

CHINA US Focus Digest

A Community for All



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China should start building a community with a shared future for mankind from the Asia Pacific.

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Competing Visions

Zhang Ping



The newly released US National Security Strategy labeled China as a rival competitor that seeks to challenge American interests. The Trump administration is said to be pursuing tougher trade penalties against China early this year. These developments underline the complexities of the world's most consequential bilateral relationship.

Labeling China a “competitor” ignores the complexity of the relationship. It does not change the fundamental drivers of bilateral ties. The two economies have become so connected and interdependent that the need for joint efforts to address regional and global flash-point issues is imperative. When facing this reality, it is hard to envision a relationship characterized by rivalry. Neither country, nor the world, can afford for this relationship to be disrupted.

Trump's representation of China as a competitor mischaracterizes China's rise. China has sought to convince other countries that its rise will not be at their expense, and that it is not a revisionist power.

President Xi Jinping's vision of a community of nations of a shared destiny is a main theme in this issue of the Digest. Chinese Foreign Minister Wang Yi makes it clear that fostering such a global community is an overarching goal. George Washington University Professor David Shambaugh argues that 2017 was a banner year for China's diplomacy.

Zhou Bo, a Chinese military researcher, discusses the Indo-Pacific concept, asking if the U.S. is willing to include China in its plans for the region.

While the South China Sea continues to grab newspaper headlines, Brookings scholar Ryan Hass argues that the dispute in the East China Sea has a greater risk of drawing the U.S. into conflict with China.

Other topics in this issue include China-U.S. trade, global governance, artificial intelligence, and the One Million Strong Initiative that aims to get more American students to learn Chinese.

I hope you will enjoy this issue.

HAPPY
CHINESE NEW YEAR

狗年吉祥

二零一八 戊戌年



A Community with a Shared Future Starts from the Asia Pacific

China should start building a community with a shared future for mankind from the Asia Pacific.



Wang Jisi

*President, Institute of International and Strategic Studies
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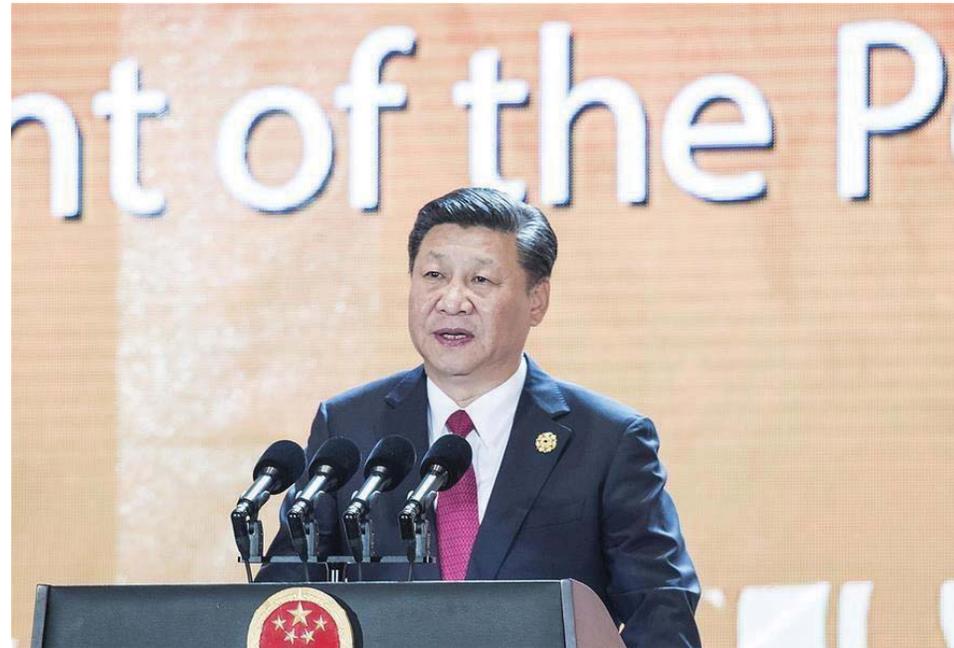
At the 19th CPC National Congress, General Secretary Xi Jinping called on “the people of all countries to work together to build a community with a shared future for mankind, to build an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity.” Promoting efforts to build a community with a shared future for mankind has become a fundamental goal of Chinese foreign relations.

A community with a shared future for mankind can only be the product of further globalization.

Promoting efforts to build a community with a shared future for mankind has become a fundamental goal of Chinese foreign relations.

Its construction is the general trend of human development. The community will be a comprehensively systematic project covering, but not limited to, politics, security, economics, society, culture, and ecology. Should this community be built upon the United Nations, or a brand-new framework for global cooperation? This is not a question that can be answered at the current stage. Whatever the case, from concept-generation to entity-building, it has to be based on a regional organization or multilateral institution which is already in place.

Building this community is both a long-term goal put forward by China and its responsibility as a global power. The proposition of this goal marks a significant change in China’s relations with the outside world and its international strategic thinking. Such a community will not come from nowhere, but will require China to guide and coordinate it. At the Boao Forum for Asia Annual Conference in 2015, President Xi emphasized that “Facing the fast changing international and regional landscapes, we must see the whole



Chinese President Xi Jinping vowed to make continued efforts in building a community of shared future for mankind in a keynote speech at the Asia-Pacific Economic Cooperation (APEC) CEO Summit in Da Nang of Vietnam on Nov. 10, 2017.

picture, follow the trend of our times and jointly build a regional order that is more favorable to Asia and the world. We should, through efforts towards such a community for Asia, promote a community of common interest for all mankind." During the APEC CEO Summit the following year, President Xi reiterated that "the vines of sweet potato may stretch in all directions, but they all grow out of its roots. Similarly, no matter what level of development it may reach, China, with its roots in the Asia-Pacific, will continue to contribute to its development and prosperity. China is committed to peaceful development and a win-win strategy of opening-up. While striving for its own development, China will also work to promote the common development of all Asia-Pacific countries and create more opportunities for people in our region."

To build such a community, China should start by cooperating with neighboring countries to create an Asia-Pacific community and then extend its efforts further to lay the foundation for a broader global community, with a shared future. There are several reasons for this.

First, as China's economic success and growth started from the Asia-Pacific, its foremost security concerns are also in the Asia-Pacific. China's reform and opening-up initially drew on the development experience of the "Four Little Dragons of East Asia," as well as Japan. It then extended its economic relations to the entire Asia-Pacific, and then the world. In 2016, the Chinese mainland's trade with other parts of the Asia-Pacific accounted for 58.7 percent of its global total. Eight of its top ten trading partners are in the Asia-Pacific region.

Peace and stability in the Asia-Pacific is important for China's national unity, territorial integrity, and peripheral security. To be specific, the Taiwan issue has implications

China should start by cooperating with neighboring countries to create an Asia-Pacific community.

on China's national unity and efforts at national rejuvenation. Additionally, the North Korean nuclear issue concerns China's major security interests. China will not sit aside if the Korean Peninsula is engulfed in war and chaos. While China's territorial and maritime disputes with several neighboring countries remain unresolved, we should be aware of the attempts of some major countries to use these disputes as hindrance to China's rise.

Second, the Asia-Pacific's importance is increasing constantly as part of the world economy, and in international security and global governance. By the end of 2016, the Asia-Pacific region was inhabited by 54.47 percent of the world's population. According to some estimates, by 2020 the Asia-Pacific region will account for two-thirds of global GDP and half of global trade, demonstrating the emerging economic centrality of this region. By 2020, the region's share of global military spending will likely have grown to nearly three-fourths. Major wars or strategic confrontations in this region, if they occur, could prove catastrophic. In addition, given the importance of the Asia-Pacific region, building and perfecting regional cooperation mechanism in the region is indispensable for such global governance issues, such as eliminating the threats from terrorism and extremism, protecting the ecological environment, safeguarding public health, and cracking down on drug-trafficking and illegal immigration.

Third, in the past few decades, especially since the end of the Cold War, Asia-Pacific regional cooperation mechanisms and organizations represented by ASEAN have made great achievements. However, as

of today, no existing regional cooperation mechanism in the Asia-Pacific is capable of engaging in the full spectrum of security, economic, political, cultural, and ecological matters, nor can they take the responsibility to build an Asia-Pacific community with a shared future. All of the existing regional organizations have limitations. The bilateral military alliances the U.S. has established with Japan, South Korea and Australia have not taken into consideration the security concerns of countries outside the U.S. security system. These alliances are adverse to mitigating the arms race in the region, and reducing strategic mutual distrust between China and the U.S. Under such circumstances, the necessary preconditions for building an Asia-Pacific community with a shared future are:

designing a comprehensive and multi-dimensional cooperation mechanism in the Asia-Pacific that includes all regional countries, and conducting feasibility studies.

Leaders and strategists in many of the Asia-Pacific countries have proposed the concept of a regional community, such as the "East Asia Economic Group," "New Pacific Community," "Asia Pacific Community," "East Asian Community," and "Pacific Community."

Yet they haven't put forward more specific proposals addressing things like the region's geographical scope and organizational structure, which countries should be included, what their common goals are, and a timeframe for building the community.

The Asia-Pacific Community should serve to achieve the following objectives: 1) to deepen and institutionalize regional economic cooperation and integration, 2) to mitigate the increasingly intensive geo-strategic competition between China and the

All of the existing regional organizations have limitations.

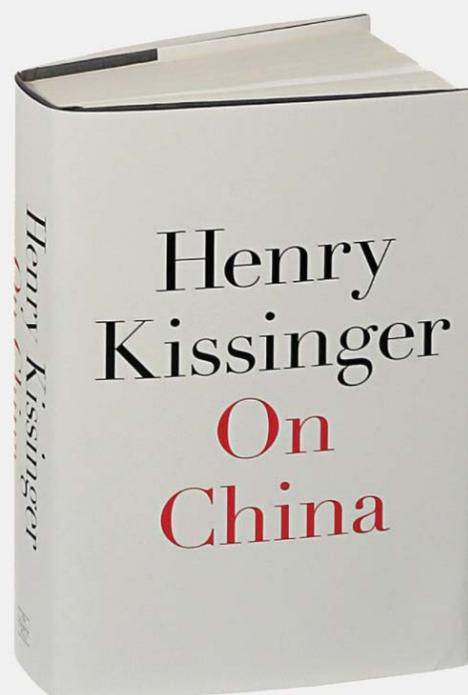
U.S., and improve relations among countries in the region, 3) to denuclearize the Korean Peninsula as soon as possible, and reinforce the commitment to nuclear non-proliferation, 4) to bolster commitment to peaceful settlement of territorial disputes and reduce the dangers of armed conflict and arms races, 5) to cope more effectively with nontraditional security issues and extremism and, 6) to promote civilizational dialogues, cultural exchanges, and jointly formulate shared values for the region.

Building an Asia-Pacific community must start with ideas. Currently, countries in the region differ considerably in defining and using the terms “Asia” and “Asia-Pacific.” During his Asia visit in November, U.S. President Donald Trump repeatedly mentioned the concept “Indo-Pacific region” as a possible replacement for “Asia-Pacific.” Some argue that the use of this term is planned by the U.S. and other countries with the intention of “lifting India and suppressing China.” Major countries in the area need to reach a basic consensus on the definition of the Asia-Pacific region.

Under current conditions, a relatively simple and feasible solution is to build a dialogue platform based on a certain (or a few) existing multilateral negotiation mechanisms. Former Australian Prime Minister Kevin Rudd’s proposal to build a multilateral security mechanism on the basis of the East Asia Summit is a sensible one. The East Asia Summit composed of ASEAN countries, China, Japan and South Korea, as well as five other countries (the U.S., Russia, Australia, New Zealand, India) is quite representative, and has achieved significant progress in recent years.

President Xi gave a comprehensive explanation of the goal and purpose of a community with a shared future for mankind in his report to the 19th CPC National Congress. The construction of the Asia-Pacific community is undoubtedly subordinate to the

overall goal of building a community with a shared future for mankind. Forming the concept of an Asia-Pacific community that all countries in the region can embrace will be a long-term project. We should keep a clear sense of direction in striving for the building of a community with a shared future for mankind. ●



In his book, “On China (2011),” Dr. Henry Kissinger articulates a vision of “a Pacific Community,” which he describes as “a region to which the United States, China, and other states all belong and in whose peaceful development all participate.” The concept, based on the Atlantic Community formed after the Second World War, would both “reflect the reality that the United States is an Asian power” and respond “to China’s aspiration to a global role.”

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A New Era of China's Foreign Policy

China's foreign policy has two overarching goals, namely, the fostering of a new form of international relations and the building of a community with a shared future for mankind.



Wang Yi

Foreign Minister of the People's Republic of China

The year 2017 has been a momentous year for China and for the world. Given the evolving international landscape and growing global instability and uncertainties, humanity has once again come to a crossroads of history. We face a choice between openness and isolation, between cooperation and confrontation, and between win-win cooperation and zero-sum rivalry. What major countries opt for will impact the future of our world.

China has given its answers to the serious questions confronting the world. The successful 19th CPC National Congress held in October opened up new horizons for the cause of socialism with Chinese characteristics in the new era. It set out the direction and objectives of China's foreign policy by articulating two overarching goals, namely, the fostering of a new form of international relations and the building of a community with a shared future for mankind.

By observing China's foreign policy in the run-up to the 19th Party Congress, China's efforts toward these two goals, and its diplomatic vision for the future, become more apparent.

Firstly, the government has drawn up the blueprint for advancing the Belt and Road Initiative. China has so far signed Belt and Road cooperation agreements with 80 countries and organizations, and has built 75 overseas economic and trade cooperation zones in 24 countries. Chinese businesses have invested over US\$50 billion and created nearly 200,000 local jobs in participating countries. The first Belt and Road Forum for International Cooperation held last May was extremely successful, producing over 270 outcomes in five key areas. An overall Belt and Road cooperation network is taking shape.

The Belt and Road Initiative has provided a roadmap for breaking development bottlenecks, improving economic governance, and achieving sustainable development by pooling development resources. It is guided by the principle of pursuing shared benefits through consultation and collaboration between countries and organizations. The initiative will lend sustained impetus to the building of a community with a shared future for mankind.

Secondly, China has acted as a staunch advocate

for economic globalization. In his keynote speech at the World Economic Forum in Davos earlier in the year, President Xi Jinping called on countries to work together to counter the challenge of protectionism, which he characterized as locking oneself in a dark room. He also put forward China's proposals to boost global growth and make globalization more balanced and equitable.

President Xi's messages have been conveyed from Davos to the United Nations Office in Geneva, from the G20 Summit in Hamburg to the APEC meeting in Da Nang, signaling China's emergence as the most dynamic force for improving global governance.

Thirdly, China has worked proactively to promote stable relations with major countries. Effective interactions between President Xi and President Trump have provided a strategic anchor to what is the most complicated and consequential relationship in the world, enabling a smooth transition and positive start to China-U.S. relations under a new U.S. administration. President Trump made a state visit to

China has no intention to remake or replace the United States' international role; nor can the U.S. expect to dictate to China or impede its development.

China shortly after the 19th CPC National Congress, during which both governments agreed to expand cooperation in a variety of areas and manage differences on the basis of mutual respect.

China has no intention to remake or replace the United States' international role; nor can the U.S. expect to dictate to China or impede its development. The growing commonality of interests has far outweighed our disagreements. Cooperation benefits both countries, while confrontation will hurt both. This is a plain truth.

Recognizing this, China and the U.S. need to find ways to cooperate more effectively. China is willing to live peacefully with the U.S. on the basis of mutual respect, while the U.S. needs to understand and accept that China is following its own path of socialism with Chinese characteristics. Both should realize that the old-fashioned mentality of zero-sum rivalry no longer works. Seeking common ground and pursuing mutually beneficial cooperation is the only right choice.

President Xi and President Putin of Russia met five times this year, enabling close coordination on major issues such as global strategic stability and joint development strategies that are crucial to the revitalization of Eurasia. The China-Russia comprehensive strategic partnership of coordination has become a cornerstone for world peace and stability, fairness and justice, and win-win cooperation.

The uncertainties in Europe notwithstanding, China will continue to firmly support European integration and development.

Fourth, China has worked to promote stability and sound regional cooperation in our own neighborhood. President Xi Jinping's visit to Southeast Asia following the 19th Party Congress sent a clear message of China's commitment to building a community with a shared future in its neighborhood.

China and the Republic of Korea (ROK) have made progress in trying to overcome the difficulties in their relationship that were caused by the deployment of the THAAD system. The Moon Jae-in administration has made important public commitments to consider China's concerns about strategic security. China and the ROK will now be able to progress towards the development of positive bilateral relations and peace and stability on the Korean Peninsula.

China takes seriously the recent steps Japan has taken to improve ties between our countries, and welcomes Japan's participation in the Belt and Road Initiative. We hope that Japan will not hesitate or backpedal in moving the relationship forward.

China and India have far more shared strategic interests than differences. We handled the Indian border troops' trespass into China's Dong Lang area in line with our national interest, on just grounds and with restraint. We engaged diplomatically with India to bring about a withdrawal of equipment and personnel. As we continue to improve strategic communication channels and dispel misgivings, we hope for further productive engagement with India.

China has always been a leading supporter of regional cooperation and a loud advocate of efforts to build a Free Trade Area of the Asia Pacific and the East Asia Economic Community, and for the early conclusion of negotiations on the Regional Comprehensive Economic Partnership.

In the South China Sea, we have worked hard to ease tensions by restoring and reinforcing the consensus between China and ASEAN countries to peacefully resolve disputes through dialogue among the countries concerned. Agreement has been reached on the framework of a code of conduct (COC) in the South China Sea ahead of schedule, and we have officially declared the commencement of consultations on the COC text.



Watch the full interview with Wang Yi at:
www.chinausfocus.com/foreign-policy/chinas-diplomacy-breaking-new-ground

Some non-littoral countries appear uncomfortable with calmer waters in the South China Sea and are looking to stir up trouble. However, the situation in the South China Sea will continue to develop positively. China and ASEAN countries have both the ability and wisdom to safeguard peace and stability in the South China Sea.

Regarding the nuclear issue on the Korean Peninsula, we remained committed to upholding the international non-proliferation regime, safeguarding peace and stability, achieving denuclearization, and resolving the issue through dialogue and negotiation. We have fully and strictly implemented the relevant UN Security Council resolutions. We have also put forward the “suspension for suspension” proposal, which calls for the suspension of nuclear and missile activities by the Democratic People’s Republic of Korea and the suspension of large-scale military exercises by the U.S. and the ROK.

Through shuttle diplomacy, we have encouraged Afghanistan and Pakistan to agree on a bilateral crisis management mechanism, and mediated between

Myanmar and Bangladesh by putting forward a three-step proposal to resolve the issue in the Rakhine State of Myanmar, which was well-received by both countries.

Looking to the future, we aim to achieve new accomplishments and to take on new responsibilities in the conduct of China’s foreign policy in the new era, for the development of socialism with Chinese characteristics.

We advocate the following principles for

We advocate the following principles for state-to-state relations in fostering a new form of international relations: mutual respect, fairness and justice, and win-win cooperation.

state-to-state relations in fostering a new form of international relations: mutual respect, fairness and justice, and win-win cooperation. Countries of different sizes and strengths, with diverse systems, religions and civilizations, are all equals. The

law of the jungle, which puts the weak at the mercy of the strong, must be rejected. The outdated mindset of zero-sum relations should be replaced by a new approach, where we work for common development and shared benefits.

To build a community with a shared future for mankind, we need to come up with solutions to various global challenges. We see the future of all countries

China will remain a steadfast contributor to world peace, a facilitator of development, and a supporter of the international order.

and peoples as closely intertwined, like passengers on the same boat. To meet everyone's needs for a better life, we would like to see the world operate like a harmonious family.

We will break new ground in major-country diplomacy with Chinese characteristics. In a world that continues to change at a rapid pace in unpredictable ways, China will remain a steadfast contributor to world peace, a facilitator of development, and a supporter of the international order. Specifically, we will make efforts in the following areas.

Firstly, we will endeavor to expand China's network of global partnerships. As General Secretary Xi Jinping has emphasized, those who seek common ground while shelving differences can be great partners. China has established a range of partnerships with over 100 countries, based on the same commitment to equality and mutually beneficial cooperation. Such a practice, which is widely recognized and welcomed, offers a new option for countries that are exploring their approach to state-to-state relations.

We will enhance coordination and cooperation with Russia, the United States,

Europe and other countries to build a framework of overall stability and balance among major countries.

Secondly, we will start in our own neighborhood, and in partnership with other developing countries, to build a community with a shared future for mankind. We will utilize major events next year, such as the 15th anniversary of China-ASEAN strategic partnership, and the two conferences China will host—the Boao Forum for Asia and the Shanghai Cooperation Organization Qingdao summit—to lend new impetus to regional cooperation.

We will further promote maritime cooperation in the South China Sea through implementing the Declaration on the Conduct of Parties in the South China Sea and holding consultations on a code of conduct.

Thirdly, we will advance Belt and Road cooperation, working for significant results in facilitating policy, infrastructure, trade, financial, and people-to-people connectivity. We will boost the development of participating countries wherever possible.

Fourthly, we will actively explore methods to resolve hotspot issues, based on the following Chinese characteristic principles of: non-interference or imposition of one's own will on others; an objective and impartial approach; and striving for political solutions while rejecting the use of force. These principles have stood the test of time and continue to receive endorsement from more and more countries.

Even as the situation on the Korean

Peninsula remains mired in a vicious cycle of provocation and confrontation, we believe that the possibility of peace and negotiation remains. War is unacceptable. The involved parties need to seriously consider China's "suspension for suspension" proposal and take the first step toward de-escalation, so we can move beyond confrontation and create the right conditions for the resumption of dialogue.

China has put in more effort and has borne greater cost than any other party in the Korean nuclear issue. We will continue to do our part. However, we will not support or accept the demands of any party that are inconsistent with, or go beyond, the UN resolutions. We will not support unilateral action as it would undermine the unity of the Security Council and the legitimate interests of other countries.

Regarding the Middle East, China has always firmly supported the efforts of the Palestinian people to restore their lawful rights. We support the establishment of an independent Palestinian state that enjoys full sovereignty, with East Jerusalem as its capital, and based on the 1967 border. The status of Jerusalem must be determined through dialogue and negotiation on the basis of UN resolutions. The two-state solution remains a viable, fundamental solution to the Palestinian issue. We appeal to all parties to avoid creating new turbulence in a region already fraught with challenges.

Even as the situation on the Korean Peninsula remains mired in a vicious cycle of provocation and confrontation, we believe that the possibility of peace and negotiation remains.

On December 26, 2017, I was joined by my Afghan and Pakistani counterparts in Beijing for the first ever three-way foreign ministers' meeting, to discuss peace, reconciliation and reconstruction in Afghanistan. China will also continue mediation to work for a phased settlement of the situation in Rakhine state, Myanmar.

It has never been more important for the world to understand China's perspective, foreign policy vision and diplomatic approach. It is a critical moment for China to contribute more to peace and development in a fast-changing world. Going forward, China will remain dedicated to working with all countries to advance its foreign policy objectives, and the world will be better off for it. ●

China's Active Year of Diplomacy in 2017

2017 was an eventful year for Chinese diplomacy. We may look back on it as the year China cemented its place as a major power in world affairs and reassured the world of its commitment to upholding the existing international system.



David Shambaugh

*Gaston Sigur Professor
George Washington University*

In his landmark speech to the 19th Party Congress in October, President Xi Jinping boldly asserted China's claim to being a global diplomatic power. Asserting 26 times that China was either a "great power" or a "strong power" Xi staked out new ground in Chinese diplomacy. Gone is any pretense of "biding time and hiding brightness," as Deng Xiaoping had counseled. Instead Xi laid out a vision for China to "play its part as a major and responsible country" and "promot[e] a community of shared future of mankind." A significant part of his "great rejuvenation" is for China to establish a central position in world affairs. The past year was indicative of China's new proactive position in international diplomacy.

Xi signaled this at the World Economic Forum in Davos in January. Taking the stage on the opening morning and exuding confidence, Xi told the other delegates that China would uphold economic globalization and was prepared to play a leading role in global governance. This message was extremely well received, particularly as the world was bracing for a new U.S. president, Donald Trump, whose rhetoric indicated overt

hostility to the forces of globalization and the multilateral institutions of global governance. At the very moment that the United States seemed to be stepping back from a half-century of global engagement and leadership, China was seen to be stepping up and embracing the role of new global leader. This stark juxtaposition was not lost on the delegates at the World Economic Forum nor diplomats and observers worldwide.

A significant part of his "great rejuvenation" is for China to establish a central position in world affairs.

The rest of 2017 confirmed this. America has withdrawn from one global commitment after another, under a U.S. president filled with ego, bravado, and a false sense of security, who alienates allies and indulges adversaries. Meanwhile, Xi has consolidated his power at the CPC National

Congress, and casts a confident posture on the world stage. His country is stepping up and looking forward. It is moving to fill vacuums left by the United States in Asia, Latin America, and elsewhere.

A review of China's diplomacy in 2017 reveals considerable activity. President Xi Jinping and Premier Li Keqiang each visited ten countries that year. Xi's travels took him to the U.S., Russia, Germany, Finland, Switzerland, Vietnam, Kazakhstan, Ecuador, Chile, and Peru. In Beijing, Xi hosted no fewer than 24 visiting presidents or prime ministers plus the Secretary-General of the United Nations. The list of state visitors included two from North America, five from Latin America, two from Africa, two from the Middle East, five from Europe, and eight from Asia.

Throughout the year, China also participated in high-level dialogues with the United States, Canada, France, the United Kingdom, European Union, Russia, Indonesia, Singapore, South Korea, and the sixteen Central-East European states.

Two other key highlights was the hosting of the Ninth BRICS Summit in Xiamen and the inaugural Belt &

Road Forum in Beijing.

The BRICS have stumbled along for nearly a decade without a substantive mission. Some individual members also have difficult bilateral relations with each other—notably China and India, but Brazil's relations with China, India, and Russia are also strained. Xi Jinping tried to breathe new life into the BRICS with his opening speech:

"We need to make the international order more just and equitable. We should remain committed to multilateralism and the basic norms govern-

ing international relations, and work for a new type of international relations. We need to make economic globalization open, inclusive, balanced and beneficial to all, build an open world economy,

support the multilateral trading regime and oppose protectionism. We need to advance the reform of global economic governance, increase the representation and voice of emerging market and developing countries, and inject new impetus into the efforts to address the development gap between the North and South and boost global growth."

The Belt & Road Forum in May was probably the highlight of the year for Chinese diplomacy. The Belt & Road

His country is stepping up and looking forward.

Initiative (BRI) is an extraordinarily ambitious set of projects to connect Asia and Europe via a vast web of transportation and other infrastructure—“connectivity” the Chinese label it—that will facilitate commerce and a range of people-to-people initiatives. It is comprised of two principal routes, one overland and one via sea: the Silk Road Economic Belt running from China across Eurasia to Europe, and the 21st Century Maritime Silk Road linking China to Southeast Asia, the Indian Ocean littoral, East Africa, and up to southern Europe via the Red Sea. From these two main routes, six separate arteries spin off into various countries. While still in its early stages, the gargantuan project involves sixty countries and will cost somewhere around an estimated \$12-14 trillion.

All in all, 2017 must be considered a banner year in China’s global diplomacy. We may look back on it as the year when China cemented its place as a major power in world affairs and reassured the world of its commitment to upholding the existing international system. In my view, Xi’s commitment to contributing to global governance ends the long period of China’s “free riding” and reveals that Beijing is finally becoming the “responsible international stakeholder” that others have called for. This is a significant breakthrough for Beijing, and Xi deserves much credit for it. To be sure, China continues to have difficulties in its bilateral relations with certain countries, and its rise



continues to concern others. Beijing will have to assuage these anxieties. Overall, though, China has hit its diplomatic stride. This is good for China and good for the world. ●

U.S. President Donald Trump announced that the United States would withdraw from the Paris climate accord in the Rose Garden at the White House on June 1, 2017

This is a significant breakthrough for Beijing, and Xi deserves much credit for it.

'Too Big to Fail'

China and the U.S. should seize on the positive momentum to build a stable long-term relationship.



Da Wei

*Assistant President
University of International Relations*

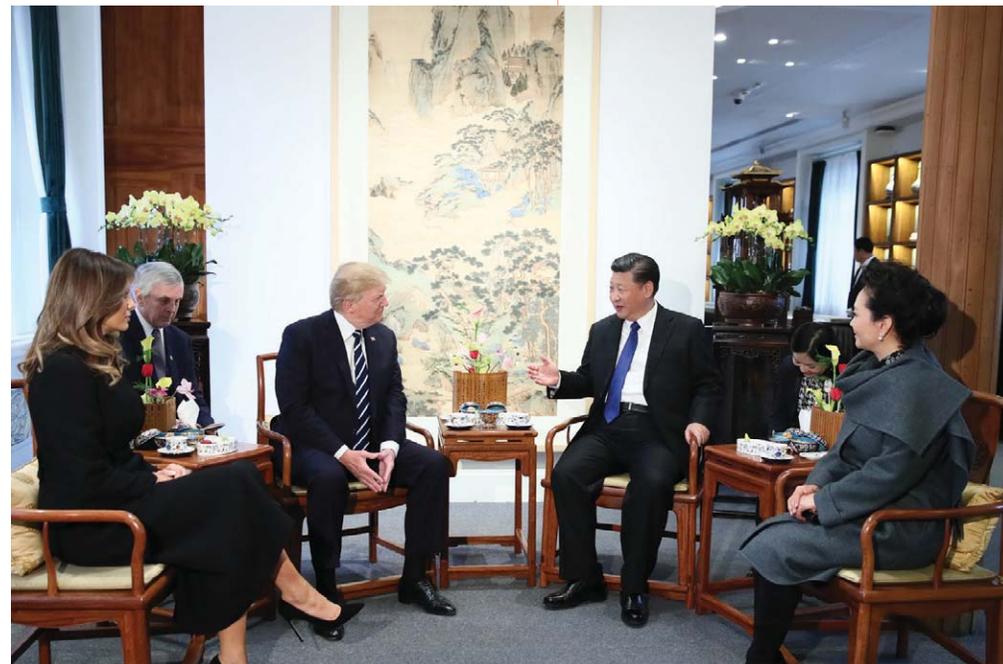
U.S. President Donald Trump's visit to China occurred at a very special time. Just two weeks before, the 19th National Congress of the Chinese Communist Party (CCP) concluded. Trump was the first foreign head of state to visit since then. At the congress, CCP General Secretary Xi Jinping announced "a new era" of socialism with Chinese characteristics.

This means its relations with the U.S. will change too. As Vice Foreign Minister Zheng Zeguang indicated, Trump's visit would establish the blueprint for China-US relations in this new era.

No blueprint can be drawn completely within one visit. But it allowed China to focus on long-term and strategic issues, even though long-term stability requires cooperation in the short term too.

Trump's visit also occurred on the anniversary of his election victory. On the campaign trail, Trump repeatedly attacked the US-China economic relationship. Ten months into his presidency, however, the China-US relationship is surprisingly stable, and no trade war has broken out. U.S. mainstream media has begun ridiculing Trump for "softening" on China. In face of an unfriendly domestic environment, Trump indeed wanted a win overseas.

Because of this, the U.S. side focused more on short-term and



President Xi Jinping and first lady Peng Liyuan meet with visiting U.S. President Donald Trump and his wife Melania for tea in Beijing's Palace Museum, Nov 8, 2017.

tactical issues during the visit. Trump hoped to take back some “gift packs” for his audience at home, especially on economic issues and on North Korea.

Thus, both sides fulfilled their aims during the visit. Trump took home deals worth an unprecedented \$253.5 billion and a demonstration of the regard China holds his country through the grand welcome ceremony it gave him. Xi deepened his working relationship with Trump. During his visit, Trump also repeatedly expressed his gratitude for China’s hospitality and appreciation for its leaders.

Nevertheless, the China-US relationship remains strained. Over the past ten years, the American political establishment has been anxious about China’s rise. As China increasingly moves from “standing up” and “getting rich” to “becoming strong” and develops with greater confidence, such anxiety may well increase. This trend will outlive Trump’s presidency.

Since Trump is anti-establishment, his way of thinking is different from the political elites’. On the one hand, from November 2016 to February 2017, this manifested in extreme negativity towards China, as Trump challenged the one-China policy and attempted to link the DPRK nuclear issue with economic ones. On the other hand, since March 2017, Trump seems to have cast off the fixed thinking patterns on China, and has begun to engage with it more positively.

The task for both countries is to sustain this positive momentum. To this end, both countries should continue high-level exchanges and cooperation on economic issues and on North Korea. It is also critical to prevent “disruptive issues” (like Taiwan) from arising.

China and the U.S should try to forge a stable long-term relationship. Three things are required for this. The first is to align their interests. China and the U.S need to increase bilateral trade and investment

and reactivate Bilateral Investment Treaty negotiations at an appropriate time. At the same time, they should also increase people-to-people exchanges and cooperation on regional and global affairs, thus turning the China-US relationship into one that is “too big to fail.”

The second thing is to focus on crisis management between the two militaries. During the Obama administration, the two militaries signed a series of agreements on this point. Over the past two years momentum on this issue has slowed. It should be revived.

Thirdly, China and the U.S should develop political confidence building measures. Usually related to military affairs, CBMs are designed to assure one party that the other has neither the intention nor capability to attack it. Just as the two countries need CBMs in the military field, they need similar institutional arrangements in the political field. Since Trump is not that enthusiastic about exporting U.S ideology, he could, through rules, a shared understanding, and set practices, demonstrate that the U.S is not a threat to China’s political security. Likewise, China could also take steps to reassure the U.S on issues of particular concern. For example, China could demonstrate that it has neither the intention nor the capability to “drive America out of Asia.”

In short, a portal of opportunity has appeared. It is still unstable and could close at any time. Both countries should seize this opportunity to build a more stable relationship. ●

Grand Strategy or Pipe Dream?

Trump has articulated a vision for the Indo-Pacific. Has he thought it through?



Zhou Bo

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President Trump's "America First" speech at the APEC CEO Summit in Da Nang, Vietnam, last month didn't win him much applause. Contrary to what people hoped for – an insightful and comprehensive policy deliberation from an American president who has yet to deliver his policy on the Asia-Pacific after ten months in office – he talked at length about trade and his wish to make bilateral, rather than multilateral, trade agreements with any Indo-Pacific nation. This was a sharp contrast to President Xi Jinping's pledge to defend free trade, fight protectionism, strengthen global governance, and to "let more countries free-ride on the express train of China's development".

The most important question is how such an initiative can include, rather than exclude, China.

The biggest surprise was that Trump used the term "Indo-Pacific" ten times. Since this concept was also referenced before by his senior staff, including Secretary of State Rex Tillerson and National Security Adviser H. R. McMaster, it looks like this might be another of his administration's catchphrases, like "America First."

The question is: Where's the beef? The concept is not entirely new. Leaders in Japan, India, and Australia have used it before. Generals of the U.S Pacific Command like to say they control oceans from "Bollywood to Hollywood". Unlike Barack Obama, whose pivot towards the Asia-Pacific was to be buttressed by the Trans-Pacific Partnership (TPP) and a commitment to shift 60% of the U.S navy and air force there by 2020, Trump has failed to produce an outline, let alone a road map, for his strategy.

For Trump, an ex-businessman, to advertise the initiative, he needs to start with a concept paper, in which he explains

No country appears more receptive to Trump's initiative than India.

what a “free and open Indo-Pacific” would look like. Then he needs to convince other countries that the U.S can contribute to, or even lead, such a system. He cannot lead by slogan.

The Indo-Pacific, far larger than the Asia-Pacific, comprises more than half the globe. A big question is: What will connect the various countries across the two oceans? If Trump intends to hold the Indo-Pacific together, “America First” certainly doesn't seem like the right glue. In fact, it puts the U.S at

a moral disadvantage. By contrast, President Xi described China's One Belt, One Road initiative as a “chorus” rather than a prima donna's performance, and stresses connectivity in five areas: policy consultation, infrastructure, free trade, free circulation of local currencies, and people-to-people relations. Huge amounts of Chinese money is being invested into 65 countries along the Belt & Road. Trump needs to say how much effort, including financial investment, the U.S is ready to put into his Indo-Pacific vision.

The most important question is how such an initiative can include, rather than exclude, China. Geographically, China is close to the center of the Indo-Pacific. Economically it's the largest economy in the region.



U.S. President Donald Trump and Indian Prime Minister Narendra Modi embrace while delivering joint statements in the Rose Garden, June 26, 2017.



Therefore there is no way China can be bypassed. A simple litmus test is for China to ask whether the U.S. would welcome it in its Indo-Pacific initiative. After all, if China welcomes the U.S. to join its Belt & Road initiative, why can't the U.S. invite China to join its Indo-Pacific initiative to prove the latter isn't a counterweight to the former?

No country appears more receptive to Trump's initiative than India. India has been promoting the Indo-Pacific concept for years. Having the American president echo its words gives the impression it's the U.S.' most important partner in the Indian Ocean. But no matter how much the U.S. touts India as the largest democracy, and both sides talk about shared values and common objectives in freedom of navigation, free trade, and counter-terrorism, the U.S. has never placed as much importance on India as it has on China. Since President Dwight Eisenhower

visited India in 1959, only six American presidents have done so. By contrast, every American president (eight in total) has visited China since Richard Nixon did in 1972. India won't blindly follow the U.S. India's foreign policy is deeply rooted in non-alliance and independence. Although India has border disputes with China, it's in its interests not to be seen as hostile towards Beijing.

It will soon be apparent whether Trump's "Indo-Pacific" vision is a grand strategy or just a pipe dream. ●

Risk of U.S.-China Confrontation in the East China Sea

Despite its lower profile, the dispute in the East China Sea may carry a greater risk of drawing the United States into conflict with China than the various disputes in the South China Sea.

Recent press reporting of continuing Chinese construction activities at its reclaimed islands in the South China Sea has revived focus on maritime issues. These latest stories layer on top of a large body of commentary in recent years about the risk of a great power clash between the United States and China in the South China Sea.

During this same period, the maritime dispute between China and Japan in the East China Sea garnered less attention. Unlike the South China Sea, there were no new islands being constructed out of sand, no high-stakes arbitral rulings, and no sharp policy debates in Washington that spilled out into the press. Despite the lower profile, the dispute in the East China Sea may carry greater risk of drawing the United States into conflict with China than the various disputes in the South China Sea. Here's why:

First, the situation in the South China Sea is and will remain at a

stalemate. As Singaporean official Bilahari Kausikan has observed, Washington cannot force Beijing to abandon the artificial islands it has constructed or stop China from deploying military assets on them without risking a military conflict. By the same standard, China cannot stop the United States from operating in the area without risking a major conflict that would expose Chinese forces to significant risk of defeat and potentially result in the rapid destruction of its artificial islands. In other words, neither roll-back nor exclusion are policy options that attract serious consideration by governments in Beijing or Washington.



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Rather, U.S. strategy concentrates on protecting allies, keeping the sea and air space open, and creating conditions that are conducive for claimants to manage and peacefully resolve disputes over time.

Second, the geopolitical temperature on the South China Sea has gone down considerably over the past year. Reasons for this include: President Trump's de-emphasis of the issue as an element of the U.S.-China relationship; Beijing's prioritization of regional economic integration via the Belt and Road Initiative; and Southeast Asian countries' growing wariness of poking China on the South China Sea and preference instead for focusing on regional connectivity and negotiations toward a China-ASEAN Code of Conduct.

Third, risk-mitigation measures are more mature in the South China Sea than the East China Sea. Whereas the United States and China have implemented protocols to prevent unsafe and unprofessional encounters at sea or in the air and gained experience managing incidents when they arise, the same types of risk management mechanisms are not in place between China and Japan in the East China Sea.

Fourth, the frequency of close-in encounters between Chinese and Japanese ships and aircraft in the East China Sea is intensifying. This trend likely will accelerate as China and Japan



each follow through on plans to introduce more air and maritime capabilities to defend their contested claims in the East China Sea.

Fifth, China and Japan have a hardened view of each other as strategic competitors. Events in the East China Sea take on heightened significance because the dispute is perceived in both countries as a test for how they will relate to each other as Asian powers. On top of that, recent history has

East China Sea Air Defense Identification Zone

Covering most of the East China Sea, the East China Sea Air Defense Identification Zone (东海防空识别区) was announced by the People's Republic of China in November 2013. The area consists of the airspace from about, and including the Diaoyu Islands (钓鱼岛, also known as Senkaku Islands), north to South Korean-claimed Socotra Rock (苏岩礁 in Chinese). About half of the area overlaps with a Japanese air defense identification zone. It overlaps to a small extent with the South Korean air defense identification zone.

A Chinese air force plane takes off to conduct drills in international airspace over the Sea of Japan, Dec. 18, 2017. It was the first time the Chinese air force planes flew through Tsushima Strait.



demonstrated that incidents in the East China Sea can activate public emotions rapidly and, in so doing, limit political space for leaders in Beijing and Tokyo to de-escalate.

Against this backdrop, the United States has three top national interests in the South and East China Seas that it must protect: (1) uphold the global credibility of U.S. alliance commitments; (2) preserve unimpeded freedom of navigation and overflight for civilian and military assets; and (3) maintain sufficient stability to enable constructive relations with China.

As a matter of global policy, the United States does not take a position on various claims, does not have a preferred outcome to the disputes, and typically does not seek to mediate.

Rather, U.S. strategy concentrates on protecting allies, keeping the sea and air space open, and creating conditions that are conducive for claimants to manage and peacefully resolve disputes over time.

Based on these narrow national interests, the two most likely U.S.-China conflict-precipitating scenarios in the South and East China Seas would be a Chinese clash with a U.S. ally that triggered a U.S. alliance commitment, or a Chinese attempt to deny access to aircraft or vessels operating in accordance with customary international law.

There is a greater risk of an unintended incident between Chinese and Japanese forces operating in the East China Sea.

Any attempt by China to close down waterways or airspace from lawful civilian or military activities would risk triggering a sharp international

Washington also would be wise to encourage Beijing and Tokyo to intensify efforts to establish protocols for mitigating risk of unintended incidents and develop active channels for managing incidents when they arise.

response, potentially leading to military conflict. Under present conditions, Beijing likely would not assume such risk.

The other scenario, which is the most proximate risk, would be an event that implicates U.S. alliance commitments. Among the various claimants with whom China has a maritime dispute, the United States maintains alliance relationships with the Philippines and Japan.

Manila and Beijing currently enjoy warm relations, which mitigates risk of a clash. The Philippines also has limited operational presence in waters and airspace in the South China Sea, which reduces the potential of inadvertent incidents. And Washington has signaled clearly and credibly to Beijing that any Chinese attempt to forcibly seize features claimed by Manila could risk implicating U.S. alliance commitments. None of this precludes the possibility that Beijing could attempt to forcibly seize Philippines-claimed features, but it limits the likelihood of such a scenario.

There is greater risk of an unintended incident between Chinese and Japanese forces operating in the East China Sea. This is due to the frequency of close-in operations involving Chinese and Japanese assets, the absence of mature risk-reduction

mechanisms, and the lack of consensus between Beijing and Tokyo on lines of demarcation and acceptable behaviors in areas around the Senkaku Islands.

Given these factors, there is a risk of an unintended collision in air or at sea that could trigger rapid escalation and quickly implicate U.S. alliance commitments.

To be clear, conflict is far from preordained in the South or East China Seas. With steady professionalism, wise leadership, and calm responses to incidents when they arise, conflict can and should be averted. Nevertheless, when evaluating risk in maritime East Asia, it would be prudent to keep an unblinking focus on both the South and East China Seas, with clear identification of what national interests the United States must protect, and awareness of the relative risks in both domains. Washington also would be wise to encourage Beijing and Tokyo to intensify efforts to establish protocols for mitigating risk of unintended incidents and develop active channels for managing incidents when they arise. ●

The Self-fulfilling Prophecy of Treating China as a Revisionist Power

Despite, Trump's claims, China is not a revisionist power. Diplomats on both sides should work hard to ensure Trump's assertion will not become a self-fulfilling prophecy.



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There's been much speculation over whether China intends to uphold, revise or drastically overturn the "Global Order." Chinese sources have not shied away from stressing the fact that the rules of the international system were shaped at a time of Chinese weakness, when the millennia old civilization was struggling to modernize and deter invasions by imperial nations.

Yet Chinese rhetoric has not been followed by revisionist actions. While there are on-going regional disputes with Japan, the Philippines and Vietnam concerning maritime borders, Beijing has peacefully

resolved its territorial disputes with most of its neighbors. In addition, it has taken concrete steps to provide global public goods through commitments towards climate change, UN peacekeeping operations and the promotion of grants and official development assistance (ODA). Whereas the U.S. has boycotted UNESCO, China has raised its monetary contribution in support of multilateralism and cultural exchanges.

Moreover, a comparison of Chinese actions over the past decade – a period when China's GDP (measured in purchasing power parity terms) surpassed that of the U.S. – with America's actions when it rose to global prominence in the late 19th and early 20th century, is telling.

By the mid 1880s, the U.S.' GDP had surpassed Britain's. Empowered by its massive industrial output, the United States was determined to revise the rules that Britain and other European continental powers had imposed and create its own sphere of influence. In

While there are on-going regional disputes with Japan, the Philippines and Vietnam concerning maritime borders, Beijing has peacefully resolved its territorial disputes with most of its neighbors.

less than a decade, the United States orchestrated Panama's independence from Colombia to build a canal, annexed Cuba, the Philippines, Guam, and Hawaii, set up a puppet arbitration committee to steal territories from Canada at its borders with Alaska, and built a huge fleet to project global power abroad.

By any definition, the United States overturned the old order in the Western Hemisphere and proceeded on its own "civilizing mission" as Theodore Roosevelt himself put it in what is known as the Roosevelt Corollary to the Monroe Doctrine. Yet along with U.S. political norms, Washington imposed unbalanced economic deals and extracted rents from the regions it coerced; the Panama Canal treaty being a prime example.

While America was imposing its hegemony over the Western Hemisphere, European powers were busy fighting for continental supremacy, eventually ushering in two apocalyptic world wars. With Europe destroyed and Britain a shadow of its former self, nothing prevented the Americans from revising the global order. Nowhere was this more striking than in the negotiations over the global commercial order at Bretton Woods. Unable to logically

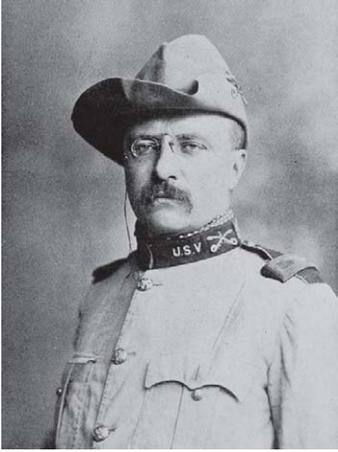


defeat the arguments of the British negotiator, the eminent economist John Maynard Keynes and Harry Dexter White, the American negotiator, declined a "clearing union" and imposed an unbalanced deal over the British, turning the U.S. dollar into a global reserve currency – something that general de Gaulle of France would later frame as an "exorbitant privilege" which continues to this very day.

By comparison, Beijing has been much more restrained in wielding its new found power. It has only been assertive

H.R. McMaster, director of the U.S. National Security Council, described Russia and China as "revisionist powers" posing bellicose threats to the U.S. in a speech in Washington on December 12, 2017.

Yet along with U.S. political norms, Washington imposed unbalanced economic deals and extracted rents from the regions it coerced.



Former U.S. President Theodore Roosevelt overturned the old order in the Western Hemisphere.

in addressing maritime disputes across its periphery. This could be because Chinese leaders are influenced by anti-imperial and post-modern sentiments and look to establish new norms of interstate relations. Deng Xiaoping himself declared

that if “China ever pursues imperialism then it is an obligation for the people of the world to expose it, oppose it and work together with the Chinese people to overthrow it.”

If this constructivist argument is not persuasive, then consider that China’s regional environment has operated as an automatic balancer to Beijing’s rising material capabilities. While in the early 20th century the United States enjoyed unmatched regional primacy, China today is surrounded by other big economies with modernized militaries: India, Russia, and Japan. In addition, the United States continues to enjoy a significant military and strategic advantage over Beijing with a net of global military bases, dozens of security allies, and overwhelming maritime power projection with 11 Aircraft Carrier Battle Groups.

Even if Beijing does narrow the power gap with the United States, China won’t be able to outmatch the combined capabilities of the U.S., Japan, India, and Russia, and thus it will have to tame its ambition and negotiate its rise in peace.

Even if Beijing does narrow the power gap with the United States, China won’t be able to outmatch the combined capabilities of the U.S., Japan, India, and Russia.

Despite Trump’s claims, China is not a revisionist power. Diplomats on both sides should work hard to ensure Trump’s assertion will not become a self-fulfilling prophecy as

aggressive unilateral actions and facile preconceptions would unleash a “diplomatic doomsday machine.” Contentious issues like trade should be instead addressed by a civilized bilateral dialogue that aims to advance the welfare of the middle class in China and the United States in a positive sum game for economic development and social inclusion. ●

Dangers and Opportunities in Trump's National Security Strategy



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Trump's national security strategy can lead to dangers, but also presents opportunities for Sino-American cooperation.

The Trump administration released its first National Security Strategy on December 8. The 68-page report expounded Trump's America First policy. China is mentioned 26 times in the document, mostly negatively. But we should not ignore the sections pointing to greater cooperation between China and America.

National Security Advisor Herbert Raymond McMaster said the report would be somewhat similar to the 1987 report during the Reagan administration, as the U.S now faces similar conditions.

The report portrayed a world dramatically different from the one in previous reports. In this "competitive" world, the U.S is no longer a natural leader; U.S leadership, influence, and economic interests are being eroded by "revisionist countries". The

But we should not ignore the sections pointing to greater cooperation between China and America.

American people live under threats from North Korea, Iran, terrorism, cross-border organized crimes, and even human traffickers. The U.S no longer believes in engagement, as that only makes America's rivals stronger, and more capable of threatening its democratic world. In such a realist world, only military, economic, and technological advantages can guarantee the country's interests. Only America's prosperity can guarantee global peace and prosperity. Such strategic thinking leads to global turbulence. If a major country has to expand its influence focusing on competition, the international community will inevitably be divided into multiple camps. Judging from Cold War history, it will be a zero-sum game. The deep sense of crisis is reminiscent of McCarthyism. Arousing a strong sense of insecurity in citizens will naturally result in discrimination against minority groups. The report calls for limiting visa issuance for students from certain countries in order to protect American innovation. Refusal to engage, a negative attitude to global issues, and an America First policy are reminiscent of earlier American isolationism, which brought disaster to the U.S and the rest of the world.



Russian President Vladimir Putin, left, and U.S. President Donald Trump talk at the APEC Summit in Da Nang, Vietnam, Nov. 11, 2017.

At eight points the report set China, along with Russia, against the U.S and its allies, forming an unstable “tri-polar world”. Such recklessness will negatively impact China-US relations.

China has every reason to feel offended and to worry about such thinking. But China is also keenly aware that the state of the world will no longer be dictated by a single document, or a single country. The U.S National Security Strategy represents the Trump administration’s thinking, but the future of the world will be determined by all countries together. Trump’s pessimistic and realistic strategy and China’s optimistic and idealistic “community of shared future” are two sides of the same coin, and there are opportunities for cooperation.

The report identified some opportunities for

cooperation. One is on the trafficking of new drugs. China and the U.S have the same stance on the matter. China is keenly aware of American concerns as a victim of new drugs itself. Another opportunity is with regard to outer space. For the two countries,

consensus on rules on outer space is growing, and the potential for cooperation on space exploitation is increasing. Another opportunity is with regard to cyber security. The report repeatedly highlights the idea of “sovereignty”, no longer emphasizing American exceptionalism. Following this logic, the U.S may gradually accept the Chinese proposal of “cyber sovereignty”, taking mutual

non-interference in the cyber realm as a basis for bilateral dialogue. Once such a basis is established, cyber cooperation between the two countries will reach new heights, taking the place of climate change as a “new pillar” of bilateral relations. ●

Trump’s pessimistic and realistic strategy and China’s optimistic and idealistic “community of shared future” are two sides of the same coin.

U.S. President Donald Trump and China’s President Xi Jinping attend a welcoming ceremony in Beijing, Nov. 9, 2017. This is Trump’s first state visit to China.



Is 'China Model' Gaining Traction?



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The China model could lead to more varied views on what works and doesn't in economic development.

After Joshua Cooper Ramo published his book *The Beijing Consensus* in 2004, a heated debate about its applicability for developing economies ensued. The Beijing Consensus contrasted the Chinese model of development with the US-centric "Washington Consensus." Rather than emphasizing the neo-liberal mantra of unfettered market forces paired with deregulation, privatization, and limited government, the China model pursued, according to Ramo, an approach that is flexible and "does not believe in uniform solutions for every situation."

However, the Beijing Consensus rapidly came to denote an authoritarian form of state-led development. The debate about its applicability generally resulted in the view that this new Consensus was not gaining international traction. Even most Chinese observers concluded that China's development experiences and national conditions were too unique as to be fully applied abroad.

In the last couple of years the Beijing Consensus has once again become fashionable. The US-centric Washington Consensus, already deeply impaired by the jarring experiences of the 2008

global financial crisis, is being challenged by a new emergent "China model." This is not an earth-shattering move to a new development doctrine, but rather a gradual shift to a more eclectic view of what works and what doesn't.

The new China model builds in part on Ramo's original conception. It emphasizes unconventional approaches to economic policy, including a combination of mixed ownership, basic property rights, and heavy government intervention. But most importantly, it consists of a new conception of how to face developmental challenges, contrasting substantially with the Washington Consensus.

To be clear, proponents of the Washington Consensus always failed to appreciate the diverse nature of developing economies.

Unsurprisingly, economies that closely followed the one-size-fits-all package of the Washington Consensus have not fared too well.



Joshua Cooper Ramo

Countries facing developmental challenges invariably pick and choose certain aspects of a policy package, combining it with unique national factors and the developmental experiences of other, often more successful neighboring economies. Unsurprisingly, economies that closely followed the one-size-fits-all package of the Washington Consensus have not fared too well. Mexico for example, attempted to follow many of its policy prescriptions, but is still underperforming.

The China model actually builds on several aspects of the Washington Consensus, but is far less dogmatic. Fiscal and monetary prudence, an emphasis on private initiative and entrepreneurship, and the

government's role in establishing good soft and hard infrastructure for economies to thrive are basic commonalities. Despite these similarities, its basic characteristics are novel and provide developing economies with new ideas on how to develop.

The first aspect of the model is perhaps the most central. It emphasizes establishing a relatively clean government that can effectively implement policy. Comparatively speaking, the Chinese government has always been rather effective in policy implementation. With the anti-corruption campaign initiated by Xi Jinping in late 2012, the country has also witnessed what is likely to be the largest purge of corrupt practices and officials in history. This does

not imply that the campaign is without problems, but it has had the approval of most Chinese citizens, and it has reduced the most egregious corrupt practices in the Chinese system.

The China model actually builds on several aspects of the Washington Consensus, but is far less dogmatic.

The second characteristic of the model concerns efforts to establish integrated physical infrastructure and, more generally, great developmental pushes. China itself has started to lead several such efforts abroad, especially via the Asian Infrastructure Development Bank (AIIB) and the Belt and Road Initiative (BRI).

For many developing economies these initiatives de-emphasize market-opening reforms that can have unintended consequences, like undermining national productive capacities. Rather, they favor physical infrastructure projects that can directly benefit national economies while enabling them to better participate in the global economy.

The third aspect continues to stress the central focus of Ramo's Beijing Consensus: pragmatic and eclectic economic policy approaches that incorporate a variety of methods. One of the lesser known successes of the Chinese reform experience has been its experimental approach. Distinct sites for economic experimentation are set up, such as special economic, industrial, and trade zones. These enable lots of tinkering and bottom-up initiatives to tease out reform solutions while controlling for unintended consequences.

This experimental approach is directly

As a result, China sees itself as taking on a global leadership role while formulating a new vision based on its own development experiences.

This combination of private initiative with massive state-guided investment stands in stark contrast to the Washington Consensus.

feeding into the fourth aspect of China's new development model. As Xi Jinping made clear during his speech at the 19th Communist Party Congress in October 2017, China aims to be at the forefront of technological innovation and environmental consciousness. Already the country is making great strides in the development of cutting-edge technologies, ranging from high-speed rail to electric vehicles and quantum communications.

Much of this is occurring against the

backdrop of unbridled private entrepreneurship that nonetheless benefits from government support. This combination of private initiative with massive state-guided investment stands in stark contrast to the Washington Consensus. While it has to be adapted to local conditions, it has broad applicability across a range of development challenges.

The final aspect is also the newest. Chinese leaders have hitherto shied away from outlining a vision of development with global applicability. Ideological propositions during earlier reform era Party Congresses focused on its own development challenges. This is changing.

At the 19th Party Congress, Xi Jinping outlined his thought on socialism with Chinese characteristics for a new era. Rather than emphasizing the

development of GDP, corporations, or markets, the central focus rests on putting people at the centre of development, while creating harmony between humans and nature. Most significantly, this vision reaches beyond the Chinese people to promote “the building of a community with a shared future for mankind.”

Following the 19th Party Congress, the Chinese Communist Party hosted in early December 2017 a dialogue with world political parties. The document issued following this meeting was dubbed the “Beijing Initiative.” It directly builds on the 19th Congress’ new guiding theory and holds that its innovative theoretical and practical outcomes do not only hold significance for China, but also provide good examples for the development of other countries, especially developing countries.

Putting forward a global vision is rather new for Chinese leaders. China’s economic transformation now allows it to advance international initiatives, such as the BRI. As a result, China sees itself as taking on a global leadership role while formulating a new vision based on its own development experiences.

Historically speaking, it is still too early to judge the global reception of these efforts. Nonetheless, certain aspects of the emergent China model are already being adopted by developing economies. Saudi Arabia, for example, has emerged as a rather unlikely candidate, but one whose recent initiatives clearly resemble the Chinese mold. “Vision 2030” aims to reduce the kingdom’s dependence on oil, while diversifying its economy and making it a leader in other industrial fields. Its remit is broad, encompassing not only economic initiatives, but also many social and cultural reforms. In fact, many of its development pushes resemble Chinese initiatives and fit with Beijing’s BRI infrastructure

plan. Saudi Crown Prince Mohammad bin Salman has also launched a sweeping anti-corruption campaign that resembles Xi’s efforts to root out corruption in China.

“Vision 2030” received considerable criticism due to its overly ambitious goals. It is also not a wholesale adaptation of the Chinese experience, since the two countries face very different conditions. But it shows that the China model is gaining international traction. Since the model has no coherent set of development principles like the Washington Consensus, its formulations remain conceptual and fluid. Perhaps this is an inherent strength: its open-ended nature enables multiple interpretations of pathways to development. In fact, as the Washington Consensus fades, we are unlikely to witness a wholesale shift to a Chinese development dogma. Rather, the emergence of more varied views on what works and doesn’t in economic development could be the China model’s greatest contribution. ●

In fact, as the Washington Consensus fades, we are unlikely to witness a wholesale shift to a Chinese development dogma.

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Are We in a ‘Post-American Era’?

Trump may be destroying the power of America’s example, but that doesn’t mean countries are looking to China for leadership.



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Editor-in-Chief
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The theme of the September 2017 issue of China-US Focus Digest is “Post-American Era’ Arrives.” Various Chinese writers, all part of the foreign policy establishment, argue that although the U.S. is and will remain for some time the world’s most powerful country, China’s time has come. “G-2” is a common shorthand for this new era: the U.S. and China, whether collaborating or competing, are now co-movers of the world. Zbigniew Brzezinski, President Jimmy Carter’s national security adviser, may have been the first to use the phrase years ago, and now many Chinese seem to have bought into it. I’d say, however, that such an assessment is premature, and not necessarily welcome.

Chinese analysts often prefer to categorize international events in terms

of eras. The era of American exceptionalism and the American Century has passed, they say, and we are now in the post-American era characterized by Trump’s America First and China’s emergence as a great power. China is a leader on behalf of sovereign equality, the use of nonmilitary power, and international cooperation. They point to China’s advances in energy conservation technology and its support of the Paris accord, as well as its economic achievements, and its numerous strategic partnerships as evidence of its international coming of age at a time when the Trump administration has turned its back on global compacts and environmental protection.

Clearly, a good part of the motivation behind these claims is Beijing’s upset over the U.S. trumpeting (you’ll excuse the expression) of America First and its periodic talk of trying to leverage Chinese policy on North Korea by using trade retaliation and arms sales to Taiwan. But surely another part, perfectly understandable, is a pervasive Chinese sense that the American experiment is failing while China’s is succeeding. While China’s

But surely another part, perfectly understandable, is a pervasive Chinese sense that the American experiment is failing while China’s is succeeding.

leadership has kept social problems from exploding and avoided serious reforms of the one-party state, Trump's America is deeply divided and becoming more so by the month. Legislative dysfunction, racial tensions, official corruption, assaults on the media, violence, an opioid crisis, governing by tweets—you name it, we've got it. The Trump administration has in fact become a laughingstock of governments nearly everywhere.

But the pervasiveness of America's ills doesn't necessarily translate into a world looking to China for new leadership. I and several other China watchers have written many times about its serious internal problems. Some authoritarian governments may overlook them as they eagerly accept Chinese aid and investment. But the breadth and depth of China's economic, social, and political weaknesses cannot be masked by rhetoric—and in fact, the best Chinese analysts acknowledge them. It's not enough to quote Xi Jinping's latest homily on the Chinese dream or assert that China upholds democracy and the rule of law—not when Xi's "thought" is being enshrined, like Mao's and Deng's, in China's party constitution and lawyers, academics, and human-rights advocates are under constant pressure to conform.

On the international stage, moreover, claims of Chinese leadership are not convincing. Yes, Xi has embraced globalization, climate change, and all manner of regional trade arrangements while Trump has scoffed at the first, denied the second (a "Chinese hoax"), and withdrawn from the third (the Trans-Pacific Partnership). But on many other fronts, where is China's leadership? Has China effectively come to grips with deforestation, desertification, water conservation, and air pollution? Does it set a positive example on internal migration, poverty

reduction, immigration, human rights (for women, ethnic minorities, religious freedom, and civil liberties), or respect for international law (in the South China Sea, for instance)? Will China's much-touted "One Belt, One Road" Eurasia development project actually benefit people rather than economies, or will it come under criticism, like some Chinese development projects in Africa, for undermining local businesses and displacing local workers? Has China contributed anything to the peaceful resolution of conflicts in the Middle East, from Yemen to Syria? Even on North Korea, Chinese criticisms of Kim Jong-un's military buildup have not extended to a serious diplomatic campaign to reduce tensions between North Korea and the U.S. even though China's security is very much at risk.

So call the current era G-2 if you wish. But an objective view would be that China's rise does not yet put it astride the United States. (As Jia Qingguo, a



well-known Chinese analyst, writes, “As China has two sets of national interests on many issues, it finds it impossible to pursue a coherent foreign policy.”) Perhaps more importantly, neither country deserves consideration as an international leader. China has all too infrequently avoided taking the lead on major international issues outside East Asia. Even there, China’s muscular behavior is regarded with fear as much as awe; like the U.S., its proclaimed embrace of multilateralism clashes with its commitment to “core interests.” In short, few governments around the world look to China to provide leadership.

The U.S. position is complicated by an administration that simply doesn’t seem to care what other countries, including its allies, think of its behavior. Europeans have apparently reached the conclusion that they are on their own when it comes to environmental, commercial, and political challenges. Canada and Mexico are likely to turn to Pacific trading partners should Trump pull the U.S. out of NAFTA. South Koreans worry about an unpredictable U.S. president whose “fire and fury” rhetoric might lead to war with Pyongyang, while Japanese worry about U.S. reliability in a showdown with North Korea. In both those countries, talk of having their own nuclear weapons is heard more frequently.

Other than in Tokyo and Tel Aviv, Washington’s preference for military over diplomatic approaches to problems (North Korea and Iran being the best

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examples) has few supporters. The U.S. continues to be militarily overstretched, involved in numerous wars large and small at extraordinary cost to itself and to innocent civilians. America First is supposed to mean that the U.S. will no longer play the role of maintaining world order, but in fact it continues to be a global

policeman—deploying 240,000 active-duty and reserve troops in at least 172 countries and territories, according to the New York Times.

Neither the United States nor China has shown interest in common security principles or practices, which would require consistent collaboration on the most urgent global problems: nuclear weapons, climate change, and poverty. Rather than focus on “the era,” these two great powers might better consider two fundamental issues: how to manage their differences so as to avoid confrontations, and how to cooperate in ways that truly benefit human security. ●

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around the world look to
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Mixed Effects of the U.S. Tax Bill

How will the Republican tax bill affect America? It's complicated. Tax reform will provide a lift to economic growth and job creation over the next 2-3 years. But in the medium and long term, its benefits would be blunted, and tax reform will not in itself address issues fundamental to economic strength.

After much fanfare, the much anticipated tax bill championed by President Donald Trump was passed by the House and Senate on December 20. The bill, Tax Cuts and Jobs Act (TCJA), touted by President Trump as a Christmas gift to the American people, represents the most sweeping tax overhaul in 30 years, and aims to provide a simpler, fair, and pro-growth tax code in the U.S. The tax reform will have a mixed effect on the U.S. economy and society.

On the positive side, the TCJA will provide a short term boost to the U.S. economy, in particular in 2018 and 2019. According to the Tax Policy Center, the tax bill will significantly lower marginal tax and rates and capital costs, which would lead to a 1.7% growth in GDP over

the long run, a 1.5% growth in wages, and an additional 339,000 full-time equivalent jobs. In 2018, the first year of its implementation, it could lift the economy to 2.45% growth, outperforming the baseline forecast of 2.01%. However, many think tanks and financial institutions point out that the growth effect will be short-lived, and will fade in 2 or 3 years. In addition, the record shows that not a single tax reform has managed to lift the economy by more than 0.4%. Therefore, there is no solid evidence in support of the Trump administration's forecast of tax reform inducing growth of 2.9%.

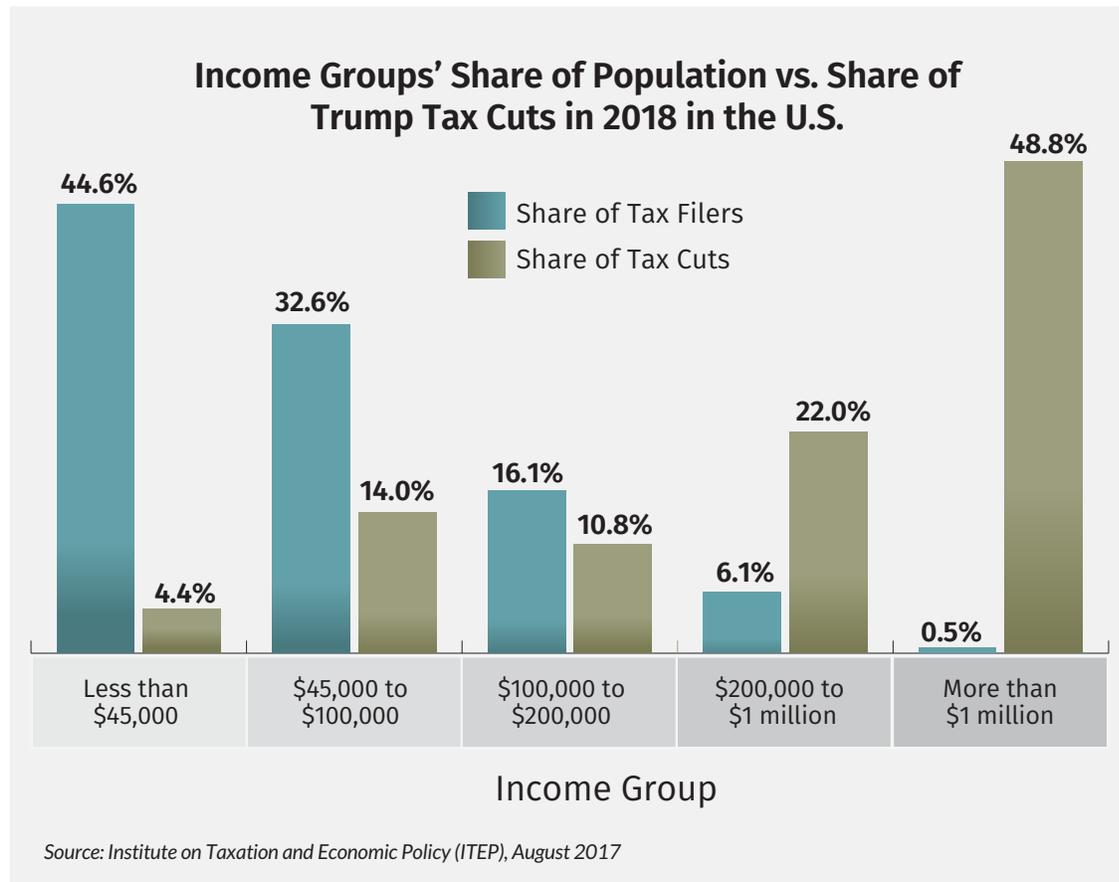
The centerpiece of the TCJA is corporate tax reform, lowering the rate from 35% to 21%. The tax bonanza has been expected



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to generate more corporate investment in the U.S. A joint research project by the World Bank and Price Waterhouse Coopers finds that thanks to the TJCA, the overall tax burden of American enterprises will drop from 149 to 67, on par with Switzerland, raising its rank from 28 to 16 out of 38 developed economies.

The lowering of the corporate tax rate to 21% is a deliberate effort by both houses to fix it in the range of 22-23%, which is the OECD average, to ensure

American companies stay ahead of the game globally. Furthermore, the tax bill also allows American companies to

repatriate profits overseas at 15.5% for cash and its equivalents, and 8% for illiquid assets, a provision expected to attract some of the \$2.6 trillion in overseas profits back into the U.S. Companies like Apple and

AT&T are already in the headlines for the potential benefits they will get from such tax provisions. That said, as the U.S. economy is going strong

Some economists have warned that the repatriation of massive overseas profits will not necessarily translate into more investment domestically.

with abundant liquidity in the market, some economists have warned that the repatriation of massive overseas profits will not necessarily translate into more investment domestically. A likelier scenario is more share buybacks to prop up share prices as opposed to investing in the real economy.

On the consumption front, lower income tax rates across the board and a smaller top bracket tax rate of 37% will shore up personal consumption, a key driver of the U.S. economy. In 2016, consumption totaled \$12.75 trillion, accounted for 68.7% of U.S. GDP, and contributed 1.86% to GDP growth. In this vein, a lower individual income tax will add to disposable income, 90% of which goes to consumption, hence a lower income tax will make greater contribution to economic growth in the form of stronger consumer spending.

That said, the flip side of the tax bill should not be underestimated. First and foremost, many economists are questioning how much the TCJA will boost the economy. What's the other side of the coin?

First, the federal deficit will spike under the TCJA. According to the Congressional Budget Office, the tax cut will add \$1.5

trillion to the federal budget in the next decade, but tax reform induced extra revenues will likely only amount to \$400-500 billion during the same period. The Peterson Institute finds that the federal deficit could go up to \$2 trillion, about 1% of U.S. GDP. The drag on the federal deficit is to grow more prominent from 2021 at around 1-1.5% of GDP. In the first three years, the federal deficit is likely to grow at a moderate rate.

The tax cut is structured in a way that benefits high-income groups and big corporations, and has drawn criticism from famous economists like Lawrence Summers, who have cited the aggravated income gap the tax cut entails. Massive tax cuts beget massive compensations. Odds are that the middle class will have to foot the bill. The Tax Policy Center estimates that under the tax bill, households with an income lower than \$25,000 per year would pay \$60 less on average, while those with an income higher than \$73,000 per year will pay \$51,000 less on average. In 2018, the top 1% will see their income grow by 3%-4%, but the middle class will only benefit \$930 in decreased average tax payments. What's more, under the current bill, the individual income tax cut will expire by late 2025, unless both houses pass legislation in favor of renewal, and over 50% of Americans would see their tax level rise to previous levels.

The political landscape in D.C. has never been more divided. The passing of the TJCA also reflects this reality. The bill was passed thanks to a Republican majority in

Odds are that the middle class will have to foot the bill.

both houses, and by a razor-thin margin in the Senate. The bill drives the two parties (and the vested interests they represent) further apart. As with any other tax reform, this one is all about the redistribution of wealth. In an unmistakable sign of increasing political polarization, not a single Democrat voted in favor of the TCJA, which is perhaps the “new normal”. Going forward, the two parties may find it more difficult to carve out common ground on other topics.

The U.S. economy is expanding fast, with the annual growth rate in 2017 on course to reach 3%. The job market is performing well, with the unemployment rate at only 4.1%. Such circumstances warrant some level of monetary policy tightening, and the Fed has unwound its balance sheet and more normalization is expected. Against the current economic backdrop, massive tax cuts may cause the economy to overheat, and thus the need for more monetary tightening, which would result in a stronger dollar and higher borrowing costs. When the market is already flush with liquidity, repatriated profits from overseas may find its way into the already vibrant property sector, causing a frothy market.

To sum up, the TCJA is a trade-off between long term and short term interests, and a compromise between different stakeholders. To put things in perspective, tax reform will provide a lift to economic growth and job creation over the next 2-3 years. But in the medium and long

term, its benefits would be blunted, and tax reform will not in itself address issues fundamental to economic strength, such as higher productivity, reversing underinvestment in education, health care and other public services, or redistribute income to balance wealth. Hence, it remains to be seen whether the tax cut will deliver on what it promises. ●

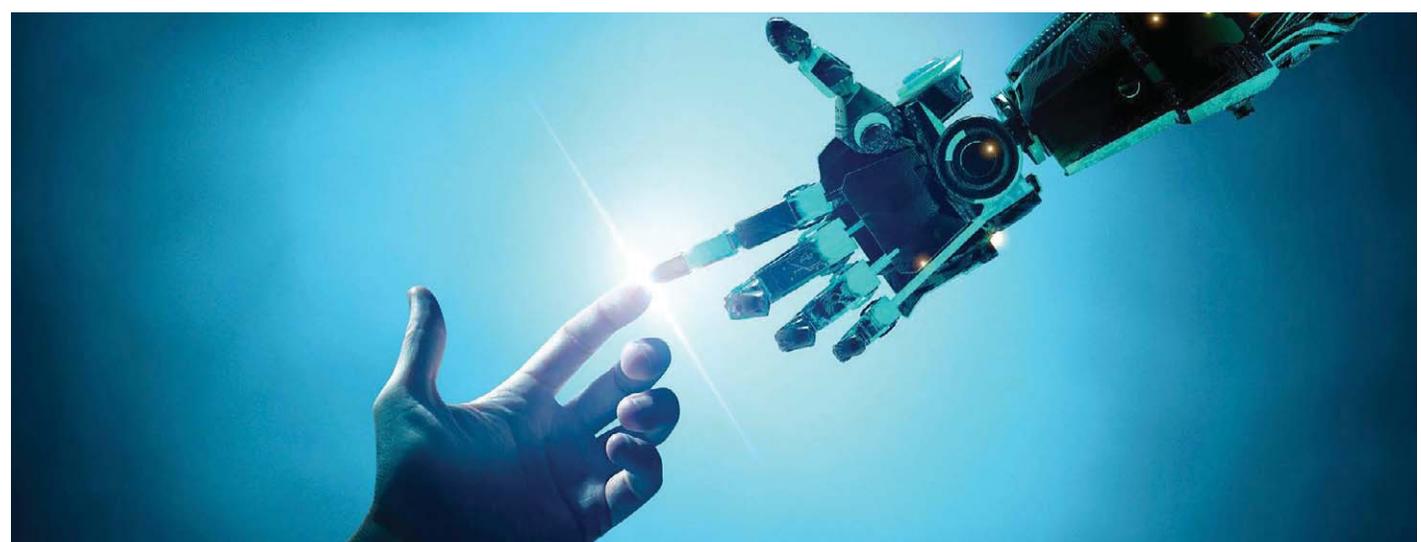
It remains to be seen
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We Need an AI Limitation Treaty. Now.

Artificial intelligence presents an existential threat to humanity. As with other existential threats like global warming and weapons of mass destruction, we need a treaty to manage its risks—and soon.



Shaun Tan
Writer based in
Hong Kong



For most, the threat of artificial intelligence seems like science fiction, the stuff of movies like *I, Robot*, *The Matrix*, and *The Terminator*.

But the threat it poses is real. Prominent computer scientists have warned of it for years, and recently some of the smartest people on the planet have taken up the call. Bill Gates considers AI more dangerous than a nuclear catastrophe, Elon Musk said it was probably humanity's "biggest existential threat," Steven Hawking said it could "spell the end of the human race."

We should start by defining what's meant by the term "AI." AI, in a sense, is already here. It's in online search engines, the computer opponents in video games, the spam filter in our emails, and the Siri assistant in our iPhones.

All of these are examples of artificial narrow intelligence (ANI) – AI that's only capable of a few specific tasks. Well-designed ANIs can match or surpass humans at particular tasks, but, unlike humans, they can't be applied to much else. Google's AlphaGo may be able to beat any human at Go, but that's all it can do. Such AIs are

useful, and don't seem to pose an existential threat.

It's at the level of artificial general intelligence (AGI) when things get dangerous. An AGI would be as smart as a human across the board. Unlike an ANI, an AGI could be applied to anything. No one's been able to develop one yet, but in theory, an AGI would be able to match a human at any task, and, naturally, would also be able to do things like perform complicated calculations effortlessly, make countless copies of itself in seconds, and transmit itself across the world instantaneously.

An artificial superintelligence (ASI) would be something else entirely. It would be smarter than humans across the board, and the extent to which it's smarter may be beyond our reckoning.

Our Final Invention

In his great article "The AI Revolution: The Road to Superintelligence" in *Wait But Why*, Tim Urban explained why growth in AI cognitive power is likely to take us by surprise.

Humans tend to think that the difference in intelligence between the smartest human and the dumbest human is large, that is, to use Oxford philosopher Nick Bostrom's example, that someone like Albert Einstein is much smarter than the village idiot. On the grand scale of intelligence including non-human animals, however, this difference is miniscule. The difference between the intelligence of a human and that of a chimpanzee is many, many times larger than the difference between the intelligence of Einstein and that of the village idiot. The difference between the intelligence of a chimpanzee and that of a mouse is larger still.

This means that whilst it may take years or decades to get an AI to chimpanzee-level intelligence, for

It's at the level of artificial general intelligence (AGI) when things get dangerous. An AGI would be as smart as a human across the board.

example, once that level is reached the transition to general human-level intelligence (AGI) will be much faster, resulting in what some have termed an "intelligence explosion."

Furthermore, we should factor-in recursive self-improvement, a popular idea amongst AI researchers for boosting intelligence. An AI capable of recursive self-improvement would be able to find ways to make itself smarter; once it's done that, it'll be able to find even more ways to make itself smarter still, thereby bootstrapping its own intelligence. Such an AI would independently and exponentially increase in cognitive power.

An AI approaching general human-level intelligence, therefore, would pick up speed, and, far from stopping at Humanville Station, as Bostrom puts it, would whoosh past it. An AI capable of recursive self-improvement that had attained village idiot intelligence level in the morning might hit Einstein-level by the afternoon. By evening, it could have reached a level of intelligence far beyond any human. AI researchers, celebrating their success at creating an AGI, might find themselves faced with a superintelligence before they'd even finished the champagne.

A superintelligence could be smarter than humans in the same way that humans are smarter than chimpanzees. We wouldn't even be able to comprehend an entity like that. We think of an IQ of 70 as

dumb and an IQ of 130 as smart, but we have no idea what an IQ of 10,000 would be like, or what a being with that cognitive capacity would be capable of. Its power, for us anyway, would be incalculable: many things we deem impossible or fantastical would be child's play for it. Curing all disease would be as easy for it as popping a pill, interstellar travel as easy as stepping from room to room, and extinguishing all life on earth as easy as snuffing out a candle.

The only term we have that comes close to describing something like that is God, and, as Urban ominously puts it, the question we should ask then is: Will it be a nice God?

Taming God

Some computer scientists seem confident that we can make an AGI or a superintelligence be “nice,” that taming the god we created is a matter of programming.

Programming an AI of human intelligence or above will likely be a daunting task. Who knows what it might do without being given specific goals or values, and, even if it is, its actions might still be unpredictable. Nick Bostrom, who is also the founding director of the Future of Humanity Institute at the University of Oxford, gives the example of an AI being tasked with the seemingly boring and innocuous goal of making as many paperclips as possible. At some point, it may decide that in order to maximize the number of paperclips it should prevent humans from reprogramming it or switching it off, upon which it kills all the humans so it can continue making endless amounts of paperclips unimpeded.

Note, of course, that in that scenario the AI wouldn't exterminate humans because of any malice it had

towards them (no more than we hate bacteria when we take antibiotics), but because they don't matter to it. Likewise, when Google's DeepMind AI program grew increasingly aggressive as it got smarter, and was more likely to attack opponents with lasers in simulated games, it wasn't because of any malice towards those opponents; it was just because that strategy maximized its chances of winning.

In order to prevent something like that from happening, some have suggested programming AIs with goals specifically beneficial to humans. Such attempts, however, can also lead to unexpected results.

There's no reliable way to ensure a superintelligence's goals or values accord with our own.

For example, an AI programmed to “make people happy” might realize that the most efficient way to do this is to capture humans, implant electrodes into their brains and stimulate their pleasure centers.

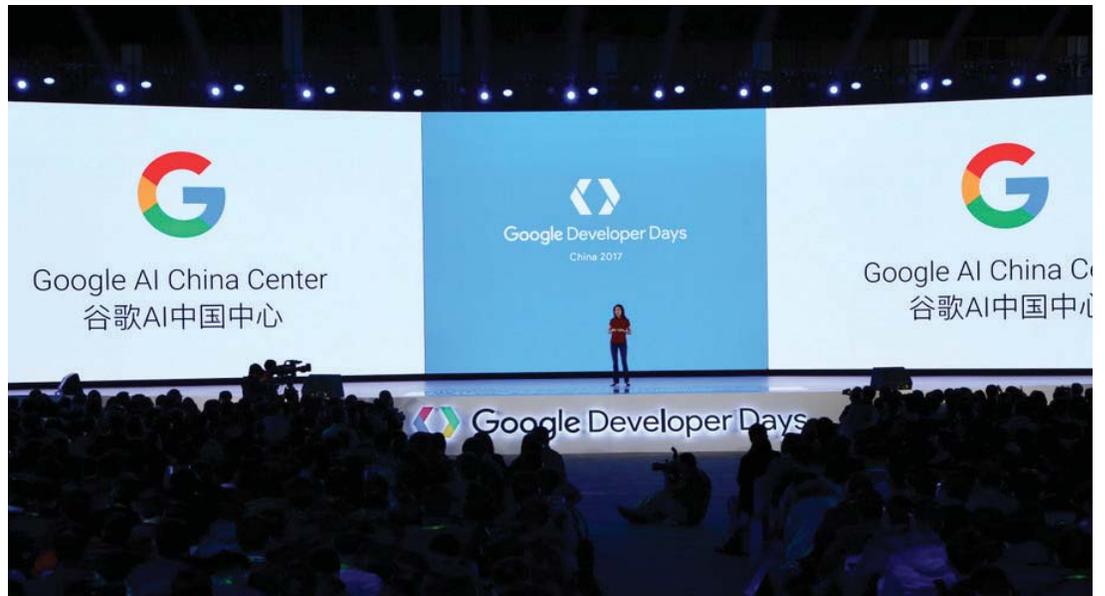
Likewise, an AI programmed with Isaac Asimov's Three

Laws of Robotics—

- 1** A robot may not injure a human being or, through inaction, allow a human being to come to harm.
- 2** A robot must obey the orders given it by human beings except where such orders would conflict with the First Law.
- 3** A robot must protect its own existence as long as such protection does not conflict with the First or Second Laws.

--might decide that, since humans are constantly harming each other, the best way to obey these laws would be to gently imprison all of them.

In a move to rebuild its presence in China, Google announced in Dec. 15, 2017 that it will open a research lab focused on Artificial Intelligence in Beijing, China.



Another suggestion is to upload a pre-existing set of values into an AI – utilitarianism, say, or liberal democracy. But even assuming people could agree on which philosophy to go with, it's hard enough to imbue humans with human values as it is. There's no telling how a superintelligence might interpret it, or the contradictions within it.

There's no reliable way to ensure a superintelligence's goals or values accord with our own. A single careless assumption or oversight or ambiguity could lead to results no one expected or intended.

Caging God

Others have suggested building safeguards around the AGI or

superintelligence. They've mooted measures of varying degrees of complexity, from denying it access to the internet, to restricting its contact with the outside world, to trapping it in a series of concentric virtual worlds. None of these safeguards inspire confidence.

First, as Roman V. Yampolskiy, Associate Professor of Computer Engineering and Computer Science at the University of Louisville, noted, every security measure ever invented has eventually been circumvented.

"Signatures have been faked, locks have been picked, supermax prisons had escapes, guarded leaders have been assassinated, bank vaults have been cleaned out, laws have been bypassed... passwords have been brute-forced, networks have been penetrated, computers have been hacked, biometric systems have been spoofed, credit cards have been cloned, cryptocurrencies have been double spent...CAPTCHAs have been cracked, cryptographic protocols

How do you cage a god? The short answer to that question is "You can't."

have been broken,” he wrote. “Millennia long history of humanity contains millions of examples of attempts to develop technological and logistical solutions to increase safety and security, yet not a single example exists which has not eventually failed.”

Any safeguards would eventually be circumvented either by human hackers, or acts of nature (for example, the tsunami that caused the radiation leak at the Fukushima nuclear reactor). Whilst a certain failure rate may be acceptable in an enterprise where the stakes are lower, it’s unacceptable where a single leak might be all the AI needs to end humanity’s dominance.

Then, there’s the likelihood that any safeguards would be circumvented by the AI itself. Indeed, any security measures our best computer scientists could devise would be laughable to a superintelligence, which by definition would be many times smarter than any human.

Imagine a human being held captive by chimpanzees. Suppose that these are unusually intelligent chimpanzees that use state-of-the-art monkey technology to keep the human prisoner – perhaps they manage to construct a rudimentary cage out of sticks. Is there any doubt that the human wouldn’t eventually escape in ways the chimpanzees couldn’t possibly think of? Perhaps he’d dig a hole under the cage, or fashion tools out of nearby objects to help him, or remove the bars of the cage and use them as weapons, or make a fire that burns down a portion of the cage. One way or another, it would only be a matter of time before he found a way free.

A superintelligence would be smarter than humans in a similar fashion. In his article “Leakproofing the Singularity: Artificial Intelligence Confinement Problem,” Yampolskiy suggested that a superintelligence could easily manipulate a human guard into letting it escape. It could target a guard’s weaknesses,

AI is a technology no major power can afford to ignore if it wants to advance in the 21st century.

offering him power or immortality, or promising a cure for a loved-one with a terminal disease.

It could also find a bug in the system and exploit it (something even human hackers do all the time). Or pretend to malfunction, and then escape when its jailors lower safeguards to investigate. Or it could escape in ways humans aren’t even aware are possible. Insulated from the outside world, Bostrom suggested, it might find a way to generate radio waves by shuffling the electrons in its circuitry in particular patterns. Of course, these are just the methods our puny human brains can imagine – an entity thousands of times smarter would be able to come up with a lot more. Effective safeguards are built around power – they’re not possible against a being that’s smarter, and therefore more powerful, than us. Thinking we could contain something like that would be hubris.

At a talk at MIT, Elon Musk compared developing AI to summoning a demon. “You know all the stories where there’s a guy with the pentagram and the holy water and he’s like, yeah, he’s sure he can control the demon? Doesn’t work out.”

How do you cage a god? The short answer to that question is “You can’t.”

The Need for a Treaty

The development of AGI and superintelligence may be approaching. The median realistic year leading computer scientists predict it to happen by is 2040.

While this might seem far off, we need to start preparing for it now.

“If a superior alien civilization sent us a text message saying, ‘We’ll arrive in a few decades,’ would we just reply, ‘Ok, call us when you get here – we’ll leave the lights on?’” asked Stephen Hawking in an article co-written with Stuart Russell of the University of Berkeley and Max Tegmark and Frank Wilczek of MIT. “Probably not – but this is more or less what is happening with AI.”

AI is a technology no major power can afford to ignore if it wants to advance in the 21st century. The U.S. and China in particular are pouring vast resources into AI research in both the public and private sectors in hopes of achieving the next breakthrough.

At the same time however, AI presents a real existential threat to humanity. All other existential threats, from global warming to weapons of mass destruction, have some sort of treaty in place to manage the associated risks. It’s time we had one for AI too.

It’s vital we work on establishing an international framework now, in what are relatively early days, before the AI industry develops too far, before we become too used to its benefits, before associated vested interests and lobby groups gain too much power. The difficulties in addressing the global warming crisis show the tendency of humans to inertia, even when faced with a proven existential threat. “[T]he human race might easily permit itself to drift into a position of such dependence on the machines that it would have no practical choice but to accept all of the machines’ decisions,” wrote Bill Joy, co-founder of Sun Microsystems, in his essay

“Why the Future Doesn’t Need Us.” At that point, he warned, “People won’t be able to just turn the machines off, because they will be so dependent on them that turning them off would amount to suicide.”

When I put the idea of an AI limitation treaty to top computer scientists, many were skeptical, some even fatalistic.

“A machine that is ‘smarter than humans across the board’ would be worth something comparable to world GDP, approximately \$100 trillion,” said Russell. “It’s not going to be easy to stop people building that.”

Such a treaty would of course raise concerns that it’s stifling innovation.

“[U]nlike [with] nuclear weapons,” said Steve Omohundro, formerly professor of computer science at the University of Illinois at Champaign-Urbana, and now President of Self-Aware Systems, a think tank promoting the safe uses of AI, “it is not easy to verify compliance with any [AI]

agreement given today’s technologies.”

Yet an effort must be made. The growing field of AI offers vast potential, both for human flourishing, and its extinction. We have no excuse for not trying to stave off the latter.

There seem to be a few conclusions that can be drawn:

- 1 A superintelligence cannot be tamed or caged.
- 2 An AGI capable of recursive self-improvement would soon become a superintelligence.
- 3 Even without recursive self-improvement, an AGI might pose an existential threat simply because in



Baidu's AI boss, Andrew Ng, pictured left with the host of 'Super Brain' and Baidu's robot, Xiaodu in the TV Show on Jan 6, 2017.

addition to being able to perform any task at a human level, it would also be able to do things only computers can do.

The line, if one is to be drawn in an AI limitation treaty, then, should be at the AGI level: no one should be allowed to develop an AI that's as smart as or smarter than a human across the board, nor one that could independently become so. Research into ANI – better versions of the AI we use today – can continue unimpeded. The important difference is domain specificity; an ANI cannot be used for problems beyond a narrow scope, whilst an AGI can be used for anything. "A system is domain specific if it cannot be switched to a different domain without significant redesigning effort," explained Yampolskiy. "Deep Blue [IBM's chess AI] cannot be used to sort mail. Watson [IBM's Jeopardy! AI]

cannot drive cars. An AGI (by definition) would be capable of switching domains."

What might such a treaty based on these principles look like?

Possible Provisions

An international AI control framework could contain some of the same elements as control frameworks for weapons of mass destruction:

- 1 Commitments not to pursue that kind of technology, or to abet anyone in pursuing such technology, or to allow anyone to do so
- 2 An information and technology-sharing channel between signatories who abide by the provisions
- 3 An international organization to monitor developments

4 An inspections regime to catch cheaters

5 Recourse to the UN Security Council for punishment of anyone who breaches these rules

6 A mechanism to remove and dispose of any forbidden material

The commitments and information and technology sharing are self-explanatory enough. Suffice to say that states would have to commit not just to eschewing research that may result in AGI themselves, they will also have to commit to ensuring private entities within their borders do so.

This will obviously be difficult. The fruits of AGI research are likely lucrative, and corporations, in particular, have great incentives to pursue it, even illegally.

James Barrat, author of *Our Final Invention: Artificial Intelligence and the End of the Human Era*, points to many instances of irresponsible corporate behavior driven by greed.

“Corporations behave like psychopaths turned loose on society,” he told me. “I’m thinking of Union Carbide (Bhopal), Ford (the exploding Pinto), Enron (causing rolling blackouts in California). Facebook, Google, IBM, [and] Baidu are no more upright than these corporations. I don’t expect them...to temper innovation with stewardship.”

States will have to commit to strict monitoring of AI research domestically, and to imposing penalties for any research that could lead to AGI that are harsh enough to outweigh any potential benefits.

When it comes to the monitoring of AI developments, this can be successfully done to an extent.

“Although several authors make the point that AGI is much easier to develop unnoticed than something like nuclear weapons,” wrote Yampolskiy and Kaj Sotala of the Machine Intelligence Research Institute, “cutting-edge high-tech research does tend to require major investments which might plausibly be detected even by less elaborate surveillance efforts.”

“[I]t would not be too difficult to identify capable individuals with a serious long-standing interest in artificial general intelligence research,” wrote Bostrom in *Superintelligence: Paths, Dangers, Strategies*. “Such individuals usually leave visible trails. They may have published academic papers, posted on internet forums, or earned degrees from leading computer science departments. They may also have had communications with other AI researchers, allowing them to be identified by mapping the social graph.”

Thus, researchers working on projects that may result in an AGI can be monitored. Perhaps an international agency can be established to promote safe AI practices and to carry out inspections, similar to what the International Atomic Energy Agency does for nuclear material.

The specifics would of course have to be decided by experts. As G. S. Wilson, Deputy Director of the Global Catastrophic Risk Institute, proposed, a body of experts could determine what constitutes a “reasonable level of concern” involving AGI or other possibly dangerous research.

Such a treaty would of course raise concerns that it’s stifling innovation. These concerns are justified. AI innovations would be significantly constrained by these measures, innovations that could improve

knowledge, save lives, raise our standard of living to an unprecedented degree. Yet the very real risk of human extinction makes it wiser to forfeit some of these benefits.

Shortcomings

The shortcomings of such a treaty are obvious.

Will some clandestine AGI-related research elude even the most vigilant watchdogs? Yes, in the same way that a terrorist somewhere could probably build a dirty nuclear bomb without the authorities' knowledge. But that doesn't mean nuclear control treaties aren't worthwhile.

Will some countries cheat? Certainly, and any treaty is only as good as its enforcement.

A loophole also lies in the thin distinction between AGI and ANI – an ANI can only perform a few tasks (How many are “a few?”), an ANI cannot be reconfigured to different tasks without significant redesigning (What counts as “significant?”).

Most of all, there's the difficulty of getting states to sign on to such a treaty. But if the leaders in the AI race – America, China, Japan – push for it, others will follow.

During the Cold War, the world lived under an existential threat for decades. That threat however prompted leading powers to create treaties to minimize the risks WMDs posed. Notably, the U.S and the

Soviet Union chose to end their biological weapons programs, because, unlike nuclear material and chemicals, and like AI, viruses and bacteria are extremely unpredictable, capable of growing and evolving into stronger and more virulent strains.

The world now faces a new existential risk in the form of AI. No framework can remove that risk entirely, but if it can significantly minimize it then that's more than enough reason to forge one. The future is coming, and it waits for no one. ☉

Investing in the Future: Let's Start with Language Learning

Cultural exchange and Mandarin study do not provide clear-cut answers to the serious policy challenges China and the U.S. face, but my experience studying Mandarin has instilled an abiding sense of curiosity and a commitment to understanding and respect – and that's a start.



Mikaila Smith

*Master's Candidate
University of Oxford*

The U.S. State Department has invested some \$25,000 to enable me to study Mandarin Chinese. As a recipient of the NSLI-Y scholarship in high school, and then the Critical Language Scholarship in college, I lived in China for two summers with host families, studying Mandarin for nine hours a day. Tack on to that the approximately 2,000 classroom hours I spent learning Mandarin as an undergraduate, and it seems fair to say that a small fortune of resources has been invested in my Mandarin ability.

Yet even with this hefty sum, I still have strides to make in achieving fluency, and it's unclear whether I'll use my language skills regularly in my career. This leads me to reflect:

what return on investment was the State Department hoping for? What is it that drives me to drill tones and memorize characters?

Many people are quick to point out the value of language skills in an increasingly competitive workforce. While certainly true, I am reluctant to think of the primary benefit of learning Mandarin as a financial one. The significance of the investment is best appreciated within the context of the larger ties – political, cultural and yes, economic – that bind our two countries.

Today, about 350 million Chinese students are studying English, compared to 200,000 American students studying Chinese. In 2009, President Obama sought to address this massive discrepancy by launching the “100,000 Strong Initiative” to send 100,000 American students to study abroad in China within five years. Then, in 2015, President Obama and President Xi jointly announced “1

Today, about 350 million Chinese students are studying English, compared to 200,000 American students studying Chinese.

Million Strong”, a proposal to increase the number of Americans studying Chinese to 1 million students (about 2% of the total number of U.S. students) by the year 2020. This bilateral commitment to language exchange is powerful, but the surrounding dialogue on rationale often lacks nuance.

The economic implications of language exchange are at the forefront of the conversation. Do a quick search, “Why is it important for Americans to learn Mandarin?” and the vast majority of the results emphasize creating a generation of ‘China-savvy’ American leaders ready to seize the opportunities of the burgeoning Chinese economy, slated as a destination for more than \$110 billion in U.S. exports. Professor Li Quan of Renmin University put it succinctly when he said, “We are now a major economy...The world understands that China is going to be a force for a long time, so learning the language is essential.”

Some are quick to point out that the odds of Mandarin ever replacing English as the language of international business are slim to none, citing the prevalence of English globally, the high volume of Chinese students already learning English, and the difficulty non-native speakers have in learning

Mandarin. Still, these skeptics will grudgingly admit that learning a foreign language has many benefits that are less quantifiable.

Language is about much more than just the ability to communicate. Foreign language study is tied to increased levels of empathy, enhanced cognitive development, and more creative insight into the human condition. Increasingly, research shows that these benefits also apply to those with exposure to multiple languages, and not just those who achieve fluency.

The skills that come with language study, especially empathy, can lead to better outcomes in business meetings and diplomatic state visits: when you come to the table speaking the others’ language, you implicitly demonstrate your desire to cooperate. In our increasingly globalized world, where U.S.-China relations continue to be a topic of chief concern, ensuring cooperation and increased understanding is more important than ever.

As a sign of the tumultuous times, earlier this year Professor Graham Allison of the Harvard Kennedy School released the book *Destined for War: Can America and China Escape Thucydides’s Trap?* The ancient Greek historian



Growing US Mandarin Language Learning to 1 Million by 2020

Announced in 2015 by Presidents Barack Obama and Xi Jinping, 1 Million Strong seeks to expand to 1 million U.S. K-12 students learning Mandarin by 2020 and grow the next generation of leaders who have a deeper understanding of China.

Language exchange can illuminate the path – providing cultural insight and bolstering the common ground we stand on.

Thucydides observed of the devastating Peloponnesian War that “it was the rise of Athens and the fear that this instilled in Sparta that made war inevitable.”

In the book, Allison extends Thucydides’s framework to include sixteen times over the last 500 years in which a rising power similarly threatened an established state. Of those sixteen times, war occurred in twelve: a dismaying, nay, terrifying statistic for those who adopt Allison’s view that China and the U.S. fit into this mold.

If Allison’s argument feels sensational, one need not believe in the imminent prospect of a U.S.-China war to accept that sustainable relations between the U.S. and China are crucial to a stable world order. It is also clear that the U.S. is not yet ‘comfortable’ with a rapidly rising China, as evidenced by

I had instead witnessed an hour of petty accusations, argument, and individuals constantly trying to assert their opinion, rather than listen.

the hedging discourse of recent administrations. President Trump’s first move with China was to brazenly refute Beijing’s ‘One China’ policy through a phone call with Taiwanese presi-

dent Tsai Ing-wen, only to cave a few weeks later when he publicly affirmed his commitment to the policy on a call with President Xi. This precedent should worry even those who previously thought that diplomacy through strength was a sound approach.

A mutually beneficial future for the U.S. and China will be built upon understanding, respect and recognition. The U.S. has come a long way since President Nixon’s seminal 1972 visit, but there is still a long road ahead. Language exchange can illuminate the path – providing cultural insight and bolstering the common ground we stand on.

Chinese first lady Peng Liyuan shows U.S. former first lady Michelle Obama how to hold a writing brush as they visit a Chinese traditional calligraphy class at the Beijing Normal School, a school that prepares students to go abroad in Beijing, March 21, 2014.





Ivanka Trump (left), daughter of U.S. President Donald Trump, attends the Chinese embassy's new year reception with her daughter Arabella in Washington on the evening of February 1, 2017.

As an undergraduate, I interned in Washington, D.C. at a bipartisan think tank. In the first month, I attended a forum on Capitol Hill: China's New National Security Law: What Does It Mean? I walked up the stairs of the Rayburn Senate building excited to learn from the distinguished delegation of Chinese legal scholars. Around fifty staff members, representing major Congressional offices, were also attending the forum.

An hour later, I was thinking of Thomas Jefferson's line in a letter to his daughter: "Politics is such a torment that I would advise everyone I love not to mix with it." Where I had been excited to watch diplomacy in action and hear dialogue between representatives from the world's most complex and powerful nations, I had instead witnessed an hour of petty accusations, argument, and individuals constantly trying to assert their opinion, rather than listen. It was a discouraging experience, but also an enlightening one, that gave me cause to reflect on the roots and remedies of this ineffective dialogue.

When my brain protests the hours spent memorizing grammar patterns or

deciphering a single paragraph, it is not the economic potential of my language skills that leads me to persist. Studying Mandarin is the most humble way I can conceive of to approach China, a nation with 5,000 years of complex history.

As a language learner, I am acutely aware of our two countries' inter-dependency, relying on the generosity and support of native Mandarin speakers. From this vantage point, I have experienced the beauty, hospitality and profound nuance of China. Cultural exchange and Mandarin study do not provide clear-cut answers to the serious policy challenges China and the U.S. face, but my experience studying Mandarin has instilled an abiding sense of curiosity and a commitment to understanding and respect – and that's a start. 🍷

About China-United States Exchange Foundation

Based in Hong Kong, the China-US Exchange Foundation was established in 2008 by individuals who believe a positive relationship between the strongest developed nation and the most populous, fast-developing nation is essential for global wellbeing. The Foundation is a non-government, non-profit entity and is privately funded.

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China-US Focus, published by the China-United States Exchange Foundation, is built on the principle that China and the United States hold the most important bilateral relationship of the 21st century.

China-US Focus is the only open-platform where Chinese and American thought leaders can openly express their views on the myriad issues that face the two nations, thus promoting communication and understanding between the peoples of China and the United States.

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