

CHINA “RISING”

WHAT LESSONS FOR TODAY FROM THE PAST?*

Bernard K. Gordon

Anyone who comes before this audience and says with certainty what China’s impact will be on East Asian and world politics, and what its prospects will be even five years from now (to say nothing of 10 or 20 years in the future), is either a fool or a knave or both. We cannot know in detail those issues, but in terms of the earlier history of international politics, both in Europe and Asia, it’s fair to say “we’ve been here before” and we can at least ask the right questions.

Let me begin with a personal note: when I was at the University of Chicago I was fortunate to have known and to have studied with Hans J. Morgenthau. His name is known to many of you because his writings remain the most influential of all about the forces that motivate nations in their relations with one another. In 1952, well before I met him, I encountered his book, In Defense of the National Interest. It dealt heavily with Asia and the West in the early cold war period, when the war here in Korea was still raging. That was just three years after Mao Tse-tung’s 1949 victory, and what was then widely thought to be the close Sino-Soviet relationship. But unlike most others at the time, Morgenthau stressed not the Sino-Soviet tie, but China’s nationalism. Here’s what he wrote:

We did not ask in what measure the Chinese revolutionwas the genuine result of Chinese discontent. Nor ...whether ...China was necessarily committed to [the USSR’s] imperialistic policies that were bound to endanger our interests in the Far East....The result has been a debacle... [China is] the most populous nation on earth, rich in untapped resources, and animated with a new spirit of national pride and mission....our failure in China constitutes one of the most resounding defeats our foreign policy has ever sustained.¹

He wrote those words--China “is animated with a new spirit of national pride and mission”-- fifty-five years ago. Likewise, in his principal book, Politics Among Nations, a key point was his emphasis on the continuing role of nationalism in world politics. And later, in my own work on Southeast Asia, I repeatedly experienced how correct he was. So before I say anything about CHINA, I want to spend a few minutes first on the role of **nationalism** in world affairs. Then I’ll connect it to the issue of CHINA RISING.

I.

* Transcription of a speech given at the IGE/Samsung Electronics Global Business Forum on Thursday, October 28, 2005

¹ Hans J. Morgenthau, In Defense of the National Interest (New York, Knopf, 1952), p.205.

In the past generation it's become fashionable, among both statesmen and scholars, to argue that nationalism was declining or even already dead. The idea took hold in the 1950s and flourished in the 60s and '70s. The result is that in some circles it's now common to hear that more important than old-style nationalism something else stands in its place: something called the "international community," along with "rules of international law."

I've never seen much persuasive evidence for that view and therefore I've never believed it. To people who did have that view, I would say go to Thailand, or Vietnam, or Korea, or Indonesia, and when you return then tell me that nationalism is on the decline. That was 20 and 30 years ago, and nothing has changed, and needless to say, I found the same in Japan, where I've lived three times for about a year each. And to anyone who argues today that nationalism is a weak force I say "go to India, go to China," and when you come back tell me again that nationalism is on the decline. This past Spring I was in India, and when I visited with young people at their schools, I was regularly treated to emotional outbursts that said, quite literally, "we are prepared to die for Mother India."

On two earlier occasions, in rural western and southern China, I heard much the same sentiments. Sometimes of course it was in connection with Taiwan, but generally it applied much wider: the sense among others was that China had been down for two or more centuries, and would soon again be a "great power." And by the way, quite removed from China, I recently heard near-identical nationalist views voiced **in Turkey**. Young people were talking about their nation, and with great pride spoke of their strong national identity as Turks.

None of this should be surprising because the existence of nationalism is near-universal. Only in a very few Western European states—you can probably count them on the fingers of one hand—is nationalism definitely down or on the way out. Those few are the nations that recently and directly experienced multiple wars in the past two centuries. In those places, people today often want to be regarded as simply "European," rather than as Belgians, Frenchmen, Swedes or Norwegians. Their nationalism declined when the memories of the blood, death, and fires of the Second World War were all very strong.

In some developing nations and regions a variation on this "end of nationalism" also appeared in that same early postwar period--and soon died. Remember "Pan-Africanism" and the slogans of "Pan-Arabism" and "Arab nationalism"? The idea was to "transcend" the separate state-identities of the Middle East nations, and bring them together under the cloak of the "Arab nation." But it is clear today that all such "trans-national" movements have no life at all, though some still dream of burying the separate Islamic nations under a blanket of "the Muslim Nation." Their goal is to build a single "Islamic Caliphate." It would reach from the Arabian Peninsula in the West to Pakistan in the East, and then to Malaysia, Indonesia, parts of Thailand and to the southern Philippines.

None of that will happen, because none of these "cross-national" movements are rooted in a particular people in a particular time and place. They lack the powerful force

of nationalism that is found in today's Middle East, and which is strongly reflected in Syria, Lebanon, Egypt, Iran, and others too numerous to mention. Nationalism is strong even in Iraq, although it is less clear whether the attachment is to the single-state of Iraq or to the separate and smaller identities of the Kurds, Sunnis, and Shi-ites.

All this is by way of saying that everywhere on the globe strong nationalism is the norm, and not the exception. What this points to is that despite the justified attention now given to "globalization," we need at the same time to accept that nationalism remains an equally key force.

II.

China of course is not only no exception to that rule, but is instead a prime illustration—*though in China a special emphasis applies*. That's because all Chinese know that for well over 200 years their nation was weaker than many others and suffered the doctrine of "extra-territoriality." That fancy word means that within China, more powerful foreigners--the French, the British, the Russians and the Germans-- had their own separate territorial enclaves. Within those enclaves French, British, Russian and German law, rather than Chinese law, set the rules of behavior. In passing I have to mention that the one nation that did not practice that principle of extra-territoriality was the United States. The US held instead to the principle of the "Open Door" in China, which meant that all nations, on an equal basis, should be able to trade and deal with China.

The US also stressed the "territorial integrity" of China, which meant there was to be no splitting-up of China. That process of dividing China's territory began in the late years of the 19th century, when the French carved out "Indochina" from China's south, and established the separate protectorates and colonies of Tonkin, Annam, Cochinchina, Cambodia, and Laos.

This carving-up reached its zenith when Japan invaded China's three northern provinces that we call Manchuria. Japan re-named it Manchukuo, but I don't need to tell this audience about Japan's actions. As you all know, in territories the Japanese took over, their practice was to "re-name" them, and insist that the people who lived there not only learn to read and speak Japanese, but also change their family names to Japanese-sounding names.

Now let me turn to one of the reasons why the term "China Rising" has gained so much recent attention. It is largely because in 20th century history, the case of Germany provides at least one other important illustration of a nation "rising." That development led to great political instability and eventually to two world wars. It is often suggested therefore that the international "system" at the time did not properly deal with the new factor Germany represented. Those who make that case argue that today's international system must do a better job of incorporating a rising China than it did with a rising

Germany. To see if this analogy may fit, let's look back to that earlier case of a nation "rising."

In the last years of the 19th and early years of the 20th century Germany gained new prominence, not only in military and naval affairs, but as a world center --and sometimes the world leader-- in science, culture and intellectual activity. In science think Einstein and Freud; in Music think Gustav Mahler and Richard Wagner; in Philosophy and Society think Friedrich Nietzsche and Max Weber. But compared with his brain in scientific, intellectual, and artistic capacities mankind's **political** brain is a backward organ, and the result was a series of political miscalculations that brought on the First World War. It ended in Germany's defeat which led to German "**revanchism**"-- the belief that Germany had been "deprived" of its rightful place among nations, and that the error must be corrected.

Hitler of course capitalized on the belief in revanchism, and he exploited it. If you watch the films of Hitler speaking to Germany's adoring masses, you will see that because of the belief in Germany as the victim of wrongs, he appealed successfully to German nationalism. The result: that Germany ultimately worked to overturn the international "rules" that had been imposed on it by the Treaty of Versailles.

III.

Today's analysts warn that today's international system, unlike the one that could not deal with prewar Germany, must deal better with the new "rising" power China represents. But the analogy is false, for at least four main reasons. The first is that Germany, especially after 1933, was committed to two goals: to overthrow the then-system of world politics, and to make Germany the dominant power in Europe and probably beyond. But the international system as it was then structured could not accommodate a German "rise" that included that fundamental goal of overthrowing the system. Ultimately conflict and war were inevitable, and the question today is whether, in the context of China Rising, war and conflict is similarly inevitable.

The answer to that question is most certainly **NO** for at least two reasons. The first, as US Deputy Secretary of State Robert Zoellick reminded the world only four weeks ago, is that in his words, "***China does not believe its future depends on overturning the fundamental order of the international system.***"² Second, today's Asia-Pacific world is starkly different from the European world that Germany saw in the 1930s. Some of you may recall the old Soviet formulation of the "constellation of forces." The "constellation of forces" in prewar Europe was such that both France and England were weakly armed, badly led, and in the case of France especially, without the political will to resist Germany's military rise.

² "Whither China: From Membership to Responsibility? Robert B. Zoellick, Deputy Secretary of State, Remarks to National Committee on U.S.-China Relations September 21, 2005, New York

The circumstances in today's Asia are quite different: today's Asia is the scene not only of the United States, which is neither weakly armed nor lacking in will, but of Japan and several important others. Each, stemming from its own very strong nationalism, possesses high military potential and much political will. That does not mean we need to precisely calibrate the military capacities of the Asia-Pacific nations. It **does** mean that unlike the situation with Hitler, who saw only a flat open field with no effective opposition, China today surveys a strikingly different scene. Where Hitler saw only frightened rabbits, Asia today is populated with **porcupines**—some big, others medium and small, but all porcupines nevertheless.

Political scientists like me call that “multi-polarity”: a region where several centers of power possess both strong political will and much present and potential military capability. The end result is that today's Asian environment sharply differs from the much weaker and “open” system that Germany confronted in the 1930s.

The **second** major difference is that a crucially important economic lesson of earlier centuries has been learned. It has to do with resources and markets. In past years nations aimed to achieve “autarky,” i.e., to be either self-sufficient or physically control foreign sources of resources. But post-World War II Japan and Germany both have shown that it is no longer necessary to directly occupy and control territory in order to benefit from its economic resources. Today's globalization era means that foreign resources and markets can be, and are drawn on, without conquering or directly controlling those foreign resources and markets. And China, in ways that were never dreamed of by Germany's leaders, has clearly learned that lesson.

Its products have universal reach; it is the scene of major inward FDI; and it is also now itself a growing source of FDI outflows. That last item, China's FDI abroad, came into public prominence two months ago with the attempted purchase of an American-owned oil company, and earlier, when Lenovo, a China-owned firm bought IBM's laptop subsidiary. On the issue of globalization, Secretary Zoellick summed it up last month: he said that China's leaders under Deng Xiaoping decided “*to embrace globalization, rather than detach themselves from it.*”

A **third** difference with the German analogy is that Germany had an avowed and central racial element that was integral to its rise. Germany frankly viewed the Poles, Russians, and other East Europeans (and of course the Jews) as inferior people whose fate must be subjected to Germany's will.

Yes, there is an undeniable ethnic element to China's nationalism, but it is primarily directed at peoples who live within China's borders. Those are peoples who are not fully integrated into Han Chinese society and who resent Han Chinese political, cultural, and economic dominance. And of course China takes strong steps to deal with those issues, as it does in Tibet and with the minority peoples in the south and southwest--and most prominently with regard to the Uyghurs in the west.

Yet there is little or no real evidence that China believes in or seeks to dominate or destroy the non-Chinese peoples in the Asia-Pacific region. Neither the Korean, Japanese, Malay-Indonesian, Indian and Caucasian peoples are in the relationship with China that Germany had with the Slavic and Russian peoples.

The **fourth reason** why the analogy doesn't fit is the very different internal political and economics conditions faced by China's leaders today as compared with Germany in the 1930s. Germany was an advanced industrial society, although the massive inflation of the late 20s and early '30s almost wiped out its middle class. But one of the main reasons Hitler and the Nazis came to power was as a consequence of those problems, and the result was the tremendous popular support he had among Germany's people. They believed that Hitler's leadership and the Nazi party had the capacity to resolve those issues, and they were largely united in their support.

China in contrast is decidedly two economies, and in important respects even three. There is a small and very thin layer at the top, with incomes and spending habits that rival the West. And in the coastal cities, and some others like Nanchang and Kunming, there is an emerging and sometimes vibrant middle class. But despite China's remarkable economic advances, a very deep truth also applies. There are roughly 900 million largely-poor rural Chinese, and of that number **200- 300 million are** desperately-poor peasants. They subsist on one dollar a day and their back-breaking lives are in large measure spent in an essentially **pre-19th century environment**. That reality points to the single most important issue that China's leadership faces today.

It is euphemistically referred to as China's potential for "social unrest." Political Scientists like me refer to it as the issue of "political legitimacy." It comes to China's leaders in two ways: one is the always-feared danger, rooted in China's history, of disaffected regions and peoples who might violently threaten the regime's legitimacy.

The other and more serious worry is of China's grossly uneven income distribution. The split is largely along rural-urban lines, and it is often tied at the local level both to official corruption and official non-responsiveness. That is the combination that raises the prospect of "social unrest" of the sort that could threaten the leadership of the Communist Party.

China's leaders recently have shown they understand how severe this problem is. Ironically it is also the price of China's two decades of economic accomplishments. The core of the issue is that China's 9-9.5 percent economic growth has been fueled by its exports. Those exports—or I should say the prices of those exports--have caused growing irritation with most of China's trade partners, ranging from the US, the EU and Japan to Brazil and Argentina. Rising protectionism and strained bilateral relations have resulted, most notably with the US, as reflected in US Treasury Secretary Snow's just-ended visit to China.

Snow has been under heavy pressure in Congress to insist that Beijing must alter the value of its currency, hopefully to reduce America's massive trade deficit with China.

But such pressures inevitably take on the appearance of anti-Chinese “threats,” and in the context of China’s long experience with foreigners threats are deeply to be avoided. China’s nationalism and China’s pride will not take threats.

Fortunately, however, Beijing’s leaders apparently now recognize that their best course lies in a policy-shift that deals both with their internal and external problems simultaneously. The key to the policy is to reduce China’s single-minded emphasis on “exports alone,” aided by a measured rise in the value of its currency. Precisely that shift was signaled early in the summer, and last week it was underlined again to Secretary Snow. As it takes hold, it will at least slow the growth of China’s trade surplus with the US, and begin to lower it a bit. That will deal with that major bilateral irritant in US-China relations, and at the same time add to China’s ability to spend more on domestic needs.

High on that domestic list is China’s acknowledged need to improve the full range of its **rural** infrastructures; they include transport, education, and social services. That in itself will help lessen the potentially powerful political divide that now separates the lives of China’s mainly rural poor from those in the cities. And beyond that, if “social unrest” is to be avoided Party leaders now recognize that more of China’s new wealth must go to improving rural incomes and rural-area purchasing power.

IV.

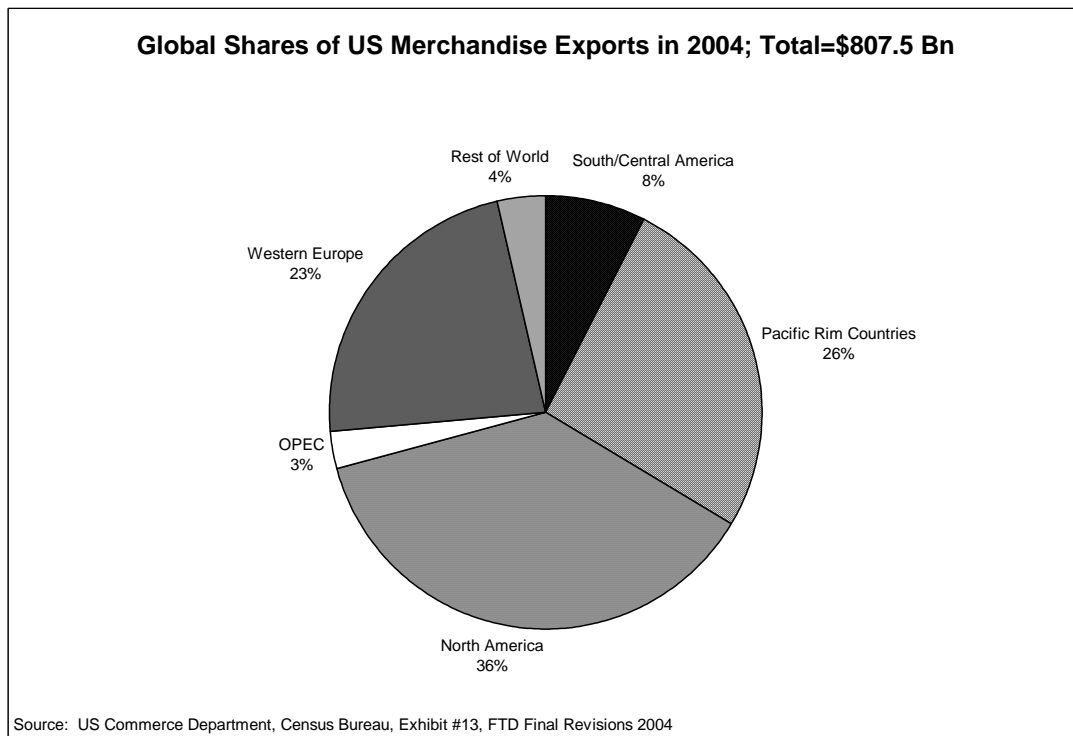
Now, having said that, I know I haven’t covered everything, and I’ve ignored some important economic issues. For example I’ve not talked about a fear that was widely-expressed in East Asia two and three years ago—that China would absorb the bulk of FDI, starving others in Asia of their investment needs. But that hasn’t materialized: indeed the flood of FDI to China has begun to slow, and last year more went to Britain than China. And here in Korea, inward FDI was higher in 2003 than the year before.

Likewise, I’ve not talked here about a major concern the US has: that East Asian countries, led by China, will be developing an East Asian “Community” that excludes the US. In May, Richard Armitage, the recently- retired Deputy Secretary of State, spoke about these proposals. He characterized them as “a thinly veiled way to make the point that the United States is not totally welcomed in Asia,” and he added that “China is quite willing to be involved in *fora* that don’t include the United States.”³ His successor, Robert Zoellick, addressed the same issue last month in his New York speech. Let me quote his warning:

concerns will grow if China seeks to maneuver toward a predominance of power. Instead, we should work together with ASEAN, Japan, Australia, and others for regional security and prosperity through the ASEAN Regional Forum and the Asia Pacific Economic Cooperation forum.

³ Quoted in Asahi Shimbun, 2 May 2005.

In a few weeks, when APEC meets in Busan, we'll see whether those words were heard. If not, and if indeed China continues to promote what the US fears—"a line down the Pacific" that excludes the US, that will be a very negative sign. A prime reason is that the US is, and will remain very definitely an Asia-Pacific power no less than China, Korea, or Japan. As I will show you now, the Pacific region accounts for more than a quarter of US total merchandise exports. Western Europe's share—at 23 percent-- is consistently smaller than the 26 percent of US exports sent to the Pacific Region. Overall, as the slide will now show, the shares of US exports sent to the world's three main economic regions remains remarkably even, and that global distribution is absolutely unique to the United States. It is the crucial underpinning for America's also-unique tripolar strategic investment, and it underscores the enduring importance to all Americans of their nation's vital political and strategic involvement in the Asia-Pacific region.



Now you may say I've painted too rosy a picture of "China Rising," I think not, because there's evidence that leaders in Beijing and especially Washington are quite deliberately aware of the stakes involved in their relations. A good example is last week's first-time trip to China, including a visit to Beijing's strategic nuclear command, by US Defense Secretary Rumsfeld. He has sought more "transparency" in China's military build-up and the visit was a step in that direction. Likewise, the recent speech by Deputy Secretary of State Zoellick is prime evidence that the US sees the need for both nations to follow Hans Morgenthau's advice: that is, to see the world from the other side's vantage point as well as your own.

Yes, there are important challenges to both, and in both Western and the Chinese government there are elements who will see threats and dangers lurking everywhere. This summer the head of China's Defense Academy made statements that some in the US heard as direct threats; just as some American defense analysts argue that indeed China is hell-bent on expelling America from East Asia. Such things are to be expected from both sides, and it will remain the task of the most senior political leaders in both capitals to make judgements that put those views into perspective. They are surrounded by people who do recognize the stakes involved and are familiar with each nation's historical perspective, and that's why I'm moderately optimistic.

Finally, of course, I've not touched on the one explosive issue that could bring China and the United States into a direct confrontation, and that is the issue of Taiwan. China will need to hold to its policy of integrating Taiwan only by peaceful means, but that also puts a major constraint on American policy. And that's where I want to conclude—with a reference back to where I started, with Hans J. Morgenthau. A half-century ago he wrote that major powers must insist only on what is **essential** in their relations, and be prepared to compromise on what is non-essential.

On the issue of Taiwan, as if he were seeing the future, Morgenthau had this advice: **“Never allow a Weak Ally to Make Decisions for you.”** That's a central lesson, with relevance to Taiwan. So I'd conclude on this note: precisely because both China and the United States recognize that they have a major stake in avoiding a conflict that would destroy them both, there is good reason to be cautiously optimistic about the long-term consequences of “China Rising.”

Questions and Answers

Q Thank you professor Gordon for the reference to the Portuguese, it was a very interesting historical reference. I had the privilege to be the first Consulate General of Portugal in Macau, and I witnessed a very smooth transition from the 430 years of administration to the new special administrative region of China. I can emphasize how good our relations with China are despite this historical past. I suppose that intelligent people can assume the past in a very intelligent way, and Portugal and China prove this exactly.

I am a professional who has been interested in China for many years. I was director of the Asia department in the University of Lisbon 15 years ago, and China was always a subject of curiosity and intellectual passion for me. Again and again I go to China and am astonished by the degree of development of the country, the assertiveness of its politics and will the leadership shows to occupy a place compatible with the size and history of this beautiful country. When we witness the accommodations now underway in order to create a place for China in the world and in the economy, I'd like to ask you a question. How do you see for instance, the beginning of this effort of this accommodation when for instance the US and EU negotiate textiles with China. In order to create a space for China, China should be able to have a share in the world economy, which also means the labor

forces in China should be able to reach the global market with their products. This is the trend we witness now, but the way the other economic partners are negotiating these accommodations with China is very much the testimony of how either the US or EU see China entering the world economy. I would like to hear your comments on these first negotiations in order to accommodate China.

Q I also noticed your reference to the European experience, especially with Western Europe; you said that perhaps this was one of the exceptions, that nationalism was maybe not on the rise there. Maybe it's not on the rise, but recent events in Western Europe, for example, negative votes in two of the most pro-European Union members, France and the Netherlands, clearly indicate that patriotism or national identity has not disappeared as a phenomenon in Western Europe. But it is true, and I think that it is an important experience not only of WWI and WWII, but of the longer period of time, that there is a deep skepticism towards the more ugly aspects of nationalism, which has really traumatized and hurt Europe on many occasions in the past. And that is why in a way, to me, the very notion of nationalism--maybe because of my background as a European--is negative. To me, patriotism I can understand and accept, but nationalism is something dangerous and irrational, something based on distorted views of the world and on historical falsifications as well. Thus, in my opinion, something it is something very dangerous. And for that reason also, I share your view that it's impossible to predict what will happen in this part of the world. And I think it is the most crucial part of the world right now because we have such a dynamic change happening, but I really think it's impossible to say where we will be in 5-10 years.

But I think there is a real risk that nationalism in China and elsewhere can lead to irrational behavior and that also nationalism in different parts of Asia will be able to feed on each other in a negative way, that we'll see vicious self-enforcing circles. I was ambassador to Japan before I came here, and there's no question that in Japan, there is a much more skeptical view of China and their intentions than there were 10 years ago: much more doubt as to what China's long-term strategy is, if there even is one. And also a feeling that perhaps the government in China, which doesn't have a clear ideology or maybe has a hard time referring to written ideology, has replaced it to a certain extent with a nationalistic ideology. Again, partly based on certain interpretations of historical facts that the Japanese do not agree with. I think there is a real risk that we can enter a vicious circle and see growing tensions in this area. I really hope that cooler heads will prevail, and I think as long as we keep talking and referring to the realities of the situations and try to lower attention to nationalistic feelings, I think that we may be able to deal with but this hints that there are some real dangers.

And the parallel to Germany is an interesting one. But it is possible that the pattern here would be different, that you can have a dangerous destabilizing situation that doesn't follow the German model, which would be a uniquely Asian phenomenon with unique Asian features.

A First to the ambassador from Portugal; in connection with the multi-fiber issue, there I will reveal to you if you don't have it already that I have free market views on such

issues, and my feeling is that the nations that are now complaining in EU and in the US and in some of the developing nations that are now severely impacted by China's export of low-priced textiles. They were put on notice: there was plenty of warning that this development would take place with China's accession to the WTO. And we've all seen this comedy of errors that took place in Western Europe in regards to panties and braziers and all the rest of it in connection with Europe's concerns to have sufficient imports on hand for the Christmas season market. They were very upset with the European Trade Commissioner for agreeing with a curtailment. Essentially, I think I want to agree with what I took to be the thrust of your statement which is China has an obligation to its own low-paid salary workers who are capable of producing large quantities of low-cost, low-priced textile goods for the world market. And it strikes me that as sad as it may seem from the perspective of those who are in Bangladesh, or Guatemala, or Mexico; they were forewarned that this development would in fact take place. So if we expect China to follow the rules of the WTO, then we cannot say on the other side, "no this is separate from the rules, you can't do this". My feeling is rather simple, that we will be on stronger ground to insist that China adhere to all of those other WTO rules in particular connection with intellectual property. If we say at the same time, we are honoring the WTO rules with regards to textiles.

To the ambassador of Denmark, I think when you refer to the anti-constitution votes in the Netherlands and France, I don't really think those are on national grounds, but I think it has to do with fear of the future. That was the major issue that resulted especially in the case of the French that led to the "no" vote. There's recognition in France that yes, change must come, but we don't know what it will mean, so they voted "no". However, I don't see that as a renewal of national identities or fears although it comes to us in that manner, because it's only possible to see it in terms of a French or German or Dutch vote. But I don't think it was rooted in the issue of nationalism.

I take your other point very well, that we have no way to know the future, the possibility is very sharp, and I agree with you that while the German analogy in particular probably will not be repeated, there is still this systemic issue that we do have to face. We have an international system of understandings of what it represents and whether it will be challenged by a China rising, which will find its need for challenge in ways that are quite different than Germany in the 1930s: that is a genuine possibility.

My own view is that the potential for political miscalculation however is the most severe one. The dangers of a tremendous miscalculation probably with regards to the issue of Taiwan are the most severe of all, because on that issue the Chinese are, to use your words, "not rational", and I think on the issue of Taiwan, it is not an issue of rational choice of saying "if we do this there will be a nuclear response". The dangers of political miscalculation on that one are enormously high, putting as I said, tremendous burden on both leaderships.

When I made my reference to India, it really was shocking to me even as much as I know in my head that nationalism is powerful, traveling in India and to hear kids of 13 or 14 with their teachers present saying "yes, I am willing to die for mother India". That was

shocking, it told me again, and I hear people in Turkey saying the same thing with regard to their own identity as Turks regarding the entry to the EU. They take pride in being Turks. There is no way in which we can peacefully deal with this issue, other than to recognize its power and reality and existence. From a European perspective of course, you know more than most of us the evils to which it has led. Morgenthau referred to that extreme form of nationalism demonstrated by Hitler in the 1930s as “integral nationalism”. It was so interwoven into the people’s understanding. But I am afraid to say that in newly emerging societies like India, it has not receded. And there are real dangers, there is no washing it over, it’s just there as a reality.

Q I have two questions: I read A. G. Frank’s *The Reorient*, and according to him, China dominated the world economy and technology until the 18th century, and then the Western Civilization took over the Chinese leadership. In the 21st century he foresaw that China’s revival in terms of world economic and technological leadership, if that happens within say the next 30-50 years, what is the US policy against China--the containment or engagement or balancing policy. I realize this is very serious in recent weeks for the first time, I believe China and Russia had a joint naval exercise over the East Sea, apparently against the US unilateralism, and also to prepare for perhaps a collapse within N. Korea. Simultaneously, China and India are working together on a military front as well. So I want to know what policies the US will take with the China relationship.

Historically, China used to treat neighboring states as barbarian cultures, and they have specific descriptions of those in the North, West and South. Korea also has been historically treated as the northeastern barbarians. China initiated a project called the Northeast Passage Project, in which Chinese local government in Northeast provinces treated Kokore (one of the three kingdoms era) as a part of Chinese several provincial history. So Koreans became very much annoyed on this aspect. I think that this clearly indicates that China has a rising nationalistic tide. My question is how should Korea respond to China’s rising nationalism as well as the cultural superiority treating neighboring countries, especially the Korean peninsula as lesser peoples. I think if this continues, it will cause a serious problem. How should Korea react against China’s attempt to treat South Korea as a lower culture?

Q Dr. Gordon, thank you for stimulating us early this morning, it’s always a challenge to get up, but is always worth while when a speaker like yourself comes and makes us think beyond the borders that we normally operate in. I never actually thought about China in the context of Germany, but clearly China’s rising is a potentially destabilizing force. It’s interesting that Dr. Ahns’ first question and my own observations are very similar. The fact that two of us are stimulated to ask in a similar vein says perhaps that it’s more universally important than we might otherwise think.

China used to be and will again be a dominant economic power, and it will probably happen within the middle part of this century that it will overtake the US in economic terms. And that also implies by 100 years from now, it may be substantially larger than the US economy by several times. There are huge rumors you pointed out for miscalculation in political and economic posture, but my concern is not with China

making a miscalculation, but with those who have already invested interest in the status quo making a huge miscalculation. We've already seen evidence of that with the multi-fiber and textiles issues. Those who have created the current world order, WTO, etc, have built into it certain advantages for themselves. With all those advantages in all their manifestations around the current world order, we do risk creating a situation not unlike that of Germany, where China has to battle against unreasonable resistance from the rest of the world as it emerges.

My biggest concern is with two things: First, that the US has not necessarily fully grasped that a larger partner is coming into the world around it and it has to think more intelligently about the challenges that China faces. The US has to be more accommodating rather than confrontational, and second, there is to me having lived 15 years in the States, but observing it from a distance today, a certain sense of nationalism in the US that carries with it a lot of dangers. Whether it's the unilateralism we've seen recently, who would've thought I would be regretting the loss of Bill Clinton a few years later. But there was a man who was relatively wise about foreign policy. And I'm concerned that today the US holds on backwards on many dimensions and isn't properly preparing itself for a future where China is the largest economy if not the most sophisticated.

China is also the most complicated society the world has ever seen, both historically and perceptively. To illustrate this point I will leave you with one thought. In the West, we consider the game of chess to be the most complex game we play for recreation. Chess is played on an 8x8 board, which is 64 degrees of freedom; we have to reduce that a bit because not all pieces can play equally, so let's call it 40 degrees of freedom. But in China and also in Korea in the name of *padok* or "go" is used. This game is on a 19x19 board with roughly 400 degrees of freedom, and every piece can move the same. This is an order of magnitude more complex than the Chinese use for simple recreation. As you know IBM can make a computer that can challenge a world grand master in chess, but they cannot make a computer that can do anything better than meet a middle ranked amateur in *padok*.

So are we really sophisticated enough to prepare for China rising, not that China will make a miscalculation, but the rest of us will make a series of miscalculations that will back China into a corner where it has no alternative but to create an alternative world order of which your comments about the recent Pacific Base Initiative might be a first step. We need to try and make sure that China has a role of leadership according to its potential in the world. This means in all forms of world bodies. Their enthusiasm to comply with the WTO seems to suggest that they recognize that there is value in the current world order, but only if we allow them to participate in it on equal footing.

A Dr Ahn asked about the US-China relationship. It is clearly not under the heading of containment that has gone by the boards. That has been dropped from the time of Kissinger's visit in 1971; that is simply finished. There was and are still debates in the US on whether China is a strategic partner or potential adversary. I think even those debates are in favor of a widely spread view, although not at the most senior political leadership

in Washington. But certainly at the level of the Secretary of State, there is a clear understanding and acceptance on the policy of engagement, and that applies to the US-Korea relationship as well. It is a clear and welcome change from a South Korean perspective, ever since Condalisa Rice, (and we all know that her background is in Soviet studies), it's clearly a shift in her attitude towards the North Korean 6 party talks; a policy of engagement has taken over. Not without a concern to not give away the entire shop, but she has clearly authorized Ambassador Hill to engage North Korea, and I gather he will be going to Pyongyang sometime this autumn. The word, "engagement", seems to be the proper term.

In terms of how the US relates to South Korea, we spoke for a few moments about this over dinner last night, but there was some wondering when your new president took over. Of course there was no reason for anyone in this room to wonder, but some American's wondered whether the new president was completely reliable. I don't say that that view is shared by anyone here, but I would say now that there is a recognition and willingness in Washington to let this new format play out. There is no reason from an American perspective except for those few uncorrectable extremists, no view in Washington that says there is no point in talking with North Korea. There are still many people who doubt North Korean motives, but there is a clear willingness to engage with them and to support Seoul's policies in that regard. It isn't an easy transition to make for Americans.

In terms of your other question about China's historical attitudes and whether they are to be a matter of current concern, I really cannot answer that, when I think of this, and I'm sure the ambassador from Denmark saw this more often, whenever I am in Japan, I am so constantly made aware of the depth of Japanese nationalism. But the Chinese do it for their own purpose, that's off the historical lessons when it serves their interest. But I can make the point by referring to both the American and Korean relationship with China now in this respect. The game for the future is not a zero sum game, it seems to me that it is a win-win, but it was brought home to me so powerfully when I was here in Seoul in late May and June by the incredible accomplishments by Dr. Hwang. Of course it was very insightful that all of his graduate work was not done in the US or Britain, but all done here in Korea. And that is the path for the future, so what I'm saying here is that it is a ladder, the discoveries, when we consider the implications of his discoveries, and they're going to be repeated around the world in different ways that we cannot foresee.

You asked whether the Americans would be able to deal with a China that is a challenge in all categories. My answer to that is yes, if all of us accept the open-ended approach to human inquiry, and to the potential for human examination. We literally cannot imagine the potential advances we will see in the field of scientific inquiry. My point is to say the Americans understand; I believe that there is no point in looking at the world as if it was a zero sum: if you must win, I must lose, that isn't the way people nowadays are approaching it is one of the aspects of globalization. And in that respect, I don't think we'll see a new rivalry developing along those traditional national lines.

Q I was very impressed with Mr. Gordon's speech. I read a book called *US Military Government History in Korea*, written in 1947 by Richard Lauterbach. And also, a book

called *The Situation in Asia* written by Owen Latimoa. According to him, Japan is nobody's ally, and he stressed nationalism in Asia. So what is your opinion that Japan is no one's ally?

Q My name is Ulricha Wolfe; I am the head of the political section of the German Embassy. I would like to get back to the notion of nationalism, and I would like to subscribe to what the ambassador of Denmark said about the very negative connotation that nationalism has in Europe and specifically in Germany due to our history. I think that you can overall observe a rise in nationalism here in East Asia. You can see the impact of this on many levels. First if you look at the level of military capacity here in East Asia, it's very high, and also the level of political integration. Of course I am talking as a European, I think the level of political integration is surprisingly low if you look at what the East Asian nations could gain from it. Also there's much to be gained if the trade would be liberalized. What is your assessment of this impact of nationalism here in East Asia?

A It's really a pleasure to respond to your question from Germany for a number of reasons. I of course understand rather well why nationalism is downgrading in Germany. I also understand why chancellor Schroeder had the support of the German people in his opposition to the war in Iraq. Some of my closest friends in New Hampshire are bi-national, so we talk about these things all the time. But there is an analogy in the connection that you're making from Western Europe and the rise of the EC (EU), the rise of the EC and possible extension of the concept to East Asia. We should never forget that when John Monnet and the others at the time were coming together to form the treaty of Rome in 1957-8, that their overwhelming goal, and Abnauer made this statement himself most clearly when he said: "none of us could be fooled by these issues of economic cooperation in the coal and steel community" at the root of what we are doing is a political *foaporshma* between France and Germany so as to never again see the revival of what we've lived through in Europe.

That lesson that there was a deeply political heat to the establishment of the European community and now the EU, has been ignored in East Asia, just as it has been ignored in the western hemisphere: there is no analogy, the European model has no application to the attempts that have been made and are being made in East Asia, and the rather foolish attempts that are being made in the western hemisphere under the context of a so-called free trade area of the Americas. The ambassador from Portugal will fully understand what I'm talking about when I say Brazil's opposition to a USA-led western hemisphere operation will absolutely prevent that from coming into existence. That's why I have said that the lesson that some Europeans know is that nationalism has yet to halt. That lesson has not been learned in other parts of the world. Whether it will take more horror to learn it, I do not know, but we shouldn't fool ourselves because Europe regards nationalism as the depth of irrationality, that that enlightenment if it is that, will be accepted elsewhere in the world, it's sad to say I don't think that is the case.