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THE POSSIBILITIES OF A PAX PACIFICA FOR THE 21ST CENTURY

CHINA-US RELATIONS (2012-2017) UNDER PRESIDENT XI, OBAMA OR ROMNEY

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The history of China's engagement with the West has often been one of mutual non-comprehension.

I was reminded of this again when reading a recent biography of Matteo Ricci, the 16th century Italian Jesuit and his various unsuccessful attempts to engage the Chinese imperial court.

Matteo Ricci is probably regarded as the patron saint (albeit secular rather than divine) of those of us who claim to be sinologists.

A student of Chinese language, literature, philosophy, science and religion, Ricci was a formidable scholar.

He mastered the written and spoken language when there were no dictionaries or grammatical texts to rely on. So he wrote them.

He translated the four books of Confucianism into Latin; he wrote treatises on Chinese and classical Western concepts of friendship; treatises on the art of memory; treatises on 25

imagined discourses between Chinese Confucians and Greek Stoics; treatises on geometry, mathematics and astronomy; and just for good measure, to demonstrate that he was truly a son of the renaissance, he also wrote “Eight Songs for the Western Harpsichord Dedicated to the Son of Heaven”.

And if that was not sufficient for this 16th century polymath from the Society of Jesus, he was also a formidable cartographer and maker of clocks – which he routinely presented to local provincial and central officials of the Celestial Kingdom.

After nearly 20 years in China, and most of these achievements already behind him, Matteo Ricci memorialised the Imperial Court with the objective of seeking an audience with the Emperor Wan Li.

The Imperial Court’s response to Matteo Ricci was as follows:

“Li Madou (that is Ricci’s Chinese name) claims that he is from the far West, but there is no mention of any such place in the Ming Dynastic histories and it is therefore impossible to know whether he is telling the truth...

the gifts he offered to the Emperor are insignificant and of little value...

he should be given some lengths of silk, a hat and a belt in order to go back to his own country...

He should not be allowed to reside in Beijing or Nanjing because of the risk that he might cultivate good relations with the eunuchs of the Imperial Court and incite rebellion”

Not an entirely encouraging response after 20 years of effort.

And of course if we look carefully at Matteo Ricci’s correspondence with his superior in Rome, with 400 years of hindsight we can also say that his reflections on the China of his time were not entirely objective.

400 years later, while we may have made considerable progress in this great civilizational project of mutual comprehension, it pays for all of us to read Ricci’s history again to remind us how difficult the task remains today.

All of which would be only the concern of classical scholars if we were not now confronted with the modern phenomenon that this most ancient of civilizations is now about to become once again the largest economy in our contemporary world, as well as one of the world’s great powers.

Suddenly scholars of classical China have become highly relevant to the modern world – not least because China’s political leaders, and in particular its public intellectuals, continue to draw extensively on Chinese classical tradition in shaping modern Chinese statecraft.

For example the recent study by professor Yan Xuetong of China's prestigious Tsinghua University entitled "Ancient Chinese Thought, Modern Chinese Power" is one of many cases in point.

Professor Yan at present is working on another study which seeks to construct an ethical foundation for modern Chinese foreign policy based on the cardinal virtues of classical Confucianism.

And if all this seems a little too esoteric, in case you missed it, the opening ceremony of the Beijing Olympics in 2008 was a public celebration of China's classical Confucian tradition from beginning to end – I don't recall Marx, Lenin or Mao making a single appearance.

I make these points here in this great University because how we in the west analyse China today, both within the academy and within the policy establishment, is now critical to the central task of how we shape a common future with China in the critical decade that lies ahead under the leadership of Xi Jinping.

That's why in my 2009 Morrison lecture, at the Australian National University, as Australian Prime Minister I called for "a New Sinology" – or "Hou Hanxue".

I argued this because up until now, much of our sinology has either typecast China as exclusively a threat or an opportunity.

Whereas the challenge of our future sinology should be to analyse China in all its integrated complexity, rather than in the self-contained silos of history, literature, philosophy, politics, economics, sociology, international relations and strategic studies.

Because the reality is that the emerging Chinese leadership is shaped by all of these dimensions rather than a clinically separate, self-contained Chinese state-craft.

That is also why I have also argued in earlier lectures against stereotypical responses to China to what I have described as "Neither Conflict nor Kowtow – a third way for dealing with China".

And that is why in an earlier lecture at Peking University in 2008, I argued for a new concept of friendship in engaging with China – not the traditional formulaic concept of "pengyou" which is used without discrimination to practically all foreigners, and with an implied assumption that these foreign friends would never do anything or say anything to cause offence to Chinese political elites.

Rather, drawing from the Chinese classical tradition, I argued for a concept of "zhengyou" which also means friendship – but a friendship based on deep mutual respect, genuine affection but equally a capacity to be candid with one's friends when necessary.

Of course, in all this discourse on Western Sinology, both within the academy and within the policy institutions of state, there is a danger that this all becomes the sound of one hand clapping.

Or to quote the great moral philosopher of our age, Mae West: “Honey it takes two to tango.”

So equally, in the Chinese analysis of the West in all of our complexity, it is neither analytically valid nor politically useful to clinically divide us into camps of “fanhua” or “qinhua” – that is those who are “anti-China” and those who are “pro-China”.

This may have had some utility during the ideological rivalries of the Cold War and even the Cultural Revolution.

But as a term of analysis for China’s political, bureaucratic and academic elites to categorize westerners today it is virtually meaningless.

Perhaps there is a debate already under within the Chinese academy on the need for a “New Occidentology” as China increasingly comprehends that given the cultural and democratic dynamics that characterize the collective West of the 21st Century, monolithic assumptions about “the West”, or even the United States, are even more useless than some of the West’s monolithic assumptions about contemporary China.

So where does all this lead: with China as the dominant global economy and as a global great power, our ability to both analyse and, most critically, to synthesize the complexity of modern China is now essential for the purposes of both national and global public policy in all its domains.

China is no longer an abstract intellectual curiosity.

It is now deeply relevant across the range of issues that confront all chancelleries across the world.

It is slowly dawning on the collective West that in the decade ahead, for the first time since mad King George was on the throne, the world’s largest economy will be a non-English speaking, non-Western, non-democratic state.

And given the fact that the current post-war global political, security and economic rules-based order was effectively constructed by the Anglo-American western democratic hegemony in the ashes of the last World War, it is critical that we begin to think through whether the values, policies and institutional assumptions that have characterized the post-war order will simply self-perpetuate into the future – once the underpinnings of prevailing power realities begin to change.

Which brings us dramatically to the central question which we seek to address today; what does the rise of China in reality mean for the United States, the rest of Asia and the rest of the world?

And most critically, what, in policy terms, should we be doing about it?

My argument is simple:

- First, that with the emergence of new administrations both in Beijing and Washington next month, we now need a new strategic roadmap for US-China relations;
- Second, that part of this roadmap is the construction of a robust, regional rules-based security order and this should include what I have long argued to be the need for an Asia-Pacific community; in addition to what I have more recently argued for as the need for a new Pax-Pacifica which is anchored in core principles as well as concrete confidence and security building measures;
- And third, globally, the United States and China must now work together on making the current global rules-based order work, given that by and large the current order no longer does.

I fear that at this point of global economic transition between one economically dominant power to another, that unless political will is harnessed in the direction of these three concrete tasks, there is in the medium term, a real danger of strategic drift and conflict by default, whether by accident or design.

I also believe that this is not simply a project for the Americans and the Chinese alone.

Given its civilizational dimension, it is a project for all of us – both in Asia and in Europe.

It should seize our intellectual energy, our policy dexterity and our diplomatic capacity.

Because it is my contention that this is probably the core challenge of our time – not just avoiding conflict and war between China and the United States because of its disastrous consequences for us all; but equally critically how we construct a durable peace without capitulating on the universal values for which we collectively stand.

Conflicting Forces across Asia

At this point I would like to draw directly and extensively from recent remarks I made to the Sydney Foreign Correspondents' Association on a new Strategic Roadmap for US-China relations over the next five years.

Those remarks were predicated on President Obama returning to the White House for a second term.

In my remarks today I add my analysis on how such a Roadmap could be influenced in the event of a Romney Administration.

While the strategic imperatives would be common to either Administration, the domestic political imperatives may be of a different nature.

But whoever occupies the White House and Zhongnanhai after November, the stakes for all of us are very high indeed.

What we are now seeking to do in Asia is to avoid repeating the mistakes of Europe over the 300 hundred years between the Treaty of Westphalia and the Fall of Berlin.

Across the centuries of rampant European nationalism, most particularly the first half of the current century, with the Second World War, the cost in lost lives and lost prosperity was unprecedented in human history.

Until finally the Europeans in the post-war period decided that there had been enough bloodshed.

And so the beast of European nationalism was finally tamed in the new institutions of Europe.

Asia today is in the midst of the competing cross-currents of history.

The new forces of economic globalisation drawing our countries, our economies and our peoples ever closer together.

While at the same time the ancient, almost primordial forces of political nationalism always seeking to tear our countries and our peoples apart.

At various times over the last half century, we have seen this on the Korean Peninsula.

Across the Taiwan Straits.

In the border clashes between India and Pakistan over Kashmir.

As most recently, the many unresolved territorial disputes involving multiple regional states across the South China Sea, the East China Sea and the Sea of Japan.

The challenge is ultimately one of whether the globalists or the nationalists will prevail.

The political and economic stakes are very high indeed.

Which brings us back to the future we choose to construct in the Asian hemisphere.

I have never believed there is anything determinist about the inevitability about the drift towards conflict and war – as some sort of later-day fulfilment of Huntington's "Clash of Civilisations".

No, it is for us, the women and men of this region, to choose what future we would build for

ourselves.

And for this purpose, the mindsets we bring to this task are fundamentally important.

I have always belonged to a school of politics, both domestic and foreign, which believes that ideas matter.

And it is ideas that shape our conceptual framework (in other words our mindset) which in turn influences how we behave to one another.

In international relations theory, the strategic “realists” would argue that the natural, dismal state of humankind is one of anarchy interspersed with conflict and war; and that the only way of minimising these risks is through the elaborate construction of a balance of power.

By contrast, so-called liberal institutionalists would argue that the things that unite the various states of the world are far greater than those which divide us and therefore we can construct global institutional arrangements and agreements to maximise the positive and to minimise and manage the negative.

Personally I believe there is a perfectly rational synthesis which can be crafted between these two world views – one which is mindful of underpinning, strategic realities, power politics and balances with power; while at the same time constructing regional and global institutions which not only take the edge off the acute nature of strategic competition and rivalry, but in time build the level of mutual confidence and trust necessary to craft a different and significantly more cooperative future.

Australian foreign policy falls much within this frame – in what I have long called creative middle-power diplomacy.

I believe that as a significant power within our region, and a middle-power within the world, we have not only a voice but also ideas to bring to the international diplomatic table.

And none more so than how to secure a sustainable, long-term regional rules-based order which preserves our common peace and prosperity, while not compromising the values for which we have long stood.

And the kernel of this problem (or, as we should see it, this opportunity) is the development of Sino-US relations over the next half decade.

This will be a period of profound transition.

When the aggregate economic power of these two great countries will for the first time be of comparable magnitude.

This is indeed the time to craft what I have also called, not just an Asia-Pacific community but a wider Pax Pacifica to underpin our wider future.

The New Chinese Leadership

A core part of this equation is what the new Chinese leadership will want for its future relationship with the United States and the rest of the region.

First, the new leadership will seek to sustain the political pre-eminence of the Chinese Communist Party within the country.

This is no mean feat given the party's endemic problems with institutional corruption which its own leadership continues loudly to criticise.

The Chinese Communist Party is still a Leninist party - but no longer a Marxist-Leninist party.

Its ideological legitimacy depends not on national or global class struggle but on its ability to continue to support rising living standards as well as continuing to restore China's international stature in the eyes of the world, as it once enjoyed in the past.

For the Party, therefore, both the economy and nationalism matter.

If these were seen to be significantly impinged or impaired by future developments, it would impact on the Party's perceived legitimacy.

At the same time, democratic forces within China also now have greater space to operate than used to be the case. There is now a much more open debate about Chinese policy questions in the Chinese media.

Of course there are subjects that are still off limits which go to the heart of the Party's internal political life.

But the public debate, both in the mainstream media, the social media and on the ground through popular protest activity over local decisions, is now a firm and probably fixed feature of Chinese national political life.

It is difficult to predict how much further the new leadership would be prepared to go on these questions – that is China's long-term democratisation.

Historically it has always been safe to assume that China, under the Communist Party will not democratise.

The Party's emphasis to date has been to improve what is called "internal party democracy".

And with a mass political membership of more than 80 million, this is no mean feat in itself, particularly given the traumatic leadership transitions which occurred virtually every decade in China's modern political history until we reached the 1990s.

My own instinct is that the new leadership will use its first term to both entrench and

deepen China's domestic economic reform agenda.

This is a gargantuan task in itself.

And that any formal steps towards more political reform are more likely to be deferred to Xi Jinping's second term – assuming the economic reform program is properly implemented and the Chinese economy itself continues to perform.

The second priority of the new leadership, consistent with its predecessors will be to maintain the national political unity of the People's Republic.

Any form of separatism remains inconceivable within domestic Chinese politics – be in Tibet, Xinjiang or Taiwan.

In Chinese political history, the heroes are those who unite the Chinese empire. The villains are those who allow it to fall apart, or else make it vulnerable to foreign invasion.

Repressing separatist movements in these three regions have long been defined as China's core interests – “hexin liyi”.

More problematic has been more recent Chinese claims that various off-shore islands in the South China Sea and elsewhere (including their surrounding territorial seas) are also part of China's core interests.

This claim is hotly contested by a range of regional powers and is the source of considerable regional instability at present.

Nonetheless, China's military posture is in large part shaped by these “core interest” considerations concerning “the unity of the Motherland”.

China has had little, if any, history of significant external invasion of either neighbouring countries or beyond – including when the Chinese Empire was the undisputed superpower of Asia.

Nonetheless, China in recent times has exhibited an increasing interest in defending its own international sea lines of communication covering its energy supply routes across the Indian Ocean to The Gulf.

As well as extending the range of consular services that China is now required to provide to millions of Chinese nationals now living and working abroad, often in some of the most dangerous parts of the world, including most recently Libya.

Third, where I believe the new leadership is likely to most significantly depart from the previous leadership over the last decade is in the pace, intensity and direction of China's domestic economic reform program.

It is true that the 12th five year plan delivered at the end of 2010 by China's outgoing

leadership represents a fundamental conceptual break with the past – substituting its old growth model of low wage, labour intensive manufacturing for export, to a new growth model based increasingly on rising domestic consumption, lower savings and investment and the rapid expansion of Chinese services industries.

But while China's transformation to a new growth model has been officially proclaimed, it has not yet been effectively implemented.

That will fall squarely into the in-tray of the incoming Chinese leadership.

This brings into sharp focus the likely composition, character and policy predilections of the new Chinese leadership.

The core of the Chinese political leadership structure is the Standing Committee of the Politburo.

This nine member body is the closest China comes to a cabinet system of government.

Together with the Central Military Commission, it lies at the core of Chinese political power.

The State Council, chaired by the Premier (himself a member of the Standing Committee of the Politburo), is a both a policy and administrative body that formally presides over China's government (as opposed to its party and military) apparatus.

While significant in policy terms, it is the most junior of these three entities – although the Chinese would argue that the functions of all three are radically different.

At the apex of the Politburo Standing Committee will be Xi Jinping who will be elected General Secretary of China's Communist Party, President of the country, as well as Chairman of the Central Military Commission (although there may be a two year delay in his transition to the latter at position, consistent with the transition that occurred between Jiang Zemin and Hu Jintao) a decade ago.

I believe Xi Jinping to be experienced, confident and self-assured and because of his family's political pedigree, comfortable with the mantle of political leadership.

He is the son of a former Politburo member Xi Zhongxun who's political career mirrored that of Deng Xiaoping – with all the rises and falls from political favour that his generation endured under the increasingly erratic leadership of Mao Zedong.

Xi Zhongxun has a significant PLA background prior to 1949, and a significant role in the economic management and reform tasks that China faced post 1949 when Deng Xiaoping was either Vice Premier or Premier.

The point of all this is that I believe Xi Jinping is confident of both his military and economic reformist credentials, and this therefore places him in a good position to negotiate the complex internal shoals of high-level party politics.

In addition to this, Xi brings to the table vast experience of both municipal and provincial level administration across both China's richer and poorer regions.

As for Xi's views of the world, in his domestic roles he has had extensive engagement with foreign corporations given that his own administrative career has coincided with a period of China's most intense program of domestic economic reform and global economic engagement.

Over the last five years since he was first elected to the Standing Committee, he has travelled extensively around the world (including Australia) and has spent extended periods of time in the United States as the guest of Vice-President Biden, and earlier as Biden's host during the latter's extensive tour of China.

By instinct Xi has an inquiring mind and is deeply interested in the world.

He is confident in the knowledge that he has accumulated, but equally clear about what he does not know – and that which he seeks to understand more completely.

I have long said that I believe Xi Jinping is a Chinese leader that the Americans can do business with – not just in shaping the long-term contours of Sino-US relations in a new, constructive strategic direction, but also in shaping the broad architecture of a new rules-based order for Asia.

Leadership matters in the PRC and it matters very much who sits at the apex of the Chinese political structure.

Because the Chinese political structure is intensely hierarchical, the ultimate calls are made by the Standing Committee of the Politburo, and in that context final calls are often made by the President himself.

History may well prove me wrong – but given the formidable strategic and economic challenges that lie ahead, both for China itself, and China's place in the region and the world, on balance I believe Xi Jinping to be the man for the times.

And what of the rest of the Standing Committee of the Politburo?

The current nine member body is most likely to be reduced to seven to make it more manageable.

Xi Jinping will be joined by Li Keqiang (current Executive Vice Premier) as Premier.

Also by Wang Qishan, currently Vice Premier and an important figure in China's overall international engagement, including with the United States.

Other members of the Standing Committee are likely to be drawn from the likes of Zhang Dejiang (current Vice Premier and temporarily Chongqing Party Secretary replacing Bo Xilai),

Li Yuanchao (Head of the Party Organisation Department), Zhang Gaoli (current Tianjin Party Secretary), Liu Yunshan (Head of the Propaganda Department).

The bottom line is this. If the Standing Committee is drawn from individuals such as these, its centre of policy gravity is likely to be significantly reformist in terms of the future direction of Chinese economic management.

These individuals are sufficiently experienced to know what must now be done with the Chinese economy in order to sustain high levels of economic growth, continued increases in living standards, the lifting of the remaining hundreds of millions of Chinese people still in poverty into a better life;, and providing sufficient jobs for the tens of millions of young, educated Chinese bursting onto the labour market each year.

I believe the new Chinese leadership may well embrace the following policy directions.

We are likely to see further market reforms of the Chinese economy.

I believe we'll see reforms to China's state-owned enterprises and the possible privatisation of some.

I believe we'll see reforms to the Chinese financial services industry and a greater ability for Chinese private enterprises to have easier and more competitive access to finance, sustain and expand their operations.

I believe we'll also see further reforms to Chinese currency markets which over time is likely to make Chinese imports more competitive in their domestic market.

None of this is to underestimate the formidable domestic policy challenges that the new Chinese leadership will confront as they seek to implement this next phase of economic reform.

These include:

- Long-term energy and resource security;
- The imposition of carbon controls to limit environmental and economic damage to China itself;
- Water scarcity;
- Land management decisions giving rise to massive local protest activity;
- Inequality (between cities and the countryside and between coastal, inland and western provinces);
- An increasingly open social media debate; the assault of materialism on traditional socialist values; and the rise of new religious forces and alternative belief structures;

- And, from Beijing's perspective, an increasingly non-benign foreign policy environment in relation to many of China's neighbours. The challenge therefore for the new leadership will be to implement a further large-scale transformation of the Chinese economy and to manage the range of other policy and political pressures that will also dominate the domestic landscape over the next five years.

The Obama Administration

If President Obama wins the next election, he will also be well positioned to extend a hand of new strategic cooperation to China's new political leadership.

Congress is unlikely to grant him an easy ride in terms of the passage of core elements of his domestic legislative reform program.

Foreign policy, therefore, presents itself as a likely domain for Presidential leadership over a second term.

Furthermore, his hand will be emboldened by the fact that he will not face the prospects of negotiating a further re-elect.

Also, the Obama Administration has laid down some fundamental pillars in its future engagement both with China in particular, and the Asian hemisphere in general.

At the military level the administration has executed its "rebalance" to Asia, underlined in black and white, and in the numbers of nuts and bolts on US naval vessels, for America's long-term strategic engagement in Asia and the Pacific.

Diplomatically, the administration under the leadership of US Secretary of State Hillary Clinton has been more active in the region than most of its predecessors; and has further entrenched its regional engagement in Asia by becoming a full member of the East Asia Summit.

Economically, the administration has backed the enhancement of the Trans-Pacific Partnership to include other major economies in the region (including Japan) as well as prospectively leaving the door ajar for China as well.

Despite the inevitable diplomatic frictions arising from each of these measures, the overall strategic settings for US continued engagement in Asia have been put in place.

They have also been responded to positively by most (albeit not all) countries in the region.

A Romney Administration

So the question arises: what would happen in the event of the election of a Romney

administration?

Governor Romney has written in the Wall St Journal:

“The sum total of my approach will ensure that this is an American, not a Chinese century. We have much to gain from close relations with a China that is prosperous and free. But we should not fail to recognize that a China that is a prosperous tyranny will increasingly pose problems for us, for its neighbours, and for the entire world.”

He said he would increase the US military presence in the Western Pacific.

He has said that he would sell new American fighter jets to Taiwan.

Governor Romney has also stated that he would brand Beijing as a currency manipulator on the first day he was in office.

Asked directly in the third Presidential Debate: “some people are saying you’re just going to start a trade war with China on day one. Is that — isn’t there a risk that that could happen?”

Governor Romney replied "There's one going on right now, which we don't know about it. It's a silent one. And they're winning."

And furthermore Governor Romney said "We have to say to our friends in China ... you can't keep on holding down the value of your currency, stealing our intellectual property, counterfeiting our products, selling them around the world, even to the United States."

Of course the \$6000 question is how much these various statements survive the transition from a political campaign to a Presidential Administration.

As everyone who follows these debates closely recognises, there is a long history of public political polemics against China in the lead up to US presidential elections across the decades, only to be reduced in their intensity once the election is held.

Henry Kissinger has nonetheless observed “In each country [the U.S. and China] there are domestic pressures that emphasize disagreements that might arise. We see that in our political campaign in which both candidates are using language about China which I think is extremely deplorable”

Within a possible Romney Administration, the reality is that there would be a range of personnel who hold moderate views on how to deal with the China relationship.

People like Hank Paulson, the former Secretary of the Treasury, have been directly engaged in the US-China Strategic Dialogue for years are fully versed concerning the complexities of the relationship, including a period in Sino-US relations when the Yuan had a valuation approximately 25 per cent lower than is currently the case.

People like Bob Zoellick, until recently President of the World Bank and a possible Secretary

of State or Secretary of Treasury in a Romney Administration, who has dealt with the Chinese for decades and is himself the author of “The responsible global stakeholder theory” as a framework for engaging China on questions concerning the global order.

Then there is Jon Huntsman, a previous Republican candidate, previous Obama Administration Ambassador in Beijing and a Chinese speaker, who subsequently endorsed Romney for the White House after his own withdrawal, who may also become part of Romney’s China team.

Nonetheless it would be foolish to assume that Republican campaign language would simply disappear overnight as the pragmatists took control of the ship of state.

Given the strength of the statements, it is difficult to see Governor Romney being able to immediately distance himself from his language concerning China as a currency manipulator.

Nonetheless, within the broader set of foreign policies priorities that a new Romney Administration would encounter, managing the strategic settings of the China relationship is likely to be competing for space, time and attention with the continuing and intensifying crisis over Iran’s nuclear program.

Also, Syria will continue to loom large, although as with Iran, the intersection with China on the UN Security Council concerning both Tehran and Damascus would further complicate the Administration’s foreign policy agenda.

Furthermore, Beijing is likely to be highly sensitive to any Romney Administration departure from the position agreed by the Bush Administration on Taiwan which would in any way embolden the Taiwanese independence movement and their political vehicle the Democratic Progress Party – given that Taiwan remains a “core interest” for the PRC.

Finally, Beijing will be electric to any parallel emboldening of the position of various South East Asian claimant states in the South China Sea (and of Japan in East China Sea) given the priority which China in recent years has attached to the assertion of its own claims.

Therefore, it is realistic to conclude that temperatures will rise considerably between Beijing and Washington during the first year of a Romney Administration.

From Beijing’s perspective, it is unlikely that China would be in a position to respond neutrally to formal changes to US positions and policy on the various matters I have referred to above – given that a new political administration under Xi Jinping, conscious of the dynamics of leadership transition, would on balance be required to be more hardline than not as to what would be interpreted domestically within China as a series of provocations testing the strength of China’s new leadership.

As noted above, nationalism is an easy, albeit dangerous, card to play in Chinese politics and there is always a risk that in the absence of careful, behind-the-scenes diplomacy, that the dynamics of declaration and counter declaration by China and the US would make the

resumption of a rational diplomatic dialogue increasingly problematic.

Nonetheless, when these sorts of tensions have emerged in the first years of previous US administrations, the general pattern has then been for both sides to seek to normalise the relationship as expeditiously as possible so that the substantive issues in the relationship can once again be transacted.

In summary, therefore, whereas a re-elected Obama Administration could get on with the job of crafting a new strategic relationship with the Chinese based on new forms of strategic and regional cooperation from the get-go, under a Romney Administration there would be at least an initial period of recalibration of the atmospherics and dynamics of the relationship before returning to the core and continuing challenges of strategic competition and cooperation with the Middle Kingdom.

A US China Strategic Roadmap

Whoever wins on 6 November, I argue that the US President and President Xi need to start outlining a five year US-China Strategic Roadmap.

In the absence of such a Strategic Roadmap, there is always a danger of strategic drift.

Furthermore it provides central organising principles within both administrations, therefore forcing the various agencies within both administrations to agree to and implement a central strategic policy – with agreed rules of diplomatic engagement.

The Chinese often complain about US policy being inconsistent both within and between administrations.

The US often complains that the Chinese government does not always speak or act with the full engagement or compliance of the Chinese military.

A US-China Strategic Roadmap would assist in removing some of these uncertainties and ambiguities.

Further I would recommend five elements to such a roadmap for the future.

First, the two Presidents need to meet regularly with all the key members of their respective staff.

These individuals need to become highly familiar with each other. At present they are not.

This should involve four to five sets of substantial engagements scheduled regularly throughout each calendar year.

Fortunately the G20, APEC, the UN General Assembly (and possibly the EAS) provide opportunities for regular engagement.

But these need to be substantive half or full day engagements around a long-term structured agenda – not just the protocol requirements of the day or, for that matter, the issue management of the day.

As these regular summits tend to occur in the second half of the year – there should also be agreement for a regular bilateral summit in each other's capitals in the first half of the year.

Other international conferences could also be utilised, but a regular structure is necessary.

Second, both Presidents need to have an undisputed “point person” to be the ultimate “go to” person on the relationship.

At the US end, this should mean the National Security Advisor or a senior official within the NSC who can speak comfortably across the administration, and with authority.

At this critical juncture of US-China relations, America needs the next Henry Kissinger for all the back-channelling that is necessary, both behind and between official Presidential meetings.

Similarly China needs to appoint such a person as well. The Chinese system does not have a NSC. It needs one.

In the absence of an NSC, it needs a senior official who can speak across the political, security and economic agenda with authority.

Trust between these two individuals on the US and China sides is critical.

Third, the US and China should embark on a realistic program to make the current global rules-based order work.

Increasingly it doesn't.

We are all familiar with the impasse over Syria which is not likely to be resolved in the near term.

But in other critical blockages in the UN System (e.g. the Doha Round) both the US and China have an interest in demonstrating that the rules-based order can work – and deliver real results.

And if the world is to enjoy a further increment of economic growth, one of the few options remaining on the table in a public debts constrained world is to open fully the windows of free trade which would boost both confidence and global economic growth at a time when the world economy is lacking a positive economic narrative.

Furthermore, a new period of Sino-US strategic cooperation will also make the G20 work more effectively given the complex array of global financial and global macroeconomic

challenges that lie before us.

As China becomes the world's largest economy, a properly functioning G20 becomes even more important.

The deep regulatory problems in global financial markets have not yet been finally resolved.

Nor have the deep structural economic imbalances identified in Pittsburgh in September 2009 been dealt with.

Sino-US strategic economic cooperation is critical to avoiding a repeat of 2008/2009 and to the strategic undergirding of global economic recovery.

Fourth, a new US-China Strategic Roadmap should embrace the principles of how to build a new rules-based security order for East Asia.

I outlined the possible principles of such an order in recent address to the Asia Society in New York as Australia's Foreign Minister and again in late September at the Singapore Global Dialogue.

The latter, in particular, details a range of specific measures of how we can create a new Pax Pacifica which is neither a new Pax Americana by another name; nor a Pax Sinica.

And here again I draw extensively and directly on my remarks on those earlier occasions.

A Pax Pacifica in would seek consciously to build the habits, customs and norms of security and strategic cooperation from the ground up.

Such a concept does not ignore the underlying strategic realities of the region – the rise of China, continuing military and diplomatic engagement of the United States the region's future.

Rather it accepts these realities. But it also seeks to create new possibilities based on these realities.

Remember in the darkest days of the Cold War, the Americans, the Soviets and the Europeans managed to conclude the Helsinki Accords.

They developed a Conference on Security Cooperation in Europe, they began to build basic confidence and security building measures to reduce the risk of unintended or accidental conflict.

The truth is, in Asia we have embraced very few confidence and security building measures of any description.

That is in part why our security policy environment is so brittle.

So what might the principles of a new Pax Pacifica look like?

To begin with, one area of concrete work that could be advanced is to be clear about some basic principles.

One, that China's peaceful rise should be accommodated by the United States and by the rest of the region, and that China has legitimate national security interests.

Two, China equally needs to accept that continuing US strategic presence in the region is normal and that US alliances are to be respected.

Three, that China and the US need to accept that the other member states of the region also have major equities in the region's future, and hence an equitable voice in the region's management.

Four, that all states should collectively develop, agree and accept the basic norms of behaviour for our regional rules-based order.

Five, this should include the non-use of force in dispute resolution.

Six, region-wide dispute resolution mechanisms along the lines outlined in the TAC and the ASEAN Code of Conduct.

Seven, the freezing of all existing interstate territorial claims, and the development of protocols for joint development commissions for the common extraction of resources from disputed territories.

Furthermore, the East Asia Summit and the ASEAN Defence Ministers Meeting (+8) should enhance a program of practical action to create a set of confidence building measures to enhance regional security cooperation:

First, hotlines between the relevant national security agencies within all member states to deal with incident management

Second, detailed protocols for managing incidents at sea;

Third, regular high-level meetings between all the region's militaries so that networks and relationships are developed over time;

Fourth, joint exercises in search and rescue and counter disaster, counter- terrorism and counter-organised crime;

And fifth, in time, transparency of military budgets and national military exercises.

The basic reality is this, most of our armed forces are trained to fight and win wars.

If at the same time we have a number of them engaged in a complex network of confidence

and security building measures, including joint exercises and joint operations in counter-disaster, it is remarkable what impact this could have on our collective security policy mindset over time.

For example, if you are to ask what the good people of Asia what their number one physical security threat is today, they will most likely respond natural disasters.

Why not respond to their stated needs, consistent with the Australian and Indonesian paper agreed to at the last EAS Summit – and turn this vision into a reality.

A further practical recommendation in developing a Pax Pacifica (or what perhaps might one day be called the Organisation for Security Cooperation in Asia – OSCA) is institutional.

Both the EAS and the ADMM +8, have an identical membership, the former with heads of government and foreign ministers, the latter with defence ministers.

On one level, an EAS at Summit level can help agree on the broad directions for security policy cooperation.

At a different, practical level, the ADMM +8 could be given specific responsibility to develop the raft of Confidence and Security Building Measures referred to above.

Furthermore, the EAS over time will need a dedicated secretariat.

For various reasons, the analogy with Brussels does not quite work.

The EAS is not an alliance. Nor is it an economic union.

But the truth is that Brussels as an intuition (both NATO and the EU) has had a remarkable and positive impact over the decades in taming the passions of rabid nationalism in Europe.

In time our good friends in ASEAN should give consideration to the hosting of an expanded EAS secretariat function.

Because the truth is, none of the above will happen by magic. Or by permanently rotating chairs.

We will need to start to think together as a region – as we shape together the region's future.

Finally, a new US-China Strategic Roadmap should seek to include both Japan and China in a new Trans-Pacific Partnership.

A genuine free trade area of Asia and the Pacific (as it would ideally become) would help harness all the positive forces of economic globalisation that have helped change much of the region for the better so far.

APEC has made extraordinary progress over the last 25 years. We now need to go to the next stage with regional economic integration.

Conclusion

To conclude this lecture where it began: on the subject of mutual non-comprehension.

There is a danger that notwithstanding all the practical policy and institutional work that I have referred to in this lecture, all could be rendered null and void because of a lack of a common conceptual language underpinning this overall policy project.

In other words, simply being lost in translation

And here is where I believe useful work can be done by the Academy.

For example, the Chinese encapsulate their foreign policy vision as one of “a harmonious world” (hexie shijie).

Harmony is a profound concept in Chinese philosophy.

It contains within it the concept of the balance of contending forces.

It contains within it the concept of finding the Golden Mean (Zhong Yong).

It also contains within it classical Chinese virtues or what we would describe as values, or daode.

For a non-Chinese audience this may seem entirely academic and abstract. But in China’s political tradition, philosophy matters. Ideas matter. Concepts matter.

Not just for reasons of historical continuity. But also for the practical reason that with a Communist Party of 86 million members, policy directions have to be explained in concepts which are also comprehensible within Chinese political elites.

The creative challenge lies in how such concepts (and the language associated with those concepts) is translated and interpolated into non-Chinese conceptual frameworks, which are in turn comprehensible to the rest of us.

For example, for any international relations scholars present today, the so called paradigm debates within the international relations discipline in the West (realism, neo-realism, liberalism, neo-liberalism, idealism, structuralism, post-structuralism, communitarianism) are by and large alien to China’s domestic debate.

While there are obvious commonalities (for example the 'Art of War' by Xun Zi on the one hand, and Machiavelli on the other) closer analysis also reveals deep differences between traditional Chinese and Western statecraft, including diplomacy.

On the question, however, of a "harmonious world", China's current foreign policy mantra, there is a clear conceptual overlap with the idea of a multilateral rules-based order.

Multilateralism seeks to harmonise conflicting positions. Multilateralism seeks to find a way up the middle.

Multilateralism is also potentially capable of incorporating values that may be universal in nature, but values which may go by different names in different cultures.

Therefore at a conceptual level, one practical recommendation I would make is that academic intuitions should embrace a common research project on producing a conceptual framework on a multilateral rules-based order for East Asia that draws on a range of philosophical traditions.

I believe in China, as well as in elsewhere in Asia, this would be seen as a mark of respect.

It would not constitute the abandonment of core principles.

Rather it would avoid the risk of these core principles simply being lost in cultural or even linguistic translation.

Perhaps such a concept paper might be a common project between this distinguished University, Tsinghua University in Beijing, Brookings and the newly established Australian Centre on China and the World at the Australian National University in Canberra.

This new Australian Centre has been created through direct funding from the Australian government to give effect to the New Sinology I referred to in my 2009 Morrison Lecture.

Headed by Professor Richard Rigby and Professor Geremie Barme, I believe the centre could bring to bear an Australian scholastic tradition which sees China neither through European nor American eyes.

But rather through the perspectives and imperatives of engagement that Australia's location in the Asian hemisphere dictates.

The academy matters.

Ideas matter.

And now more than ever as we seek to craft a genuinely Pacific and prosperous century for us all.