

Topic: US-China Relations – US and China at a Crossroads

China and the U.S. are proceeding down divergent paths and we are in danger of facing a long winter before we reach what may still be a rather patchy spring. How long will this winter last, and how much unnecessary dysfunction and pain will be inflicted along the way?

The answer will be determined by the capacity and willingness of leaders in Washington and Beijing to think creatively – and sometimes even disruptively. China should work constructively with America’s allies and partners; open its economy, decrease government protections, and encourage competition; be proactive in protecting proprietary foreign know-how and end policies that directly or indirectly compel technology transfer; and work with the US on its topmost strategic priorities, for example denuclearization of North Korea. The U.S. should dial down the rhetoric—China does not pose an existential threat to American civilization; enlist partners to foster some workable understandings with Beijing; negotiate with China with clear objectives, finding frameworks to resolve issues; and invest in its own education institutions, economy, security, science and technology development, and alliances.

In 1972, U.S. leaders established an initial framework for a world beset by Cold War and locked into an ideological conflict. Today’s world looks nothing like the world of the 1970s, or of the early 2000s. New technologies, new economic challenges, new geopolitical challenges—all of these have eroded the frameworks of the past.

At various points along the way, we have had to recalibrate the framework. We have reached another of those consequential moments. And the stakes—for our economies, and for the world—are higher than ever before. If the US and China cannot find a way to develop a workable consensus, it will pose a systemic risk of monumental proportions — not just to the global economy, but to international order as we know it and to world peace. We need to craft a new framework that works for today’s world, not the world of the past. And for that, we will need statesmanship—wise and strong leadership in Washington and Beijing.

Adapted from:

Paulson, Jr., Henry M. *Remarks by Henry M. Paulson, Jr., on the United States and China at a Crossroads*. Paulson Institute, November 6, 2018.

<http://www.paulsoninstitute.org/news/2018/11/06/statement-by-henry-m-paulson-jr-on-the-united-states-and-china-at-a-crossroads/>