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The U.S – China Relationship and the Role of the Strategic and Economic Dialogue

Presented to the House Foreign Affairs Committee

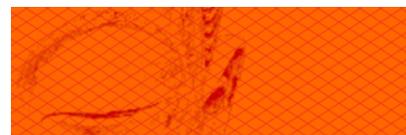
10 September 2009

Mr. Chairman, thank you for the invitation to address this committee on the topic of U.S.-China relations and the role of the Strategic and Economic Dialogue (S&ED). I also want to thank you for seating me along side these impressive luminaries. If we're partly judged by the company we keep, I know my reputation is enhanced today by virtue of the company I'm keeping on this panel.

Mr. Chairman, I was asked specifically to offer some thoughts on the degree to which the S&ED is effective in promoting the U.S.-China bilateral agenda, as well promoting U.S. interests on a range of important regional and global issues.

In trying to provide constructive comments on this topic, I think it would be useful to address three separate questions: what are the prospects for U.S.-China cooperation in the near-to-medium term irrespective of the modalities for dialogue, what are the likely benefits and the likely downsides of the S&ED format as currently configured, and what specific policy steps would I recommend to strengthen or alter the current approach of the S&ED.

I think it is important to begin with a general assessment of the prospects for U.S.-China cooperation in the near-to-medium term. To a large degree, the modalities for dialogue and engagement are secondary to the fundamentals of the relationship itself. If our interests are aligned, and the obstacles are limited, the specific modalities chosen will only affect outcomes on the margins. The reverse is also true – if the overall relationship is adversarial and there is little basis for quality cooperation, even the best plan for engagement will produce little.



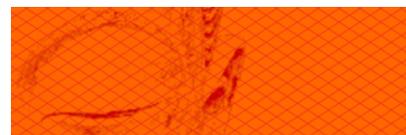
This is particularly important to assess in the case of U.S.-China relations. While it is undeniable that the United States and China are experiencing converging interests across a broad spectrum of issues, it is also true that our interests diverge in important ways. We cannot expect that there is some optimal formula for a dialogue format that will alter the fundamental fact that United States and China will find cooperation difficult in the near-to-medium term due to the aforementioned divergence in interests. We have profound differences over human rights, Taiwan’s security, proliferation, and the future of U.S. military alliances in Asia.

I think it is also important that we give careful consideration to the policy areas where increasingly many analysts are describing common interests. I would submit that many of these issues – such as North Korea, global climate change, and peace and stability in the Taiwan Strait – are in actuality areas where we have common aversions, not common interests. A common aversion can be the foundation for dialogue and limited cooperation. But a common aversion is not enough to generate close cooperation and coordinated joint efforts.

None of this is to say dialogue is not worthwhile. I endorse high-level dialogue between the United States and China. But our expectations should remain modest, and we should be careful about treating this as a truly “strategic” dialogue – the official name of this Forum notwithstanding. In fact, when Strategic Dialogue was first proposed by the Chinese to the United States in 2004, then-Deputy Secretary of State Armitage agreed to regular Senior Dialogue only. He made of point to convey that the United States reserves true Strategic Dialogue for our closest allies who share our interests and our values.

The second question to address relates to the S&ED format itself. I acknowledge there are benefits to holding this particular forum. Specifically, I believe the S&ED strengthens interagency coordination within each respective government. There are so many cross-cutting issues on the agenda, multi-agency participation in the policy prescriptions is essential. The S&ED forces all the key players into a room, and compels all the players to examine common agenda items. Our own system has suffered historically from poor internal coordination. Reportedly the problem is worse in China. The S&ED helps in this regard.

The S&ED can also be a powerful forum to communicate clear messages to one another so as to avoid miscommunication or miscalculation. It would be difficult to question the authority or authenticity of a message delivered in the presence of so many Ministers and Cabinet Secretaries. Clear communication is a helpful outcome even if joint cooperation does not result. Conflict avoidance is an



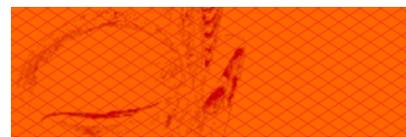
extremely important objective in the United States and China. However, we should add a cautionary note to this point. It is true that messages will be seen as more authoritative in a forum such as the S&ED – but it is also true that omissions can inadvertently convey a lack of interest in a particular issue. I fear the lost opportunity to raise the plight of the Uighers in Xinjiang during July’s meeting of the S&ED left the Chinese almost gleeful that the U.S. government was not overly concerned with human rights conditions in Western China.

The S&ED can also be useful as an “action forcing event.” Having a major flagship dialogue on the calendar every year can provide the right kind of incentives to the respective bureaucracies to make concrete proposals.

There are potential downsides to sustaining the S&ED format as currently configured – and I’ll note five. First, it seems we have inadvertently placed our Chinese counterparts in a place of prominence that they have yet to earn. To put a finer point on this, we have no comparable dialogue with Japan Korea or other Asian partners. This can engender feelings of insecurity among our closest allies. Japan in particular can still boast the second largest economy of the world – larger than China’s – on top of being a close treaty ally. Yet our engagement with Japan lacks the same type of high-level flagship dialogue.

The aforementioned concern segues into the second potential downside I’ll mention. China often measures success not by deliverables or concrete actions agreed upon – but on symbolism and status. If China perceives they are being treated as Washington’s most important relationship, accompanied by all the symbolic trappings of a strategic partner, this may actually *decrease* their incentive to pursue consequential cooperation. In other words, treating Japan, Korea, Australia and others as valued allies and showing them respect befitting close allies is not only the right thing to do, it is also the smart thing to do in terms of incentivizing China. The key to a successful engagement strategy with respect to China often has little to do with direct interactions with China itself – and much to do with engagement of allies and others in the Asia-Pacific region as a means of impacting China’s decision-making. This can be put differently: the way to get China right is to get the rest of Asia right first. Attention and meaningful engagement of our allies in Asia will best position us for meaningful cooperation with China.

A third concern to note is actually the opposite side of the same coin mentioned above as a potential positive element of the S&ED. While it may be true that an annual S&ED serves as an “action forcing event” for both bureaucracies, it may also be true that little else can be accomplished in the interim. Our Chinese interlocutors often argue privately that movement on major initiatives and/or

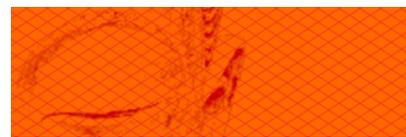


agreements must be held in abeyance until the next round of major dialogue (only to disappoint when the actual dialogue does roll around). The Administration runs the risk of structurally creating an environment where very little can be done in between meetings of the S&ED. This could also adversely impact “subordinate” Dialogues such as the Joint Commission on Commerce and Trade. Even worse, the Administration may feel constrained from taking punitive actions when needed (e.g. a potential WTO case or human rights resolution) in the lead-up to a Dialogue for fear of souring the atmospherics.

A fourth potential downside to the S&ED format as currently structured is the very unwieldy nature of the agenda, and the lack of focus to the Dialogue. While the Administration noted publicly that certain issues were prioritized within the S&ED, it was quite frankly difficult to discern that watching things unfold. Admittedly, there are parts of the S&ED that are rightly kept private and behind close doors. Even if those private messages were much more pointed – and I might add I suspect the Chinese messages on Tibet and Taiwan were quite sharp in private – the effect can be diluted by a public Dialogue that meanders from the Middle East to health care to regional architecture and so on.

And finally, I will register concern that an S&ED process can breed false confidence on the U.S. side with respect to personal relationships between U.S and Chinese interlocutors. It is a common argument that an S&ED process can help build mutual trust and can create stronger personal relationships between principle actors that can be leveraged in both good times and bad. However, history belies this theory altogether. In fact, this is a very American trait in diplomacy to want to have personal relationships with interlocutors, to have direct phone lines that can be called in crisis, and to have confidence that decisions made in the private council of the other government will take personal relationships into account. But the Chinese do not share this trait in diplomacy. In past times of crisis, even “old friends of China” could not get their phone calls answered. There is no reason to believe Chinese government officials would behave any differently in the future. Further, a flagship dialogue with such high-level participation on both sides could lead to complacency in thinking that we are linking up with all the important actors under the auspicious of this single forum. Yet we still have precious little interaction with the most important members of the People’s Liberation Army (PLA) and virtually no crisis communication modalities in which we can have confidence.

Let me reiterate, I support high level dialogue between the United States and China – but I think the foundation for cooperation overall is relatively weak, and the many downsides embedded in the current S&ED format give me little optimism for robust cooperation emerging. I think there is ample evidence from the first S&ED last July to support this view. The Administration set extremely low expectations for the Dialogue...then met them. But those are hardly the results on climate change, the global economic crisis, and regional security cooperation worthy of the time and energy invested by so many senior people in the U.S. government.



I still believe we can do better. With respect to specific policy steps, I offer the following four specific recommendations

1) The U.S. should enhance our engagement of key allies in Asia in both *form* and *substance*. We should have high level engagement with Japan, Korea and Australia that conveys a place of priority for our allies. The United States should move immediately to conclude KORUS, should enhance TIFA talks with Taiwan, and should commence efforts to achieve a robust security declaration on the upcoming 50th anniversary of the U.S.-Japan alliance. These are the right policy steps for U.S. interests. In addition, these steps with friends and allies will create the right kind of incentives for China to pursue constructive cooperation with the United States.

2) The United States should limit the subject matter covered in the next S&ED to reflect true priorities. Rather than an unwieldy agenda that threatens to dilute our messages of urgency on issues critical to our national interests, we should pursue a much more focused discussion when the S&ED resumes in China next year. We should reduce the number of cabinet secretaries who participate accordingly. At present, the United States should vigorously pursue greater Chinese cooperation on matters related to Pakistan and Afghanistan. Depending on where things stand next summer, the issue could very well be appropriate as a top agenda item for the coming S&ED.

3) The S&ED should not become an excuse for missing other creative approaches to problem-solving in the U.S.-China relationship. The United States should continue to press China for active participation in fora that may prove to be even more consequential than the S&ED. For example, it is conceivable that our greatest bilateral gains could come from active Chinese participation on the part of the PLA in an operator-to-operator dialogue focused on safety on the high seas.

And

4) The United States should re-introduce the important topics of human rights and religious freedom as issues of core concern to our government, our Congress and our people. These issues should be raised by President Obama as well as by participating cabinet secretaries of the S&ED.