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Panel: G2 or G1? U.S.-China Relations

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Talking Points for: Douglas H. Paal, Carnegie Endowment for International Peace

One of the advantages, and there aren't many, of being around for a long time is that you eventually see everything again and again. The topic of this panel is one such example. It was only 25 years ago when the concept of G2 first surfaced, envisioning the then-rising Japan as America's partner in ordering the world's affairs. The United States was running its famous double deficits in trade and the budget, and Japan was the world's biggest saver and trade surplus country.

Here we are again, with America's many flaws and disorders on endless display, and China's foreign exchange reserves and growing military capabilities there for all to see. Little wonder then that Zbig Brzezinski's 2007 concept of a G2 between Beijing and Washington has found its way into the marketplace once more.

The global financial crisis of 2007-2009, contemporary with China's illustrious hosting of the Olympics and unheard of trade surpluses, fed a surge in declinist arguments about the end of the American century and the arrival of a Chinese century. They continue today. Harvard Professor Joseph Nye has just written an enlightened book examining the phenomenon. Asan has published an insightful book on “Pax Americana 3.0,” which makes the same major argument as I do that America's century is not over.

The capacity of the U.S. system to change in response to changing conditions makes sweeping generalizations dangerous. For example, the United States has achieved energy independence after decades of searching for a policy formula to achieve that status, and it did so entirely through the private sector and despite the best efforts of the government to dictate the outcome. Entrepreneurship remains ferocious and attractive throughout the world despite shrinking defense and R&D budgets. The population remains relatively young and upwardly mobile despite the maturity of the U.S. economy. I could go on.

The policy implications of this are important. First, America is not going away, so its friends and allies should not fear a precipitous and destabilizing exit. But, the re-rise of China and its unprecedented international reach will pose challenges to the United States and its friends. Conflict is unthinkable, and containment is not a realistic option, so there is going to have to be accommodation in both directions.

Second, policy making is going to have to become more multinational and multi-

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dimensional. The gap between the United States and the rest has been narrowing, which is a tremendous global success story, but it means the rest are going to have to do more of the things the United States used to take care of. If problems, such as Ebola, are to be addressed, every nation has to do its share, including China, which actually did so.

Third, China’s recent economic successes will hopefully remain permanent, but as China’s leaders are well aware, the challenges and risks are enormous. China and Japan are dissimilar in many ways, but the paths they take may have striking similarities, depending on the choices China’s leaders make.

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