

US and China: Finding the Balance of Power

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Wharton Business School Global Forum

Sydney, 9 March 2018



- The Cold War was the epiphany at the end of the twentieth century which nobody expected.
- The bi-polarity of the Cold War consolidated alliances in the West, but it also snap-froze, for 40 years, the promise and opportunity of post-colonialism.
- No more the Dutch in Indonesia, no more the French in Indo-China, no more the British in India – and no more everyone else in China. But nothing much else happened either.
- The end of the Cold War opened up technology transfer and capital. It facilitated “open regionalism” – APEC, ASEAN, Eastern Europe.

- These changes facilitated rapid growth in output in developing countries.
- The Industrial Revolution broke the nexus between population and GDP.
- The post-Cold War trade and capital arrangements reinstated “population” as the principal driver of GDP.
- This, of course, has now changed the world.
- The states with the largest populations will again be the largest states by way of GDP.
- This is why China is already larger by GDP than Germany and Japan – and by 2021 will rank in size with the US.
- China is now overturning the economic foundations of the twentieth century global order – just as America did in the twentieth century, when it eclipsed Britain in the 1880s.
- So, the days of comfortable multilateralism superintended by the United States along Jeffersonian principles, is now fading to a world of great power entities and great power politics.
- America, which had given so much to the world, was not alert to power shifts these events facilitated or unleashed.
- It lost the two Clinton terms, the two Bush terms and was nonplussed in the two Obama terms. The US for 24 years has gone without a strategy.
- Meanwhile China has risen in the East. It is worth reflecting: the East was never a compendium of states identified by a common culture or religion, in the way the West has common bindings.
- The West, with Christianity, after Charlemagne, largely replicated the former Roman Empire.
- In contrast: Asia is a hierarchy, with China at the top, rather than a balance of power or equilibrium of sovereign states on Westphalian principles.
- China’s approach is conceptual, where America’s is pragmatic. China has a Confucian sense of itself and a long tradition of hierarchy and

authority, and competent governance.

- Part of the reason, no doubt, that Xi Jinping identifies with those characteristics of the former imperial system, but now with the CCP in the Emperor's chair.
- China rejects the proposition that international order is underwritten by the spread of liberal democracy.
- But it was not always like that – between 1978 and 1989 Deng Xiaoping and his CCP Secretary Hu Yaobang and their Premier Zhou Ziyang were seeking to build a more transparent and participatory China, including one with multiparty elections and the rule of law, the effective separation of Party and State.
- That all went down at Tiananmen Square in 1989. And it was Deng Xiaoping who made the decision to walk away from it.
- He abandoned his Party Secretary and former Premier, Zhou Ziyang, and his ideals, for untrammelled primacy by the Party.
- But he stuck with the deregulation and market system, with the Shanghai Gang, Jiang Zemin and Zhu Rongji pushing the reforms through.
- The ten years of Hu Jintao and Wen Jiabao saw the structure fall into hapless corruption.
- Xi's task, Deng having made the primary decision re Party primacy, was to recover the legitimacy of the Party. Hence, the crackdown on corruption.
- Xi has seen his job as legitimizing Deng's decision over Zhou Ziyang in 1989 at Tiananmen, walking away from Hu Yaobang's legacy. Maybe, the Confucian in Deng made this inevitable. But maybe, we all got unlucky, as the students blew the game apart.
- America's policy for over a century has been to prevent anything other than US hegemony in Asia. Its difficulty, as a key participant, is that its metropolitan home and centre of gravity is located far from the geographic centre of East Asia. The US is a naval power, while China is a continental power. China thinks and behaves in continental terms, where land, and its centrality are all defining. It has no instinct for maritime explorations or control.

- The preservation of peace between these two great states depends on restraint, force and legitimacy, and the ability to ensure competition remains political and diplomatic.
- As Henry Kissinger put it: we need a balance of power strategy but with partnership diplomacy.
- Perhaps strange but true, President Trump is following that formula. He says, "Let's have a better relationship with China." But keep them honest on trade.
- In a major foreign policy speech last April, President Trump said "We desire to live peacefully and in friendship with Russia and China. We have serious difficulties with these two nations, and must regard them with open eyes, but we are not bound to be adversaries. We should seek common ground based on shared interests."
- A better policy than the US endeavouring to maintain strategic hegemony over the Chinese under Barack Obama's and Hillary Clinton's pivot.
- America's future in Asia is as the balancing power, the way Britain was to Europe, during Bonaparte's, Kaiser Wilhelm's and Hitler's years.
- America can still frame and guarantee the Atlantic, providing it comes to terms with Russia, but it can no longer frame and guarantee the Pacific.
- China will never be a strategic client of the United States, in the way Japan has for 70 years. This is not going to happen.
- China seeks a new international political and economic order – in essence, the democratisation of international relations.
- It will not accept a strategic order, led in a proprietary sense, by the United States, under what was the former "Washington Consensus".
- China believes in globalisation (Xi Jinping's Dabos speech) but it does not believe in globalism.