strait continued at a low level of intensity, Sino-U.S. security relations remained stuck in mutual hostility and mistrust during the Cold War years. Indeed, there was essentially no communication or diplomatic ties between the two countries. Then, during the early days of the presidency of Richard Nixon, the United States made an overture to the PRC leadership, and Secretary of State Henry Kissinger flew to Beijing on secret diplomatic mission in 1971, during which he met with Premier Zhou Enlai. On July 15, 1971, President Nixon shocked the world by announcing on live television that he would visit the PRC the following year.
Nixon’s seven-day official visit to three Chinese cities, which occurred between February 21-28, 1972, was the first time a U.S. president had visited the Peoples Republic of China, and it ended 25 years of political hostility and isolation between the two countries, and it was the key step in normalizing relations. Part of Nixon’s agenda was to gain more leverage over U.S. relations with the Soviet Union by driving a wedge into the Sino-Soviet relationship. But during the visit the PRC government agreed to pursue a peaceful settlement of the Taiwan question. This statement enabled the U.S. and PRC to temporarily set aside their disagreement about the final political status of Taiwan and to re-establish trade, sports and cultural contacts between the two countries. One of the first of these initiatives that came out of the agreement was the famous “Ping Pong Diplomacy” that for the first time brought Chinese athletes to the United States. The U.S. continued to maintain official relations with the government of the Republic of China in Taiwan until 1979, when it finally established full diplomatic relations with the PRC and recognized the PRC government as the sole legitimate representative of China.

**China as a rising economic, political and military power in the 21st Century**

The extraordinary expansion in China-U.S. trade and deepening of political relations that followed the normalization of relations is widely documented. After the signing of the Shanghai Communiqué in 1972 during the visit of President Nixon, the volume of US-China trade grew from essentially zero to $2.378 billion by 1979. China’s Most Favored Nation trading status was provisionally restored in 1980, by which time the total trade volume had reached $4 billion. Twenty years later, the United States supported China’s admission to the World Trade Organization in 2001, and granted it permanent, normal trade status in 2002. Since that time, US-China trade has continued to grow exponentially, reaching $636 billion in 2017.

Clearly, China is now fully integrated in the world economy and global trade networks, and its “Belt and Road” program will engage many additional countries in Asia and Europe through Chinese investment and expanded trade and development. China also is investing significant additional resources in military modernization and expansion, and it rapidly has overtaken Japan as the most powerful and influential country in the Asia-Pacific region, both from an economic and political standpoint.

At the same time, China has taken other steps to expand its prestige and influence by engaging the world through “soft power,” including cultural exchanges, education, athletics, and investments in economic development, particularly in Africa and Latin America. For example, after staging the very successful 2008 Summer Olympics, China will soon host the Winter Olympics in 2022. China projects soft power in many different ways, including through the world-wide network of Confucius Institutes such as the one that SISU and Baruch College manage together. And China has made an unprecedented push to develop
and expand its indigenous higher education system, while simultaneously sending hundreds of thousands of Chinese students abroad each year for undergraduate and advanced training. At Baruch College, we currently have approximately one thousand Chinese citizens enrolled in our undergraduate and graduate degree programs. Clearly, both the Confucius Institutes and the sending of Chinese students to study in the U.S. present important opportunities to increase cooperation and understanding between our two countries, which is something that should be applauded.

For the most part, the United States and China have managed their security relationship in a careful and balanced manner, particularly as they have become increasingly important trading partners. This is not to suggest, however, that the bilateral diplomatic relationship has been without its tensions and moments of difficulty, similar to those we are witnessing at the present time in the area of trade, regarding such matters as the North Korean nuclear and missile threat, the protection of intellectual property rights, and sovereignty and territorial rights in the South China Sea.

The U.S. and Chinese militaries also have generally tried to avoid conflict by engaging in various confidence-building measures, including port calls and joint search and rescue exercises. But there have been tensions and limited military confrontations as well, involving for example active Chinese measures to prevent foreign intelligence gathering from the air and sea in international waters.

Indeed, it can be argued that many, if not all, of these issues are connected to China’s dramatic and extraordinarily rapid rise as a Great Power in the 21st century, increasingly assuming hegemonic status in the Asia-Pacific region. This change in China’s status and capabilities has caused the United States and other countries to adjust their thinking and behavior in response. But China, too, is adjusting to its new role and responsibilities as Great Power for maintaining peace and stability in the Asia-Pacific region. The central question is whether this mutual adjustment between a rising power and a status quo power can and will take place peacefully, without a resort to military confrontation, which some have called the “Thyseidides Trap.”

The United States is, of course, a global power; and it has legitimate, substantial and long-standing security commitments and territorial interests in the Asia-Pacific region. Millions of Americans fought in the Pacific during the Second World War, and tens of thousands were killed or wounded while helping to liberate the region from Japanese occupation. As a result, the leaders in both countries have recognized during the past two decades that there is no alternative other than to engage each other and to work out understandings and modus operandi, even if they do not always agree.

That said, I would like to conclude by addressing three current issues on which there is a notable lack of consensus or agreement, and where finding solutions is critical not only to the success of future China-U.S. relations but also to maintaining peace and prosperity in the
Asia-Pacific region. The first, and by far the most urgent and dangerous, is the North Korean nuclear and missile threat, which is a matter on which I have substantial personal knowledge and expertise, given that I was involved directly in the Korean problem during my service in the Clinton administration in the 1990s. I have written about it for many years since returning to the university. As I’m sure many in the room will know, the DPRK has conducted six nuclear tests since 2006, each of increasing power, and it also has been developing a long-range missile system that appears capable of reaching the continental United States. These dual developments have raised the stakes considerably, and they caused President Trump and Chairman Kim to engage in threatening verbal exchanges.

China has played a central role in urging the DPRK government to moderate its behavior and to engage diplomatically. During the past three decades, China has served as the convener for the so-called Six Party Talks that produced some limited agreements on nuclear arms, though these were subsequently abandoned. Unfortunately, no progress was made on the missile threat that has resulted in UN sanctions. The Six Party Talks did serve as a backdrop to the successful conclusion of the Agreed Framework in 1994, under which North Korea agreed to suspend its production of weapons-grade plutonium in return for energy assistance and other benefits. But this agreement also broke down early in the presidency of George W. Bush when it was revealed that the DPRK had secretly been pursuing a second path to nuclear weapons using highly enriched uranium. The Six Party Talks themselves were suspended in 2009, after which North Korea accelerated its development of long-range missiles and testing of nuclear weapons, as I noted previously.

Last week, the attention of the world was focused on the bilateral summit meeting in Singapore between DPRK Chairman Kim Jong-un and U.S. President Donald Trump in the hope that serious progress would be made in eliminating the threat to the Asia-Pacific region and to the United States posed by North Korean long-range missiles and nuclear weapons. The meeting itself was, of course, of historical importance, given that it was the first time that a North Korean leader and a sitting American president had ever met. Hopefully, it marked the beginning of a long-term, political and diplomatic engagement.

From a practical diplomatic standpoint, however, in terms of actual progress achieved, the summit was a disappointment with very little substance accomplished—unless, of course, there were secret side agreements that were not made public. In the formal agreement, Mr. Kim made no commitments, other than “to work toward complete denuclearization of the Korean peninsula,” something that North Korea had promised several times before only to renege or to have the agreement subsequently fall apart. And while President Trump announced a cessation in the joint U.S.-South Korean military exercises, Chairman Kim made no similar gesture in response regarding either the DPRK nuclear weapons and missile development programs or the possible redeployment of some portion of the one million troops that have long been stationed just north of the 38th parallel. So the overall security
and diplomatic situation remains unresolved and status quo, and no date or location was announced for a follow-up meeting.

The second issue of concern is the militarization and control of the South China Sea. The details of this matter are complex and sensitive, involving multiple state parties, each claiming sovereignty, as well as fundamental security and diplomatic concerns regarding the right of free passage through what most nations consider international waters. The dispute has been substantially intensified, however, by China’s claim that much of the South China Sea is historically a part of its territorial waters. In 2009, China officially submitted this claim to the UN, in what came to be known as the “Nine Dash Line” claim. This claim was subsequently rejected, however, by the U.N. Tribunal. But to reinforce its claim, China embarked on a rapid and ambitious effort to develop a number of reefs and largely uninhabited islands in the Paracel and Spratly Island chains by constructing man-made islands that are occupied and reinforced with military airstrips and missile launch facilities.

The United States military has monitored closely these developments, and it has periodically conducted “freedom of navigation” exercises in the South China Sea, as well as overflights of the region. But the Chinese government has increasingly challenged these activities, despite the fact that they have taken place in international waters, as defined by the U.N. Law of the Sea Treaty. The United States remains adamant that no one country can control international shipping lanes, oil and natural gas resources, and fishing rights in the South China Sea. The other claimants in the region, Vietnam, Taiwan, the Philippines and Indonesia, have all made similar statements and have moved to reinforce their occupied territories in the region.

Increasing confrontational behavior on the part of all parties, but particularly between China and the United States, creates the possibility of an accidental or unintended conflict in the South China Sea, which clearly would not be in the best interest of either country or the region as a whole. So, as with the North Korean nuclear and missile threat, this issue requires calm and deliberative diplomacy, rather than military confrontation.

The final issue that I would like to briefly address concerns Conflicts related to sensitive, high technology and the ownership of intellectual property. As previously noted, US-China trade has grown enormously in the 21st century, and it is fair to state that the two economies are now extensively inter-connected. At the current time, many Chinese companies remain dependent on high tech parts and components that are designed and manufactured in the United States; and U.S. firms, such as Apple, depend on low cost, mass production that is the hallmark of Chinese manufacturing. But sometimes these kinds of relationships get very complicated and difficult when the finished technology products are exported to third countries, such as North Korea or Iran, both of which are subject to U.N. trade sanctions. This is precisely what happened, of course, in the case of the Chinese ZTE telecomm company, which violated the terms of a sanctions settlement and recently received
a seven-year ban on the future purchase of crucial American technology that it needed to remain competitive.

The U.S. Commerce Department determined that ZTE, which was previously fined for shipping telecommunication equipment to Iran and North Korea, subsequently paid bonuses to employees who engaged in the illegal conduct, failed to issue letters of reprimand and lied about the practices to U.S. authorities. This matter arose just as the U.S. and China were threatening to impose tariffs against each other amounting to billions of dollars. And though the ZTE case was a separate matter, it inevitably became entangled with the trade dispute. In fact, one of the key issues on the American side is the complaint that Chinese firms often do not acknowledge or pay for the use of U.S. intellectual property.

For ZTE, the U.S. action meant that it could no longer purchase technology from American suppliers, and it became clear that the company would likely go out of business. Subsequently, after communication between President Xi Jinping and President Donald Trump, a compromise solution was announced whereby ZTE agreed to pay a $1 billion penalty and accept a U.S.-chosen compliance team to assure that it would not once again violate U.N. sanctions. The settlement also includes an agreement to hold $400 million in escrow to cover any future violations and requires ZTE to change its board of directors and executive team. The outcome remains uncertain, however, due to strong opposition to the deal in the U.S. Congress.

This is, of course, just one case, and it may not be typical of the overall high tech trade relationship. But as China’s technology capabilities continue to develop rapidly, Chinese companies are becoming increasingly competitive with firms in the U.S., Europe and Japan. As a result, the governments of these countries are now demanding not only a level playing field within the Chinese economy in terms of their ability to compete for business, but also that Chinese firms be required to abide by the same international rules that apply to non-Chinese companies regarding technology exports. This includes, among other things, the requirement to abide by (a) sanctions imposed by the United Nations, (b) requirements imposed by individual companies when their intellectual property and technology are used in Chinese products, and (c) multilateral restrictions associated with treaties and agreements relating to preventing the proliferation of nuclear, biological and chemical weapons and missile technology.

The future of the U.S.-China security relationship

With China’s emergence as a major global economic and political power, the U.S.-China security relationship has become increasingly complicated and difficult. There can be little doubt, however, that this is the most important bilateral security and economic relationship in the world today. For the United States, the era of dominance of the international security order is coming to an end, and it must be prepared in the coming years to deal with the
People’s Republic of China largely on co-equal terms. This will require difficult compromises by both countries. For its part, China must adapt to a rules-based global regime and to its responsibilities as the dominant geo-political actor in Asia; while the U.S. adapts to no longer being able to impose its will unilaterally or to dominate the Asia-Pacific region simply by sheer military and economic might.

More than 40 years ago, two distinguished U.S. political scientists, Robert Keohane and Joseph Nye, published an influential article entitled: *Power and Interdependence* in which they argued that interdependencies between countries and societies are increasing, while the use of military force and power balancing is decreasing, though it still remains important. Keohane and Nye coined the term, “complex interdependence” to describe this new type of international relations. During the Cold War, the United States and the (former) Soviet Union both recognized that they had too much at stake to risk actually engaging each other militarily, though they came close on several occasions—including particularly during the Cuban missile crisis. In a similar fashion, China and the United States seem to have recognized that they, too, have far too much at stake in the 21st century to risk engaging in a military conflict. Indeed, in a myriad of ways our two countries have become highly interdependent; and we both must therefore summon the vision and the creativity to settle our differences through diplomacy and negotiation. This is, in my view at least, is the only way to assure a safe, stable and prosperous future for all of our people. Thank you.

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