

Lecture Series: The American State in a Multipolar World

“The Future of U.S.-China Relations”

By Joseph S. Nye, Jr.

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Center for the Study of Economy & Society

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### Transcript<sup>1</sup>

**Victor Nee:** I'd like to welcome our audience around the world to the second lecture of the series on “The American State in a Multipolar World,” sponsored by the Center for the Study of Economy and Society at Cornell. My name is Victor Nee, Director of the Center. We are delighted and honored to have Joseph Nye, the University Distinguished Service Professor and former Dean of Harvard's Kennedy School, whose lecture today is entitled, “The Future of United States and China Relations.”

Recently, the Chinese news media has been fixated on a small herd of elephants as they migrate across southwestern China from Laos. Within the framework of our lecture series, I think we need to approach the evolving structure of U.S.-China relations like the blind men and the elephant. This is an open question and we're looking for answers. Is the dilemma rooted in dealing with the assertiveness of an authoritarian state led by the Chinese Communist Party or is the dilemma caused by a clash of civilizations as argued by the late Samuel Huntington? Or is the dilemma rooted in the rapid rise of a Chinese variety of dynamic capitalism governed by an elite meritocratic bureaucracy? Professor Nye's lecture will no doubt help us answer some of these questions.

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<sup>1</sup> Edited for clarity. The complete lecture is available at: <https://www.youtube.com/watch?v=TCSnehJsF4U>.

Professor Nye's lecture will be followed by Jeffrey Sachs of Columbia University, who will also address the challenges facing American foreign policy on November 15th, and Andrew Bacevich of Boston University on December 6th. Peter Katzenstein, the Walter S. Carpenter Professor of International Studies at Cornell will introduce Joseph Nye.

**Peter Katzenstein:** It is a great honor and pleasure to welcome Professor Joseph Nye to Cornell. Unfortunately, in this virtual meeting we cannot share with him the spectacular foliage we are enjoying right now here in Upstate New York. Hopefully, he has a comparable vista from his home in New England. Joe was a reader of my dissertation. His comments were always exceptionally insightful and always coupled with practical suggestions of how to make the dissertation better. We have been in touch ever since and I have continued learning from his unique blending of insight and practicality. Joe has had a glittering career as scholar, teacher, administrator, and policy analyst. He has written more than a dozen outstanding scholarly books. Amazingly, he published three of them in the last decade, addressing issues of American foreign policy, presidential leadership, and morality in world politics. In the previous 20 years he wrote several path-breaking books on soft power, his very own conceptual invention. His writing is always vivid, informed by history, and linked to issues of policy and politics. He is a master of short declarative sentences and I do not recall him ever seeking cover behind the passive voice.

Throughout his career, Joe was a devoted teacher especially of undergraduate students. For many years he taught the introductory international relations course at Harvard, an experience that is reflected in his marvelous textbook. He filled a number of administrative positions at Harvard. Most notably, he served for many years as Dean of Harvard's Kennedy School of Government. In bridging the gap that often divides academia and government, he served in a number of high-level positions in both the Carter and the Clinton administrations, learning the ins and outs of policymaking first-hand. I have it on good authority that he became an expert player in Washington's treacherous game of bureaucratic politics.

A former Rhodes scholar honored throughout his career with many prizes and fellowships, he spent his entire academic career at Harvard. Yet, a few years ago at the annual meeting of the International Studies Association, there he was on a Friday night at a 7:30 pm panel attended by less than a dozen die hard scholars discussing the role films play in international relations. And, why not? After all, he's also written a novel. His early scholarly

work was in the field of regional integration. I still recall how as a young professor he was assiduously befriended by Ernie Haas, then one of the two most important international relations scholars in America. Years later, when I asked Ernie why, he confided that Chicago's Mayor Daley, the old one, had shared the following gem with some of his advisors who questioned his wisdom of courting a potential adversary. He, Daley, would rather have smart people inside his tent pissing to the outside, than outside of his tent pissing into the inside. Ernie was surely right. Joe's nuanced and complex book titled *Peace in Parts* was a masterful integration of the three main strands of IR theorizing in the 1960s, one of which was Haas's new functional theory. The title of that book, *Peace in Parts*, revealed the cast of mind that has guided Joe's scholarship and policy advice throughout his career. A liberal realist to some and a realistic liberal to others, he was never as down on the U.S. as many of its overly pessimistic critics and he was never as upbeat about the U.S. as many of its overly optimistic fans.

America's decline is not inevitable, its indispensability not preordained, peace comes in parts. In its pursuit, we need to cultivate our diplomatic and intellectual capabilities, learning how to play three-dimensional chess and pay heed to the dynamics of soft as well as hard power. Three-dimensional chess and soft power became two of the most important concepts which Joe popularized and used to analyze and help guide American foreign policy during the last 30 years. He will share with us today his ideas and his wisdom as he speaks on the topic of the future of U.S.-China relations. Joe, please the screen is all yours.

**Joseph Nye:** Well, thank you very much, Victor, for the invitation to Cornell and thank you Peter for that overly generous introduction. You told me things I didn't know but should have. But, in any case, you proved a point that I've always said. The best thing about a professor is when he has students who are smarter than he is - and you've proven that. So, I'm going to talk this afternoon about the future of U.S.-China relations and I think Victor pre-shadowed my conclusion or at least my framing by his point, which is that nobody knows. And, I think I could probably subtitle my talk with a slight bow toward Pirandello as, "Three Historical Traps in Search of a Policy Maker." Let me explain what I mean. People are worried or concerned about whether China will displace the U.S. as the world's leading power by the centenary of Chinese rule in 2049. Certainly, Xi Jinping hopes that will be the case and the question of whether China will succeed in that is the question we want to ask ourselves now. But, the outcome is going to

depend on many unknowns, including what each of these two countries, the U.S. and China, does over the next decades. And, not even Xi Jinping knows the answer to that.

Whatever his China dream or any other linear projections, they can be falsified by unexpected events such as a war over Taiwan or a financial crisis. Here again, the estimates of the probability of either of these two dramatic events vary. There's no one future, but many possible scenarios and which become more probable depends on what we do. So, how should policy makers, American policymakers, deal with this uncertainty? Most policymakers simply react to events according to their gut instincts. But, as John Maynard Keynes warned a century ago, such practical people are often prisoners of some defunct scribbler whose name they have long forgotten. The primary source of their mental maps tends to come from historical analogies and international relations theories, but both are very imperfect representations of reality.

So, if you look at mental maps from IR theory, there are obviously many flavors of international relations theory, but the two most prevalent are realism and liberalism. Realists see the world in Hobbesian terms, of a war of all against all where only the fittest survive, whereas liberals see a possibility of a Lockean social contract. For realists, world politics is best modeled as a one-time game of Prisoner's Dilemma where the structure of the game demands defection, while for liberals, trade contacts and institutions can transform zero-sum one-time games into intergroup games where the optimal strategy is tit-for-tat reciprocity, as Bob Axelrod has shown. In oversimplified terms, each of these models suggests a different mental map or guide to how we should respond to the rise of China. Now, over the centuries, realism has been the standard model of international relations, the mental map that is shared by most policymakers, but even with the acceptance of a realist model, difficult choices remain, because there are many variants of realism: the classical realism of a Hans Morgenthau or managing the balance of power relationships with accommodation and spheres of influence is somewhat different from the structural offensive realism of a John Mearsheimer who sees the failure of restraint and a higher probability of war. And, other variants of realism focus on the changing balance of power between an existing hegemonic power and a rising challenger and see the prospects of conflicts arising from their failure to manage the hegemonic transition. For some, such as Robert Gilpin, the problem lies in the rising power of a challenger like Germany before 1914. But, for others like the economist Charles Kindleberger, the disaster of the 1930s was the failure of the rising United States to impose international order. In one variant, in other words, the rising power

comes on too strong and in the other variant, the rising power comes on too weak. Pity the poor policy maker who turns to hegemonic transition theory to provide a recipe for how to respond to the rise of China. So, many of us turn to historical metaphors and analogies and the theoretical insights which are sometimes written down are presented as lessons of history, as though the bright light of the past could shine through the fog of an uncertain future.

While history is an important partial guide to policy, it must be handled with care. In the possibly apocryphal words of Mark Twain, history doesn't repeat itself, but it might rhyme all too often. History lessons are over simplified and misused as though the future will resemble the past. As my former colleague, the distinguished historian Ernest May used to remark, anytime a policy maker is tempted to be guided by historical analogy, they should draw a line down a piece of paper and list on one side similarities and on the other side differences. Historical metaphors and analogies are rife in the debate over how to understand the current rise of China and how we should respond to it. There are three that I want to examine this afternoon because they're quite prevalent in the current literature and in policy debates. One is called the Thucydides trap, the second is the metaphor of a "New Cold War," and the third is a metaphor of 1914 and World War I sleepwalkers. Let me turn to each of these in turn.

To tell us what insights they give us about how to approach the puzzle, we start at the beginning. Many people have noted the similarities of the rise of China with the rise of Athens. Even China's president has noticed it. That's interesting to have a practical politician like Xi Jinping refer to a Thucydides trap. Remember, Thucydides argued that the underlying cause of the Peloponnesian War was the rise in the power of Athens and the fear that created in Sparta. By analogy, the rise in the power of China and the fear it's creating in Washington could precipitate a world war today. There are a few differences in the roles such as the fact that Athens was a democracy while China is an autocracy, that Sparta was an inward-looking land power, while the U.S. is a global naval power, or dramatic differences in context such as the existence of nuclear weapons or the problems of global climate change.

My colleague Graham Allison has attempted to quantify cases of hegemonic transition since 1500 and he claims that 12 out of 16 cases have led to major war, but his case selection and methodology have been challenged by many social scientists. It's not clear what constitutes a case, for example. Britain in the 19th century was the dominant world power in the middle of the century, but it let Prussia create a powerful new German empire in the heart of the European

continent through three wars from which Britain abstained. Of course, Britain did fight Germany a half century later in 1914, but should that be counted as one case or several? Moreover, World War I was not simply a case of an established Britain responding to a rising Germany. In addition to the rise of Germany, World War I was caused by the fear in Germany of Russia's rising power and the fear of growing Slavic nationalism in a declining Austria-Hungary, as well as myriad other factors that differed from the world of ancient Greece. Today's power gap between the U.S. and China is much greater than that between Germany and Britain where Germany had already passed Britain well before 1914.

Even the classical Greek case is not as straightforward as Thucydides made it seem. He claimed that the cause of the Second Peloponnesian War was the growth of the power of Athens and the fear it created in Sparta. But, this historian from Yale, Donald Kagan, argues that Athenian power was, in fact, not growing. Before the war broke out in 431 B.C., the balance of power had begun to stabilize. It was Athenian policy mistakes that made the Spartans think that war might be worth a risk. Athens growth had caused the first Peloponnesian War earlier in the century, but then there was a 30-year truce that doused the fire. Kagan argues that to start the Second disastrous Peloponnesian War, a spark needed to land on one of the rare bits of kindling that had not been thoroughly drenched and then continually and vigorously fanned by poor policy choices. In other words, the war was caused not by inevitable impersonal forces, but by bad decisions in difficult circumstances.

So, what should a policymaker conclude are the lessons of history for how the U.S. should respond to a rising China? If the Peloponnesian War was caused in part by the rise of Athenian power, it was also caused by the fear created in Sparta. American policy makers may not be able to control the rise in the power of China, but they can affect the degree of fear that it creates in Washington. Exaggeration can mobilize domestic support, but if it's excessive and leads to miscalculation that would be the ultimate Thucydides trap. Metaphors from Greek history can be useful as general precautions but become dangerous if they convey a sense of historical inevitability. Moreover, there's a second problem related to the rise of China which I referred to or alluded to earlier and I've called it the Kindleberger trap. The MIT economist Charles Kindleberger argued that the disastrous decade of the 1930s was caused when the U.S. replaced Britain as the largest global power, but failed to take on Britain's role in providing

global public goods. The result was the collapse of the global system into depression, genocide, and world war. Today, as China's power grows, will it help provide global public goods or not?

At the global level, public goods such as a stable climate, financial stability, or freedom of the seas, are usually provided by coalitions led by the largest power, because they can see the effect and feel the benefit of their contributions. When they do not contribute to global public goods, they are underproduced. And, when Britain became too weak to play that role after World War I, an isolationist United States continued to be a free rider with disastrous results. As China's power grows, will it free ride rather than contribute to an international order that it did not create?

So, far the record is mixed. China benefits from the U.N. system where it has a veto in the Security Council. It is now the second largest funder of U.N. peacekeeping forces and has four of the 15 most important U.N. agencies. China has also benefited from multilateral economic institutions like the World Trade Organization, the World Bank, and the International Monetary Fund. China joined the Paris Climate Accords in 2015, but it has also tried to create separate institutions such as the Asia Infrastructure Investment Bank, which the U.S. has boycotted. Similarly, the U.S. has been skeptical of China's Belt and Road initiative infrastructure programs and objects to China's rejection of a permanent court of arbitration judgment against its territorial claims in the South China Sea. Chinese behavior has sought not to overthrow the world from which it benefits, but to increase its influence within it and tilt the rules in its favor. It is neither a purely revisionist nor purely status quo power on the economic front. If pressed and isolated by policy ever, we have to ask whether China will become a more disruptive free rider that pushes the world into a Kindleberger trap.

What are the lessons of history, then, on how to deal with a rising China? Ancient Greek history and its relevance to the onset of the two world wars provides the best cautionary notes, but not answers. The policy maker must worry about a China that is simultaneously too strong and too weak and must avoid a Kindleberger trap at the same time as a Thucydides trap. So, I would argue that the first lessons, the lessons from Thucydides or ancient Greek history, are indeed a trap waiting to seize any U.S. policymaker. That brings me to the second historical analogy or metaphor which is the metaphor of a new Cold War. The rhetoric of Cold War has proven useful for some political leaders to use for mobilizing domestic political support, but it has also been picked up by a number of scholars who see this as a prolonged conflict. Some say

that President Trump launched this new Cold War, which they define as intense competition without shooting. But, Trump was not the sole source of the problem. He poured gas on a fire that was already smoldering. But, it was China which lit the original fire.

After the great recession of 2008, it called American leadership into question and increased belief in American decline. Chinese leaders abandoned Deng Xiaoping's moderate policy, biding their time, and became more assertive in ways ranging from building artificial islands in the South China Sea, to economic coercion of Australia, to abrogating guarantees to Hong Kong. On the trade front, China tilted the playing field with subsidies to state-owned enterprises and coercive intellectual property transfer. Trump clumsily responded with a tariff war that included penalties on our allies, as well as China, but he correctly defended against Chinese companies like Huawei, whose plans to build fifth generation telecommunications network posed a security threat. Some people in Washington began to talk about a general decoupling from China. But, it's mistaken to think we could decouple our economy completely from China without enormous economic loss. That's why the Cold War metaphor misleads policy makers about the nature of the challenge they face from China. In that sense, it's too lazy an analogy. In the real Cold War, the Soviet Union was a direct military and ideological threat and the U.S. had maintained - had almost no economic or social interdependence in the relationship. Containment was a feasible objective. With China today, the U.S. has a half a trillion dollars in trade and millions of social interchanges, such as students and visitors.

Moreover, with its market Leninist political system, China has learned to harness the creativity of markets to authoritarian communist party control in a way the Soviets never mastered. China cannot be contained in the same way that the relatively economic weakly – economically weak Soviet economy could be. Moreover, the U.S. and allies are not threatened by the export of communism as in the days of Stalin or Mao. While China supports authoritarian governments and tries to influence opinion in democracies to prevent criticism of China, there's less proselytizing than there was during the real Cold War. Few people are taking to the streets or jungles in favor of Xi Jinping, thought with communist characteristics, or China and Chinese characteristics. Instead, the problem we face is a hybrid system of political and economic interdependence which China can manipulate to its advantage. China has become the leading trade partner of more countries than the U.S. Partial decoupling on security issues like Huawei



may be useful, but total economic decoupling would not only be costly, and unlike the Cold War, few allies would follow us.

Moreover, with regard to the ecological aspects of interdependence such as climate change and pandemics, the laws of physics and biology make decoupling impossible. No country can solve these transnational problems alone. The politics of global interdependence involve power with others as well as power over others, as I argue in my new book on *Do Morals Matter?* For better or worse, we're locked in a cooperative rivalry with China in which we need a strategy that can accomplish two contradictory things at the same time: cooperate and compete. This is not like Cold War containment.

Meeting the China challenge will require a more complex strategy that leverages U.S. hard and soft power resources at home and abroad to defend ourselves and strengthen the rules-based system. Some pessimists look at China's population size and its economic growth rates and believe the task is impossible, but on the contrary, if we treat our allies as assets, the combined wealth of the Western democracies, U.S., Europe, Japan, will far exceed that of China well into this century. But, our allies do not all see China in exactly the same way we do. Our rhetoric of Cold War may have more negative than positive effects in the maintenance of our alliances. So, the metaphor of Cold War may be useful for recruiting political support at home, but counterproductive as a strategy overseas.

That brings me to the third historical analogy in search of a policy maker and that's the analogy of World War I, the so-called sleepwalkers problem. The fact that cold war is counterproductive as a strategy doesn't rule out the possibility of a cold war. We may get there by accident. As Henry Kissinger has warned, the appropriate historical metaphor today is not 1945, but 1914. At that time, all the great powers expected not World War I, but a short third Balkan war which would clear the air and clarify the balance of power. Instead, they got a world war that lasted four years and destroyed four empires. Leaders paid insufficient attention to changes that altered the process of the international order that had once been called the "Concert of Europe."

One important change was the growing strength of nationalism. In Eastern Europe, Pan-Slavism threatened both the Ottoman and Austro-Hungarian empires, each which had large Slavic populations. German authors wrote about the inevitability of Teutonic-Slavic battles and school books inflamed nationalist passions. Nationalism proved to be stronger than socialism

when it came to bonding together working classes and stronger than capitalism that bound bankers together.

A second cause of the loss of moderation in the early 20th century balance of power process was a rise in complacency about peace. The Great Powers had not been involved in a war in Europe for 40 years. There have been many crises, but they'd all been managed. However, the diplomatic compromises that resolve those conflicts caused frustration. After there's - Afterwards there was a tendency to ask, "Why didn't we make the other side give up more?" Many leaders believe that short decisive wars won by the strong would be a welcome change.

And, yet another factor which contributed to the loss of flexibility in the early 20th century international order was the policy of the Kaiser's Germany, which was ambitious but vague and confusing. There was a terrible clumsiness about the Kaiser's policy of seeking greater power. Something similar can be seen with Xi Jinping's China dream, his abandonment of Dongxiao Ping's patient approach, as well as the excesses of nationalism which have led China into what's called "wolf warrior diplomacy." Policymakers today must be alert to the rise of nationalism in China as well as populist nationalism in the United States. Combined with the clumsiness of China's wolf warrior diplomacy, a history of standoffs and compromises over Taiwan, and clumsiness in American efforts to reassure Taiwan, the prospects for inadvertent escalation exist. As the British historian Christopher Clark has summarized, in 1914, once catastrophe occurred, they imposed on us, or seemed to, a sense of their necessity or inevitability. But Clark concludes that in 1914 the future was still open, just but for all the hardening of the fronts in both the European and Europe's armed camps, there were signs that the moment for a major confrontation could have been passing. A successful strategy then must protect against such a sleepwalker syndrome. In 1914, Austria was fed up with the upstart Serbia's nationalism. The assassination of an Austrian archduke by a Serbian terrorist was a perfect pretext for an ultimatum. Before leaving for vacation, the Kaiser issued a blank check to his Austrian ally but when he returned and found how Austria had filled it out, he tried to retract it. Unfortunately, it was too late.

The U.S. hopes to deter the use of force by China and preserve the legal limbo of Taiwan that China regards as a renegade province. For years, our policy has been designed to deter both Taiwan's declaration of de jure independence, as well as Beijing's use of force. Now some analysts warn that the double deterrence policy is outdated, because of China's growing military

power and may tempt them to act. Others believe that an outright guarantee to Taiwan could provoke China to act, even if China issues a full-scale invasion or barely tries to coerce Taiwan with a blockade or by taking an offshore island or two, if there's a ship or an aircraft collision that leads to loss of life, all bets may be off. If the U.S. reacts, for example, with the freezing of assets or invokes the Trading with the Enemy Act, the two countries could slip quite quickly into real rather than a metaphorical cold war or even a hot war. The lessons of 1914 are to be wary of sleepwalking, but they don't give us the answer to the Taiwan problem.

These three historical examples illustrate for us the wisdom of Earnest May's recommendation that when we turn to history to tell us the problems, the answer to problems for the future, we should be careful to make sure that we do not assume that things in the future will resemble the past. We have to essentially note the differences as well as the similarities. Now, looking into the future and asking where we are now in terms of a strategy, we're really facing what might be called the return of great power competition, what the Biden administration has called strategic competition. The debate over engagement that we saw in the past 20 years before the the Trump administration, whatever the time frame, the debate became moot with the announcement of Trump's national security strategy in December 2017, which proclaimed great power competition. There was much to be said for focusing on great powers during the four decades of the Cold War. The U.S. did have a grand strategy focused on containing the power of the Soviet Union.

In the 1990s, with the collapse of the Soviet Union, we were deprived of that pole star and after 2001, the Bush administration tried to fill the void with an overall strategy that it called a global war on terrorism, but Bush's strategy provided nebulous guidance that led to long wars in marginal areas like Afghanistan and Iraq. Since 2017, we've at least seen a focus on great power competition. As a grand strategy, however, great power competition has some flaws. It has the advantage of focusing on major threats to our security, economy, and values, because while terrorism is a continuing problem that must be treated seriously it poses a lesser threat than great powers. Terrorism is like jujitsu in which a weak adversary turns the power of a larger player against himself. While 9/11 cost several thousand American lives, our response led us to spend even more lives as well as trillions of dollars on the so-called endless wars. The largest damage was what the strategy led us to do to ourselves. The fastest growing part of the world

economy is in Asia and the Obama administration tried to pivot to that area, but the global war on terrorism kept us mired in the Middle East.

A strategy of great power competition helps us to refocus, but it has two problems. First, it lumps together very different types of states. Russia, for example, is a declining power and China, as we've seen, is a rising power. That could lead us to under appreciate the threat from Russia, but as the world sadly discovered in 1914 it was a declining power, Austria-Hungary, that was most risk accepted in the disastrous World War I scenario. Today, Russia is declining in demography and economy, but it retains enormous resources that it can employ as a spoiler on everything from nuclear weapons to cyber conflict to the Middle East. We need a separate strategy for Russia that does not throw it into the arms of a rising China. A second problem with this strategy, the great power competition strategy, is that the concept provides a necessary, but not a sufficient alert to a new type of threat that we face. National security and the agenda of world politics has changed since the days of 1914 or 1945. New threats of ecological globalization are underappreciated by this strategy. Global climate change will cost us trillions of dollars and could do enormous damage on the scale of war and the COVID-19 pandemic killed more Americans that died in all our wars since 1945. Yet, our strategy guides us to a budget for the Pentagon that's more than a hundred times that of the Center for Disease Control and 25 times that of the National Institutes of Health. As my colleague Larry Summers and some other economists have recently argued, it would make more sense to give 10 billion dollars to a global health threats fund which would be miniscule compared to the 10 trillion dollars the government's already incurred responding to the COVID-19 crisis. Indeed, I've written several times, articles about the importance of trying to develop a Marshall plan for providing vaccines to poor and underserved countries as being both in our self-interest as well as the interests of others and would be great for our soft power. Unfortunately, we've not done this.

Meantime, Washington debates how to deal with a rising China. Some politicians and analysts call the situation a new Cold War, as we've seen, but squeezing China into that ideological framework misrepresents the real strategic challenge we face. In the sense of the U.S. and the Soviet Union, because they had so little interdependence, it really is not a model, as I've said, for the U.S.-China relationship. What we see in fact is that we and our allies are more closely or deeply intertwined with the Chinese economy than we ever were with the Soviet Union and today more countries have China as their major trading partner. Since we cannot solve

the problems that we face with China acting alone, we must cooperate with them and that is something that's left out of the great power competition strategy.

So, how would you formulate a strategy for the U.S. to follow under conditions of uncertainty? Since there is no single future, a good strategy must allow for multiple scenarios, some of which we can affect and some which are largely beyond our control. Rather than planning for maximal outcomes which may fall short - maximum outcomes meaning things like regime change or prevailing as we did in the Cold War - instead a prudent strategy of “no regrets” aims for a long-term outcome consistent with the Hippocratic oath: at least do no harm. As former Australian Prime Minister Kevin Rudd has argued, the objective for a great power competition with China is not defeat or total victory over an existential threat, but what Rudd calls a managed competition. Now, not all people agree with that. Cai Xia, who is a former teacher of the Central Party School in Beijing, former high member of the Communist Party of China, has written that basically the nature of the relationship between the U.S. and China is actually one of adversaries and rivals rather than competitors. But, she goes on to say that neither one can swallow the other and a hot war between the two would be calamitous for the world. So, in that sense even with her more pessimistic view of the relationship than Kevin Rudd’s, she believes that a sound strategy requires us to avoid demonization of China and instead see the relationship as what I call a cooperative rivalry with equal attention to both halves of the description.

If China changes for the better in the long term, if there is an evolution in Chinese domestic policies and social system, that is simply an unexpected bonus for a strategy that is really focused on management of a great power relationship in a time of traditional as well as ecological interdependence. A good strategy must rest not just on plausible and sensible objectives as I tried to argue, but must also rest on a careful net assessment. Underestimation of the opponent or competitor breeds complacency, while overestimation creates fear. Either of those two, under- or over-estimation, can lead to miscalculation. China has become the second largest economy, national economy, in the world and some analysts think that it may surpass the U.S. in the size of its GDP by the 2030s. But even if it does, China’s per capita income remains less than a quarter that of the United States and it faces a number of economic, demographic, and political problems. China’s labor force peaked in 2015, its economic growth rate is slowing, and it has few political allies. If the U.S., Japan, and Europe coordinate their policies, they will still

represent the largest part of the world economy and will have the capacity to organize a rules-based international order that can help shape Chinese behavior. That alliance, then, has to be the heart of a strategy to manage the rise of China. China is a country of great strength, but also a country of important weaknesses.

The United States has some long-term power advantages that will persist regardless of current Chinese actions. One is geography. The United States is surrounded by oceans and neighbors that are likely to remain friendly. China has borders with 14 countries and has territorial disputes with India, Japan, and Vietnam that sets limits on its soft power. As the former editor of the *London Economist* Bill Abbott pointed out in the publication some years ago, called “The Rivals,” Asia has its own internal balance of power, because none of these countries that I’ve mentioned want to be dominated by China. Energy is another American advantage. A decade ago, if we were assessing American power and relationships, we would be pessimistic. We would see the United States as being hopelessly dependent on imported energy. Now, in fact, what we found is that the shale revolution has transformed the United States from an energy importer to an exporter and the International Energy Agency projects that North America may be self-sufficient in the decade to come. At the same time, however, China is becoming more dependent on energy imports and much of the oil it imports is transported through the Indian Ocean to the South China Sea, where the United States and others maintain a significant naval presence. Any time we talk about scenarios of a clash with China over Taiwan in the straits of Taiwan or near Taiwan, we have to remember that a Chinese policy maker has to calculate that his energy is going to be coming across an Indian Ocean which is dominated by the American navy.

Now, in addition to these advantages in geography and energy, the United States also enjoys financial power that's derived from its large transnational financial institutions as well as the role of the dollar. Now, of the foreign reserves that are held by the world's governments just 1.1% of them are in Chinese yuan compared with 64% for the dollar. While China aspires to a larger role in global reserves, the credible reserve currency, whether it's digital or not, depends on currency convertibility, deep capital markets, honest government, and a rule of law, all of which are lacking in China and not quickly developed. While China could divest its large holding of dollars, such an action would risk damaging its own economy as much as the United

States. Dumping dollars might bring the U.S. to its knees, but would have a similar effect on China.

Power and interdependent relations depends upon asymmetric vulnerability, as Robert Cohen and I wrote some 40 years ago, and there are many too many symmetries in U.S.-China interdependence at this point that would prevent that power being used. Though it might change if there is a more radical decoupling between the two countries. As I argued earlier, I think such a decoupling is implausible, because of its cost. Although the dollar cannot remain preeminent forever and American overuse of financial sanctions creates incentives for other countries to look for other financial instruments, the yuan is unlikely to displace the dollar in the near term.

A fourth advantage is in demography. Demography in the United States is unique. The U.S. is the only major developed country that is currently projected to hold its place, which is currently third place, in the demographic ranking of countries. While the rate of American population growth uh has slowed in recent years, it is not shrinking the population as will happen in Russia, Europe, and Japan. Seven of the world's 15 largest economies will face a shrinking workforce over the next decade and a half, but the U.S. workforce is likely to increase while China's will decline. China will soon lose its first place population rank to India and its working age population already peaked in 2015.

The Chinese sometimes say they worry about [...] also been at the forefront in the development of key technologies: biotechnology, nanotechnology, and the next generation of information technology, which are central to this century's economic growth. American research universities, which are the source of much of this advantage, still dominate the rankings of higher education. In a 2017 ranking by Shanghai Jiao Tong University, 16 of the top 20 global universities were in the United States and none were in China. At the same time, China is investing heavily in research and development, competes well in some fields now, and has set a goal to be leader in artificial intelligence by 2030. Some experts believe that with its enormous data resources and lack of privacy restraints and how data is used and the fact that advances in machine learning will require trained engineers, more than cutting-edge scientists China could achieve its artificial intelligence goals. Kai-fu Lee in his book *AI Superpower* is optimistic about China's role in AI. But, given the importance of machine learning as a general purpose technology that affects many domains, China's gains in AI are of particular importance. Chinese technological progress is no longer based solely on imitation.

If China can ban Google and Facebook from its market for security reasons, the U.S. can take similar steps with Huawei and CTE. However, a successful response to Chinese technological challenge will depend on improvements at home more than on these external sanctions. American complacency is [...] a lack of confidence and exaggerated fears that can lead to overreaction. In the view of former CIA Director John Deutch, also a professor at MIT, if the U.S. attains its potential improvements in innovation potential, China's great leap forward will likely be at best a few steps toward closing the innovation leadership gap. In other words, to summarize this assessment of the balance, or by the net assessment if you want, I would say the United States holds high cards in its poker hand, but the hysteria could cause us to fail to play our cards skillfully.

Discarding our high cards of alliances and international institutions would be a serious mistake. If the U.S. maintains its alliance with Japan, China cannot push the United States beyond the first island chain because Japan is a major part of that chain. Another possible mistake would be to try to cut off immigration. If we did that, for example, we would lose enormous sources of talent and if you look at Silicon Valley companies today, you'd be amazed at how many of them have really been pioneered by entrepreneurial people from immigrant status. In fact, when I asked him once, I asked former Prime Minister of Singapore Lee Kuan Yew whether he thought China would pass the United States in power someday and he said, no. He said it's a natural ambition for them, but he didn't think it would be possible and I asked him why and he said it's because of the ability of the United States to draw upon the talents of the whole world and recombine them in diversity and creativity that was not possible for China's ethnic Han nationalism. This, of course, is spoken by an ethnic Han. So, if the United States were to discard its high cards of external alliance and domestic openness, this net assessment that I described for you could turn out to be wrong.

Now, let me ask, what do we do with a situation where we have the cards stacked, as you want, the way I feel they've been dealt? And, probably the most important thing we want from a strategy is to avoid failures. Just as there are many possible futures there are many possible failures in which a prudent no regret strategy must be wary. Perhaps the most dramatic would be a major war. Even if the U.S. were to prevail in such a war the cost would be disastrous. The case of Taiwan and the dangers of 1914 sleepwalking have already been noted. The second type of failure would be a demonization of China and lapsing into a Cold War that could lead to a



failure to cooperate in coping with ecological interdependence, such as climate change. Similarly, competition which led to failure to cooperate and slowing the proliferation of nuclear biological weapons would be costly for all. On the other hand, a third type of failure would be domestic inability to manage political polarization that now bedevils the United States and to deal with our own social and economic problems that cause a loss of focus and a loss of technological dynamism. If we are going to compete successfully the rising China, we're going to have to get our house in order at home. And similarly, the growth of populist nativism, which could curtail immigration or weaken our support for international institutions and alliances, could lead to a competitive failure. Finally, there can be a failure of vision and values. An attitude of realism or prudence is a necessary condition for a successful strategy, but a sense of vision is also important to generate the soft power. That's another American advantage and where China now lags behind. In other words, there are many ways how not to deal with the rising China, but the best place to begin is to avoid them is to avoid them is by being aware of them.

So, let me conclude by saying that a successful American strategy toward the rise of China has to start at home and must be based on a number of factors. First, we have to preserve our democratic institutions that attract allies. Second, we need to invest in research and development that maintains our technological advantage. Third, we have to maintain our openness to the world rather than retreating behind a curtain of fear. Fourth, we should restructure our legacy military forces to adapt to technological change. Fifth, we should strengthen our alliance structures including NATO, Japan, Australia, and Korea. Sixth, we should enhance our relations with India. Seventh, we should strengthen our participation and supplement the existing set of international institutions we've created to set standards and manage interdependence. Finally, eighth, we should cooperate with China, where possible, on issues of transnational interdependence that I've already referred to.

In the near term, given the assertive policies of the Xi Jinping government, we'll probably have to spend more time on the rivalry side of the cooperative rivalry equation that I described. But, if we avoid ideological demonization and misleading Cold War analogies and maintain our alliances, we can succeed with such a realistic, no regrets strategy. In 1946, George Kennan correctly predicted it would take decades to succeed with the Soviet Union. The United States cannot contain China as we did try to contain the Soviet Union, but we can constrain its choices

by shaping the environment in which it rises. We should avoid succumbing to fear or belief in our own decline. If this relationship were a card game, we would be seen that we had been dealt a very good hand, but even a good hand can lose if it is played badly. So, those are my thoughts about historical traps in search of a policy maker and my advice about how to avoid them. So, I will end there and I'd be happy to answer questions.

**Victor Nee:** Okay, we have some questions from the audience and I'll read them to you. A question from Sergiy Sydorenko. We often view China as a sole actor. Do you think China has its own multilateral power like the U.S. does (NATO, etc.) question mark?

**Joseph Nye:** Well, it's an interesting question and I think the answer is, China doesn't have that much. The U.S. has something like 64 countries as alliances or close relations. China has a de facto cooperation with Russia, but it's limited really to just giving the United States trouble rather than the true alliances they held in the early 1950s. China is tied to North Korea, it's not clear whether that's an asset or a liability. China works closely with Pakistan to balance India. If you had a choice of which of those you'd rather have on your side, I think you'd choose India rather than Pakistan. So, it's very hard to find a serious set of major Chinese allies similar to those that are aligned with the United States.

**Victor Nee:** Okay, we have a second question from Hannah Rudin. For the general public, as opposed to policy makers, what sorts of attitudes should we carry that will lead to more productive conversations about the U.S. relationship with China?

**Joseph Nye:** Well, I've tried to suggest an answer to that in my talk by saying demonization of China and treating China as something similar to the Soviet Union in a Cold War does not prepare us for the nature of the real challenges that we have with China. Most countries in Europe and Asia, with a few exceptions like Cambodia and Laos, want to have an American presence, but they don't want it to be at the exclusion of their trade with China. So, they want American security presence to prevent China dominating them, but they also want to profit from the Chinese market which is a very large, magnetic market in terms of their trade and economic relations. So, as we try to force things into this demonized Cold War imagery, we essentially will

be weakening those alliances and by using that rhetoric at home, it may be attractive – a number of congressmen and senators have been using that kind of rhetoric, and it may help in that sense, as a stick to use in domestic politics – but, it's very counterproductive in terms of as an international strategy. And, if using that kind of rhetoric and imagery leads the American public to see China as analogous to the way they saw the Soviet Union in the Cold War, we're going to limit our own capacity to deal with having a sensible strategy. So, the language we use at home is important not just because it's heard abroad, but because it shapes the attitudes of our own people pressing policy makers at home

**Victor Nee:** Excellent. The next question, I'll edit it a bit, mainly because it's not grammatical quite – it's from Faisal. How much does ideological differences contribute to the conflict or competition and rivalry between the United States and China? And, the second part of the question I can't really add them so much, but the question literally says, as China being a new economic partner to many countries. I'm not quite sure what that means, but let's focus on the first part which is saying to what extent is a difference in ideology the source of the hardened feelings between the United States and China?

**Joseph Nye:** Well, we should be realistic and note that there are ideological differences. And, it works in both directions. The Chinese see the United States as an ideological threat. This is why China basically stole Google's source code in 2010 and prevented Google working in China. This is long before we became suspicious of Huawei, because they want to keep ideological control. They don't want what they call Western pollution from ideas of democracy. So, in that sense the problem is not just ideology on this side, Xi Jinping has been trying to tighten down on party control across the board and that means that he sees this relationship in ideological terms. For us, for Americans, we tend to see an authoritarian system which is depriving citizens of not just a democracy, but of basic human rights and, you know, we'd also see the situation in Xinjiang which is depriving the people - the Uighurs of their cultural identity as well as their personal freedoms and we watched and see what happened in Hong Kong where the Chinese violated the promises of one country, two systems to crack down on democratic forces inside Hong Kong and those are real ideological differences, this is not all imaginary. The question is, what do we put front and center in terms of developing a strategy? And, what I suggested in my talk is that you

start with a careful net assessment of the balance of power and then you use what you can in your alliances to make sure that that balance is structured in our favor. And, then within that framework, you can use the appeal of our system to provide soft power. But, if we get these things reversed and we make this an ideological crusade, we're probably going to misperceive the nature of the balance and alienate a number of allies who might otherwise be willing to work with us. So, I think there is an ideological competition, but I don't think that we should start there. I think what we should start with, as I said, is getting the basics right and then we can criticize China's human rights policy, we can still assert our differences, but it can't be the only or the central guiding feature of a successful strategy.

**Victor Nee:** Okay, so we have a question from Hannah Rudin which I've also edited a bit. But, I'll get right to the essence of the question which is, how will climate change affecting the United States affect our foreign policy with China? Will it give us more leverage, less, or no effect?

**Joseph Nye:** Well, that's a very appropriate question, since we have President Biden in Glasgow right now at the COP26. And, what's happened in terms of climate is China has now become the world's greatest producer of greenhouse gases and the Chinese will reply yes, but per capita we are not as bad as you have been over the years and historically you've filled up the atmosphere with carbon dioxide and so forth. The trouble is, from the point of view of the world temperature or the physical processes, they couldn't care less which humans are responsible for what. All they know is that with certain percentages of greenhouse gases parts per million, the temperature will go up and that will affect all humans who are living in low-lying areas from sea rise, but it will also affect areas which are prone to drought or to flooding.

What's interesting to me is that in the relationship between the U.S. and China, there actually has been some progress over the years on the climate issue. Go back to 2010 and the U.N. climate conference in Copenhagen and the U.S. and China were at loggerheads, totally different views. China was taking the view that you Westerners caused this, we don't have to worry about it. The Obama administration worked with China and negotiated some bilateral arrangements and by 2015 at the time of the Paris climate accords, China was willing to sign on. China has boycotted - or not boycotted, but Xi Jinping has not appeared at the Glasgow COP26

and instead China has increased its coal production, because it's worried about the effects on the economy of a slowdown. So, we're making some progress in some areas and not in others.

Last summer, Chinese Foreign Minister Huang Yi warned that the U.S. could not expect China to cooperate on climate. He said, in effect, you can't treat climate as an oasis in the middle of a desert of overall relations and he has a point. But, on the other hand, China has to realize that if the Himalayan glaciers melt or if drought creates a desiccated agriculture in China, that's the real threat to the Chinese Communist Party holding onto power which is their central focal point or their guiding light. So, they're not doing this to do a favor to us. The danger is that China misperceives this as asymmetrical, which is that, say that they don't worry as much about climate as we do and thinks therefore they can use it as a weapon against the United States. I think they're going to be mistaking their own interests and so I think how this is going to play out over the next years is extremely important. And, former Secretary of State Kerry, who's Biden's climate advisor, is going to be trying to make to China the points that I just made, which is that it's then their interest and we should be working together on this, not using it as a bargaining ploy against each other. But, as I said, this is a work in progress. We'll have to see. There has been progress from where we were in the past, but there's still a long way to go.

**Victor Nee:** Okay, here's a question, to what extent does change in American government's policy towards foreign aid, services and goods to maintain the international order, and its decline help the rise of a new order led by China? I think that's what the question tried to ask, is the perceived decline in American foreign aid.

**Joseph Nye:** Well, the U.S., I think, should be doing more on aid. China has been using its Belt and Road Initiative to support infrastructure projects in a number of countries and so, many people say that it is going to increase China's soft power, because countries will be grateful to China for this aid to infrastructure and unless the U.S. provides as much aid that we will fall behind. On the other hand, when you look more closely, for example, at Chinese aid in Africa or in Southeast Asia you'll find that in a number of cases, the terms of the aid are not grants, but are loans that market interest rates and they've created, in some circumstances, situations which lead to difficulties of repayment. So, the American aid is more often in terms of grants than loans, the

Chinese more often in terms of loans and grants and I think that has to be considered as much or more than the total numbers of dollars or yuan that are expended.

Basically, the Chinese have made an effort to increase their soft power through aid, such as the Belt and Road Initiative, but, it's interesting if you look at the Pew polls, which are taken internationally of the attractiveness of different countries, the U.S. outscores China in all continents, except for Africa where the U.S. and China are roughly tied and so in that sense it's not clear that China has been that successful in its political use of aid. But, certainly the U.S. should do more. To go back to a comment that I made earlier, I think the U.S. should be doing much more in terms of aid to poorer countries for vaccination and that, I think, would be - since we have a better vaccine than the Chinese vaccines, we have an advantage there, better meaning that scientifically it's been judged to be more effective. But, even more important, if having people vaccinated in other countries is not only a benign or benevolent thing to do which can increase our soft power, it's also in our self-interest, if you have large parts of the world which are unvaccinated, these are reservoirs of unvaccinated humans for viruses to infect and then mutate. The virus doesn't care about the nationality of the human it affects. It just wants a host where it can develop and maybe develop a new strand. So, I think the Americans should do more with aid but I would focus it very heavily on the area of vaccines.

**Victor Nee:** Well I think I'll take the opportunity to ask the next question if you don't mind. And, in a way, somehow, it's on behalf of my former teacher who recently died, Ezra Vogel, and he published a book, a very ambitious book, on the relationship between Japan and China, going back to the Tang dynasty to the present, and pointed out that that relationship was a peaceful one for almost all the history, except for this short period in the 20th century. And, the question is whether East Asia, which did not have major wars between countries until the early the 20th century and the middle part of the 20th century, whether countries like Japan and South Korea can play a role in mediating the relationship between the United States and China rather than simply forming an alliance like NATO against China which can be also an area of increasing risk of sleepwalking into war?

**Joseph Nye:** Well, I share your admiration for Ezra Vogel. When I was chairing the National Intelligence Council which does intelligence estimates for the President in the Clinton

administration, I asked Ezra to come down from Harvard to be the National Intelligence Officer for East Asia. He did a splendid job at that and then afterwards, when we were both back at Harvard, I participated in a number of conferences that Ezra held bringing together Chinese and Japanese to reassess history and they quickly discovered that while Japan had done some terrible things to China in World War II, that China wasn't letting in the same thing. Japan had done terrible things to Korea in terms, ever since 1910 with colonialism and so forth, but in neither case were the current governments willing to let go. It was too useful in terms of domestic politics to give up. So, the historians that Ezra gathered said what you said, that there were times when there could be good relations between these countries, but when you looked at the way textbooks were written in these other countries and you look at the speeches that politicians gave it was clear that that's not the way the public was being educated.

In those circumstances, you find that Korea, or even more Japan, is very concerned about not being left alone with China. I mean they feel that China, essentially, is going to try to overall them to be their local hegemon and so forth, so it's interesting that you used to find in Japanese politics, let's say 20 years ago, a faction of the Liberal Democratic Party that was known as pro-China. You don't find that anymore and it wasn't because the Americans discouraged it, it's because of reactions to Chinese heavy-handed actions such as the incursions into Japanese air defense zones and so forth, so I think in that sense the Japanese and the Koreans want reassurance that the Americans are not going to abandon them and leave them to pressure from China. They also don't want the Americans to try to cut off their trade with China. They want to have a little cake and eat it too, which is natural. So, in that sense, the Americans have to be very careful. If they provide security guarantees to Japan and Korea, which we do, that we don't try to prevent good trading and social relations between Japan, Korea, and China and maybe with time, and I'm talking about many decades, you can see a return to a different type of relationship among younger generations, for example, but in the near term I'm afraid Ezra's project of trying to reconcile these countries with their history is not going to succeed.

**Victor Nee:** Okay, and here's a question that suggests we have a global audience here listening to the talk, a question from Carlos Noricumbo. What will be the role of Latin America and its relationship with China and the United States? I'm not quite sure what Carlos wanted you to

respond to, but again, Latin America has been an area where Chinese Belt and Road and foreign policy has been very active.

**Joseph Nye:** Well, the Chinese have a number of Belt and Road projects in Latin America as well as other investments and many Latin American countries are quite happy to have these resources and these investments and that's fine. The question one has to ask is, has it paid off for the Chinese? In other words, leaving aside particular cases like Venezuela and Cuba and so forth, but looking at let's say Brazil or Peru or Colombia, Argentina, you don't find a great upsurge in positive views toward China. Then, there's a desire to have Chinese resources, Chinese president they don't want to be cut off or isolated, but you don't find a surge of pro-China feeling in the public opinion polls. You do find, in terms of the United States, there is a traditional and justifiable concern in Latin America about American policies and how America has treated Latin America. But, what's interesting to me is that the polls, Pew polls and Gallup polls and so forth, don't show that in Latin America. The U.S. still does better than China in terms of assessments of its attractiveness.

**Victor Nee:** Okay, we have a very difficult question to answer and I will read it, from Yu Xi at Princeton University, he is a sociologist, and he asked: what should the U.S. should do if China invades Taiwan? If the U.S. does not get involved militarily, will it ruin the international coalition? I think it's an impossible question to answer, but it is a question.

**Joseph Nye:** It's a question which is on many people's minds today and elsewhere, so it's a very important question. It's also a question which the United States has refused to answer unambiguously and this has often been called strategic ambiguity. Let me give you an example. When I was in the Pentagon, I went to Beijing and was asked that question by a Chinese official and I said you know it doesn't matter what I say and if I said one thing or the other, you shouldn't believe me, because in 1950, the Secretary of State Dean Acheson said that Korea was outside our defense perimeter and within six months we were at war in Korea. So, you can't really determine how we will respond until you know the circumstances. I said if you have a situation where Taiwan unilaterally declares independence and provokes China perhaps the U.S. wouldn't respond. If you have a situation where it looks China is aggressive and is bullying Taiwan, who



knows, we might very well wind up in defending Taiwan and in war and the reason that we followed this policy of strategic ambiguity is that we wanted what we call double deterrence. You wanted to deter Taiwan from declaring de jure independence. You wanted to deter China from basically using force. So, the policy was designed to essentially accomplish two things at the same time. If you made an absolutely clear declaration, yes, we'll always defend Taiwan, then the Taiwanese say, good, we'll declare independence. If you made an absolute, clear declaration that you wouldn't use force, then the Chinese would say, good, let's take over Taiwan. So, the Americans have been trying to keep a middle position on that to prevent either of those actions.

Now, some people in recent years have said as Chinese military strength has increased, China will be tempted to take over Taiwan and we have to do more to deter China. And, so that two sides of the strategic ambiguity, we have to make it become - the defense of Taiwan less ambiguous. It's interesting that when President Biden was asked this a week or so ago, he hinted that he that he might lean in that direction. But, immediately afterwards the White House said the President had not changed the policy. I suspect that ambiguity is going to continue for a while and that a full answer to that very good question is not going to be provided.

**Victor Nee:** Okay, we have five more minutes and I'd like to give Peter an opportunity to ask a question uh and the last question. Peter, do you have a question?

**Peter Katzenstein:** Sure, so Joe, Frank Fukuyama was here two weeks ago and gave a very comprehensive overview of world politics, but the core of it was that the domestic crisis in the United States was very far advanced, that basically the apple had a rotten core, and it wasn't really clear how we could have a coherent strategy about anything until the domestic politics had sorted itself out. And, he was pessimistic about that. So, in your characterization of grand strategy, there's quite a lot of talk about misperception. Well, we live in a society in which misperception is deeply institutionalized and fully institutionalized in Congress, which used to be, you know, a legislative branch with some power. And, I wonder how a diplomat thinks about sleepwalking into a world with these complexities, because the Germans were sleepwalking in 1914 largely because of this function of the domestic political situation.

**Joseph Nye:** Well, I think it's a very serious question, Peter, and I've written a *Project Syndicate* column which is coming out, saying that this may be the single most important question, which is the future of American democracy. And, that's why when I gave the eight points of my little strategy at the end of my talk, I started with getting our house in order at home, particularly in relation to democracy. So, if Frank is right that the apple is fully rotten, then it's a very pessimistic prognosis.

An alternative view is to say that we've been through periods like this in the past. In the 1930s, we had a real threat to democracy. Roosevelt didn't feel we could preserve it. In the 1960s, we had three assassinations, a failed presidency, and cities in flames and, as you may remember, the Center for National Affairs at Harvard was bombed by the Students for a Democratic Society. So, we've seen some pretty bad periods in the past. The question is how one feels about resilience and the capacity of the American democratic process to be resilient. My colleague Bob Putnam says generational change will reinforce this type of resilience and others as you mentioned, Frank, or quoted Frank, on this are more pessimistic. If you look at something like Ezra Klein's very good book *Why We're Polarized* you can come out somewhere in between those two and I think that's probably where I am.

**Victor Nee:** Well, we are without time for another question. And, so I'd like to ask you if you would like to make a closing statement in two minutes.

**Joseph Nye:** Well, my closing statement would be pretty much what I said in the opening. I've dealt with a set of crucial questions in terms of how they will affect the 21st century, but I don't have the answer. But, nobody has the answer. So, what we have to be careful about is, as we think about them, to say what we do know, what we do not know, and how do we, as I said, follow a policy of no regrets in which we avoid failures rather than maximal goals of achievement. I personally think that the U.S.-China relationship is manageable. But, I think as I said in the at the end of my talk that even though we can manage, it's possible that we will not and that takes me back, if you want, to Donald Kagan's comments about the Peloponnesian War. It really wasn't inevitable, it was caused by policy mistakes made by Athenian statesman.

**Victor Nee:** Well, thank you so much for this wonderful lecture with all the wisdom of a sage and the acute, penetrating analysis of a great scholar. We've really greatly benefited from your taking the time to share your analysis with this audience that is tuning in from all over the world. This morning, I thought we should have sent an invitation to the White House to attend your talk and I realized that we should have and we've missed an opportunity. But, we will send them a video link for the talk and the transcripts, so they can benefit from your wonderful, thoughtful, wise analysis of a complex question. Thank you.

**Joseph Nye:** Well, thank you very much, Victor and Peter. I enjoyed the visit.