

It's great to be here. I'm just so honored to be associated with any recognition of Mike Oksenberg and want to welcome his son, David, we've known since you were a wee tyke. But in any case, it's so good to see you, David, and I know how proud your dad was of you all those years of you growing up. I also want to say that I think this is an era when we particularly miss Mike.

He was always looking for solutions to problems. He always had a lot of ideas. He was trying to solve problems, not make problems, and I think that was an attitude he brought to all his work, and maybe his biggest legacy is all the people he motivated to go into this field. And I think they all shared this common feeling about Mike that he wanted you to follow your interests in constructive ways that would make the world a better place. And so I want to thank him publicly for what he's meant to me in my life particularly.

I want to address three issues. We didn't consult on these remarks too much. We had some common questions we might consider but we didn't consult. And after listening to Condi and what she said, I certainly have no big disagreement at all and I appreciate it very much that both the data and the framework that Mike had. But I may frame this a little differently, although there will be some overlap.

First of all, it seems to me I was interested when the slide went up for Mike, you had a question mark, new Cold War question mark. The document that was given to me had new Cold War no question mark, which made it sort of like an assertion, right? And so it got me in the direction of knocking down the assertion. So I'd like to talk a little bit about how we might conceptualize the era that we're in. Then a second, and you mentioned President Obama, and I'd thought about he articulated that phrase you didn't want to complete, Mike. He was on Airforce One as I understand in June of 2014 and somebody asked him what is his philosophy about managing foreign policy. And he said, don't do stupid expletive deleted later filled in as stuff.

And so I want to talk a little about what I think is some of the stupid stuff we're doing and then what might be some more intelligent approach to dealing with a period that we fully hadn't anticipated for a long time. To start, it seems to me we are in a very unfortunate and likely to get worse period. We're in a comprehensive, costly, military, economic, diplomatic spiral with Beijing and I don't see an end to it. Now I hope fervently I'm wrong about that last clause, but I think we are in a serious comprehensive downward turn in which one negative element feeds the other negative elements in the relationship.

But I think the question is, is the Cold War a very useful frame for thinking about this admittedly downward spiral unfortunate period. And it seems to me in some ways, that some of which had been discussed, we are in a period that has echoes, if not more with the Cold War. There is a growing arm spiral notwithstanding that I agree we the United States are much more heavily armed and better technology than China. Nonetheless, China is moving up and China is moving up in a way that can inflict increasing costs on what we define as our core interest. So we do have that element.

This is becoming much more as in the Cold War deterrence relationship. In the first 30 years after Nixon we weren't using the word deterrence with respect to China very often. We're using it a lot more now. As you said, arms – or maybe it was Condi said arms control was a central feature of a relationship with the Soviet Union. It's almost an absent feature in our relationship with China, although I think it needs to begin to assume more importance.

It's also increasingly this period resonates with the Cold War in as much as often the United States as we tighten up on China, we're gonna want our allies to cooperate. And just like in the Cold War sometimes we've got that cooperation more in others. So I think we're gonna be talking a lot more about reliance management with respect to China, technology transfer, freedom of navigation operations, how we can use the basis in Japan that's consistent with what the Japanese will tolerate and what we find necessary. So in that sense there's some resonance here.

I think also you were right when you said we are not involved in proxy quagmire wars all around the third world. That's true, but we are beginning to have this dynamic of each building relationships and engaging in activities around each other's periphery that's becoming disturbing. We're talking about China and Cuba, and China and Venezuela. And they're talking about U.S. and Vietnam and in Burma. And so we are getting some resonance there. Certainly the Chinese believe we're involved in a containment, maybe nascent, but nonetheless containment effort.

We're dividing up into free trade areas, trying to organize economies regionally around the world that are in ways beneficial to us excluding the other and so on. So I think there are some dynamics that really are – they're echoes. They're not exact duplications. But there is an on the other hand and there is a big set of differences of the Cold War and my two previous colleagues identified many. But I think the first thing to say is my understanding of the Soviet Union is it basically had very little economic capacity beyond as it related to the security realm and Soviet military.

China really has enormous economic, comprehensive, competitive economic capacity and it's getting better. Just a couple of figures that might demonstrate what I'm talking about. China is now the leading trade partner of 124 countries in the world. The United States is the leading trade partner of only 76 in the world. Now I'm a great believer that when you have an economic interest with people you have some leverage with that relationship. And so this China is such a big fraction of the trade and finance relationship for so many countries gives it a kind of cloud in the world that the Soviet Union it seemed to me never had.

If you look at export destinations, China's export destinations are all American allies. The top place as China exports are American allies. And similarly, the place that China gets imports from, the top ones are American allies. That is to say our allies all have their core economic interests at stake in this relationship with China. That's before you can even get the supply chains and all the complexity there. That brings me to the next thing. When we dealt with the Soviet Union in 1960, there are different figures, but this is about right, the

United States controlled around 40 percent of global GDP. Depending on the figure you look at now, we're closer to 15 percent. Well my point of view is you have a lot more arrows in your quiver when you got 40 percent of global GDP than when you have 15. That doesn't mean we're in decline and our per capital of GDP is multiples of China, all of that, but the point is we are a relatively small and declining fraction of global output, and China, whatever rate and figure you use is an increasing share of global output and I think that's going to be a very big difference. We're gonna be dealing with a very – we are dealing with a very economically and intellectually capable country and that seems to me to be the primary effect.

Then the question really is, how are we going to deal with that and what are China's objectives and you several times said you want to talk about intentions. I guess if I were to say what I think China's intentions could be described at is essentially its chosen instrument is economics, not military. It's objective as global economic – a greater share in the global economy and greater economic influence, and it's not primarily an ideological or territorial objective beyond Taiwan and maybe the South China Sea, part of that. But I think the objective is economic maximization of power if I just had to kind of put an objective on China.

So if this is a reasonable facsimile of the situation we find ourselves in, what should we think about doing and I think not doing? And let me start with the things that I think we're doing but we shouldn't be doing or modified apropos of President Obama's guiding philosophy of don't do stupid stuff. And I think there are several things there. First of all, this idea of economic decoupling. I'm not sure that it's actually a feasible objective, but what it boils down to disrupting global supply chains. And just by what I said in terms of China's export/import partners, you cannot disrupt those global supply chains without bringing about friction and economic loss to every one of our allies. And I'm a great believer that when your power's going down in relative terms, you need all the friends you can find.

Well, if you're gonna pursue an economic policy that yes, its operational implication is offending the interest of most of your allies, this doesn't seem to be a very sound way to proceed. Secondly, this is a sensitive subject but I think it needs to be said. We're pretending in some of our discourse, and I don't mean only some of our discourse, we're tending in a kind of a racial thrust to things that are quite worrisome. I'm a little upset when I read this senior government official say it's the first time we've had a great power competitor that's not Caucasian. Well actually that's not true. But the bigger point is it's not relevant.

You take just the FBI director on more than one occasion has been talking about comprehensive social threats and comprehensive social response when talking about spies, the naivety of American universities and not recognizing the issue is a thrust. We're beginning to think about deemed – I don't know how many people in the room have heard of the concept deemed exports. But deemed exports is the idea that if there's a piece of equipment, for instance you couldn't send to China because of export controls, and it's in some laboratory in Stanford or Johns Hopkins, then how can you allow foreign

students, or in this case Chinese students access to equipment that couldn't be sold to China. And then you begin to think, well who are all the lab assistance and we had an earlier forum here, and as former Secretary Chu talked about the opportunity costs. So I think we have to be very careful on the racial discourse. Let's just put it that way and I think it's clear enough what I mean by all of that.

The third thing I think we're doing wrong, now Mike I hope in the conversation we can talk a little about this cause you have a lot more information and knowledge than I do, but everybody I talk to in the policy process in Washington basically says the interagency process has broken down in foreign policy, that we don't have our departments coordinating, making knowledge and research-based decisions, making recommendations in a kind of rational policy process.

My basic point is if we're gonna have a strategy and implement it, we need a process that can be described, replicated and is intelligent and I think we haven't been doing that. So those would be just some of the things. Looking at our own policy process, be careful about the kind of discourse that we unleash because our greatest asset is the people we can attract in this country, and not unwind a globalized economy in a way that's designed to alienate us from our friends.

Now, turning it around, how might we think might be some of the positive things that we could think about? First thing is, I think containment is a kind of concept is a dead end. But I do think the idea of balance, trying to achieve balance, let's to say in Asia, and let me be specific, what I mean is a good place to begin. I've been looking at the development of high speed rail and rail development in Asia. And essentially China's got a program to build North/South connectivity between China and Singapore and have the flow of human and material resources going on a North/South axis.

And I agree very much with Condi, we shouldn't have opposed the AIB and not the idea of building infrastructure, but we had to come into the game with a sense of what we want. And that part of the world also wants East/West connectivity. It involves Vietnam, it involves India and Cambodia and Thailand. We can build off setting connectivity contribute to development and increase stability. So I think we ought to be thinking about how we can do those kind of things rather than major kind of opposition. And some of this might ultimately be in China's interest as well as everybody else. It's not all zero sun.

And finally another thing I think we need to do, we're in a new era. That's all obvious enough. We didn't anticipate everything that's happening. But we should not fall into the idea that the last 40 years of engagement was a big mistake. Mike Oksenberg contributed to 40 years – most foreign policies don't last 40 years and produce what this one did. So at the same time we recognize where we are, we ought to also not denigrate where we've come from. Thank you very much.

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