3. The United States and China—A Relationship Adrift: The New War in Trade, Investment, and High Technology

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Smart City Shanghai. Dong Wenjie. Getty Images.

HISTORY TEACHES US THAT PICKING WHEN ONE AGE ENDS AND ANOTHER BEGINS is a tricky business. None of us has the powers of reflection, perception, or anticipation to identify when certain tipping points of historical significance are reached. And when we reach such conclusions, it's usually with the full benefit of 20/20 hindsight, which for those of us working in the rarefied world of contemporary public policy is not particularly useful.

In a little more than a month, we will mark the centenary of the end of the "war to end all wars" in 1918—a military conflagration fought between the great powers that dominated the world of the 19th century, which then radically changed the face of the history of the 20th century.

A century later, in 2018, we seem to be walking into another war, albeit gradually, step by step, but this time it is a war of an entirely different nature—an economic war being fought between the great powers that now dominate the world of the 21st century, namely, China and the United States. Beginning with a trade war, and developing into an investment war, before metastasizing into a new "technology war" as China and the United States now struggle to secure the commanding heights of the new technologies that will either drive or destroy the economies of the 21st century.

It is an open question if, and when, this will begin to fuse into another "Cold War," let alone if, and when, the unpredictable forces now being unleashed by this rapidly unfolding new economic war will erupt into one form or other of military confrontation in the future. The problem is, until relatively recently, this sort of language was almost unthinkable in mainstream public policy. The problem now is that it has entered the realm of the thinkable. Not probable. Not inevitable. But now certainly thinkable.

Nobody is any longer confident where all this will land. We indeed appear to be passing from one age to another. From the certainties of a postwar order of the last three-quarters of a century dominated by the United States, to a less predictable, more complex, and certainly more contested global order for the future. Of course, at the absolute fulcrum of this change lies the rapidly changing dynamics of the U.S.-China relationship.

History, of course, rarely repeats itself. But to paraphrase Mark Twain, we do see the reemergence of its rhymes, its rhythms, and its cadences over time. Nobody is therefore predicting a return to the primitive activism of 1914 and the carnage it produced. But we would be foolish not to recognize the forces of profound change—geopolitical, geo-economic, and now geo-technological—that are afoot. Just as we would be equally foolish not to identify what can be done to manage these changing power dynamics—preserving our common peace and prosperity while also upholding the values of open politics, open societies, and open economies that have characterized much of the international order since 1945.

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NOT A U.S.-CHINA COLD WAR—YET

The defining characteristics of the last Cold War between the United States and the Soviet Union were a nuclear standoff, proxy conventional wars in third countries, negligible economic engagement, and close to zero people-to-people contact, all encased within the framework of a fundamental ideological cleavage between the Marxism-Leninism of the Soviet state and the liberal democratic capitalism of the American-led order.

Very few of these conditions currently characterize the state of U.S.-China relations, however fraught they may now be. There are still many ties that bind, but we would be foolish not to see that the cords are now becoming increasingly frayed.

> Cyberwarfare between the [United States and China]—political, diplomatic, military, and economic—has increased sharply, although its precise dimensions remain largely opaque to the wider public.

The U.S.-China trade remains the largest trading relationship in the world, despite the unfolding trade war. The United States and China have collaborated, at least to some degree, on efforts to rein in the North Korean nuclear weapons program, although the Donald Trump administration is publicly skeptical about the level of this collaboration.

China and the United States are not fighting proxy wars in third countries, although the level of competition for political, diplomatic, and economic influence is growing rapidly. And the United States is still host to the largest number by far of Chinese students and researchers studying abroad, although the U.S. Congress and U.S. intelligence agencies are now signaling their concerns about the future impact of this on long-term U.S. technological supremacy. Cyberwarfare between the two—political, diplomatic, military, and economic—has increased sharply, although its precise dimensions remain largely opaque to the wider public.

Yet of all the factors that characterized the last Cold War between Moscow and Washington, the emerging ideological cleavage between Beijing and Washington is perhaps the most salient of all. China does not accept the values that underpin the current liberal international order. They are not compatible with China's domestic political order. And rather than allow China to incrementally reform its domestic arrangements to conform with the principles of liberal internationalism, China's leadership has instead resolved to double down on the entrenchment of its existing system of authoritarian state capitalism. Beyond that, China's leadership now seeks to reform, shape, and, where possible, lead the reform of the current international order in a manner more compatible with its domestic arrangements.

Yet for the various reasons outlined above, we should be cautious about sliding into the easy language of a new Cold War between China and the United States. It doesn't meet the definitional characteristics of the U.S.-Soviet Cold War—at least not yet. But if there is such a new Cold War in "high technology," we may already be there.

THE DISAPPEARING BALLAST OF THE U.S.-CHINA RELATIONSHIP

The important question for us now is, where are these increasingly negative dynamics in trade, investment, and technology going to take us over time? And how rapidly could they do so? Particularly when these factors are encased within the scaffolding of growing ideological hostility, long-standing mutual political noncomprehension, and ever-widening strategic mistrust.

The lessons of history, including those of a century ago, tell us that when political relationships begin to fracture and when distrust between capitals becomes rife, we become much more vulnerable to the incendiary potential of individual events. What we're seeing now in the U.S.-China relationship is the slow but steady erosion of the protective covering of the relationship laid down by one generation after another over the last 40 years—since diplomatic normalization back in 1979.

The historical ballast of this relationship during the first decade of the U.S.-China relationship was their combined strategic mistrust of the Soviet Union. Following the events of 1991, which saw the collapse of the Soviet empire, this ballast was in large part replaced by the growing breadth, depth, and texture of bilateral economic engagement between China and the United States.

A decade later, as China entered the global economic community at scale through its World Trade Organization (WTO) accession in 2002, American, and to some extent Chinese, policymakers embraced China's wider enmeshment within the global economic order. American policymakers, supported by most of their international counterparts, believed this policy of bilateral, regional, and global economic engagement would eventually cause China to cross the ideological Rubicon—departing from classical Confucian and more recent communist axioms of authoritarian state capitalism to become a full-throated "stakeholder" in the liberal international rules-based order. Indeed as we look back, those were the high days and the holy days of the U.S.-China relationship.

Yet another decade on, in 2012, we saw the rise of Xi Jinping and what the Chinese now routinely describe as the "New Era." By 2014, Xi Jinping had made it plain that China, rather than embracing the American-led global order, either at home or abroad, was now in the business of changing it. Indeed by 2018, Chinese official formulations had evolved again so that in their own language, China would now "lead the reform of the global system." In the intervening five years, we have also seen the successful launch of the Asian Infrastructure Investment Bank, the New Development Bank, and the Belt and Road Initiative as the flag bearers of China's new approach to global leadership.

The last 40 years, therefore, have been a long, long journey in U.S.-China relations. China has achieved great national success over this time. When this process began, China's economy was the same size as Australia's, whereas by the time we reach the 50th anniversary of U.S.-China relations, China may well have passed the United States as the world's largest economy. Yet while the economic change has been profound, driven by a Chinese hybrid model of authoritarian capitalism, China's political model has not changed, and it remains led by a one-party Leninist state. And to be fair to our Chinese friends, they have been consistent about their determination to retain this political system, and the values on which it has been premised, throughout.

The West, instead, chose to look at China through political rose-colored glasses over the decades, despite the dramatic wake-up call that was Tiananmen. Indeed, over the last half decade or so, we've seen something of the final "loss of innocence" in the relationship. The traditional supporters of the relationship, particularly in the American business community, have now fallen silent. As have most other long-standing supporters as well.

Instead, we are left with an unprecedented coalition against China of the administration, the Congress (both Republican and Democrat), the Pentagon, the State Department, the intelligence agencies, the business community (now across multiple sectors), organized labor, and nongovernmental organizations. Indeed the raw, strategic fundamentals of the relationship are now being laid bare. The romance has now gone. The marriage is now uncomfortable for both parties. Indeed, separation has begun. And on technology at least, divorce proceedings have commenced. The question for us all is where this will now go.

STRATEGIC DRIFT—THE END OF DECADES OF "STRATEGIC ENGAGEMENT" AND THE BEGINNING OF A NEW PERIOD OF "STRATEGIC COMPETITION"

As of 2018, we find ourselves in a period of profound strategic drift in U.S.-China relations. The three layers of protective covering over the relationship have now been stripped away. China and the United States, rather than sharing a sense of strategic condominium against the Soviet Union, now find themselves in opposing strategic camps, as the level of political, military, and diplomatic coordination between Beijing and Moscow deepens every month.

The uncomfortable reality is that the United States and China, the two most powerful countries in the world, are now in a relationship adrift. The bulk of the common assumptions that have underpinned the mutual interests and, to some extent, the shared values of this relationship, have now disappeared.

The business constituency in both countries, for a long time constituting a deep ballast in the U.S.-China relationship, is now deeply fractured in its support for the relationship, with corporate America now exhibiting unprecedented collective hostility to the impact of Chinese economic policy on American business access to the Chinese market, as well as the terms imposed on foreign investors. And while China and the United States may still choose to cooperate across elements of the G20 agenda, we are well past the halcyon days of 2009, when American, Chinese, and other Western policymakers were as one in staring down the global financial crisis, and steering the global economy to recovery.

The uncomfortable reality is that the United States and China, the two most powerful countries in the world, are now in a relationship adrift. The bulk of the common assumptions that have underpinned the mutual interests and, to some extent, the shared values of this relationship have now disappeared. Just as the generation of older custodians of the relationship—when its guiding strategic axiom was the overwhelming mutual advantage of comprehensive engagement—has also passed from the scene. As a result, the U.S.-China relationship now critically lacks a common strategic purpose. It also lacks a common strategic narrative, given that a "narrative" ultimately cannot lie about the fundamentals of the relationship. This, in turn, raises the question of whether a common, shared narrative is any longer possible between China and the United States, as each retreats to its strategic corner, in order to contemplate how best to best the other.

For decades, that shared narrative was "engagement," albeit always an engagement based on some degree or other of strategic hedging, in case everything went wrong. Strategic engagement as a unifying narrative for the relationship is now officially and effectively dead. Instead, we have now landed in a new age of strategic competition, conditional on one level or another of cooperation on a defined set of issues of the day—but with competition being the relationship's "steady state," and with cooperation now being the exception rather than the rule.

As a result, I fear we may now also find ourselves on the pathway to medium-term strategic confrontation, as each side competes for ascendancy in what is seen increasingly on both sides as a zero-sum game. It's a relationship, therefore, that no longer has anybody at the rudder. As a result, strategic drift has set in. And once strategic drift sets in, and once the traditional ballast of the relationship has been cast overboard, we also know from history it's far easier to be taken by the tide, and to be buffeted by events.

SO WHO IS TO BLAME?

At times like these, there is a tendency to point the finger to identify who is "to blame" for the state of the relationship. Americans will point to a number of factors, including the new nationalism under Xi Jinping; Chinese mercantilist strategy, such as "Made in China 2025"; China's use of the Belt and Road Initiative to effectively rewrite a number of the rules of the liberal international rules-based order in a profoundly illiberal direction; China's global cyberoffensive, including its recent successful attack on U.S. government personnel records; and China's rapid acquisition of offensive military capabilities, its increasing military collaboration with the Russian Federation, as well as Chinese land reclamation activity in the South China Sea.

China, by contrast, will point to the history of the United States violating the rules of its own order when it has suited, from Latin American interventionism under the Monroe Doctrine to more recent Middle East interventions, including the unilateral invasion of Iraq; continued daily U.S. provocation of China through reconnaissance flights along the Chinese coast; President Trump's unilateral declaration of an anti-Chinese trade war; more broadly, the U.S. assault on the global free trading system, including the WTO; America walking away from the Paris Agreement on Climate Change; together with the unfolding technology war symbolized by U.S. decisions to freeze out Huawei from the future 5G network in the United States.

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While finger-pointing may be satisfying for a certain number of the belligerents, unfortunately it doesn't really get us anywhere. My argument, by contrast, is simple: the current deterioration in the U.S.-China relationship is a structural phenomenon. It has arisen because China is now of sufficient economic, military, and technological "mass" that it represents a structural challenge to long-term American dominance of the global and regional order. This is reinforced by the fact that these countries represent radically different political, cultural, and ideological systems.

Furthermore, the national political leaderships of both countries, albeit through radically different processes, have now reached similar conclusions about one another. Whereas once the idea of China representing a challenge to the U.S.-led order was the subject of animated debate and discussion among academics, think tanks, and policy planners, the uncomfortable truth is that this has now become a reality.

The American conclusion on this score is clearly evidenced by the December 2017 National Security Strategy of the United States. It states,

> "China and Russia want to shape a world antithetical to U.S. values and interests. China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor. Russia seeks to restore its great power status and establish spheres of influence near its borders. The intentions of both nations are not necessarily fixed. The United States stands ready to cooperate across areas of mutual interest with both countries.
>
> For decades, U.S. policy was rooted in the belief that support for China's rise and for its integration into the post-war international order would liberalize China. Contrary to our hopes, China expanded its power at the expense of the sovereignty of others. China gathers and exploits data on an unrivalled scale and spreads features of its authoritarian system, including corruption and the use of surveillance. It is building the most capable and well-funded military in the world, after our own. Its nuclear arsenal is growing and diversifying. Part of China's military modernization and economic expansion is due to its access to the U.S. innovation economy, including America's world-class universities."

Following the annual Chinese leadership retreat to Beidaihe in August of this year, it also appears that China has reached the same strategic conclusions about this deep shift in the official American view of China.

In an authoritative editorial published in late August, Long Guoqiang stated that,

> "In order to maintain its world hegemony, the United States has been guarding against any possible catch up. In the past, the Soviet Union and Japan had been hampered by the United States. But with the rapid development of China's economy, and China's increasing comprehensive national power, the United States has fully turned its consciousness and sentiment towards China, redefining Sino-U.S. relations…defining China as a long-term strategic competitor of the United States…therefore the trade war is not only a means for the United States to obtain more economic benefits, but also an important means for the United States to contain China."[2]

There has indeed been a structural shift in the U.S.-China relationship. The key conceptual insight here, I believe, is Graham Allison's work on the application of the "Thucydides Trap" to the current state of U.S.-China relations.[3] In Allison's analysis, China, as the rising power, is now causing sufficient

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[2] For more information, see Long Guoqiang, "Understanding the Current Sino-U.S. Trade Frictions," translated from the original Chinese article in *People's Daily*, August 29, 2018, http://opinion.people.com.cn/n1/2018/0829/c1003-30257035.html.

[3] For more of Graham Allison's analysis, see his book *Destined for War: Can America and China Escape Thucydides's Trap?* (Boston: Houghton Mifflin, 2017).

anxiety in the United States, the established power, to cause the latter to begin to take substantive corrective measures. In Allison's (albeit selective) survey of diplomatic history over the last 500 years, he identifies 12 out of 16 historical cases where similar circumstances have arisen and where military conflict has ultimately resulted.

It is a profound misreading of Allison's work, however, to conclude that he argues that the Thucydides Trap inescapably leads to war. Allison rightly points to the significant possibility it might—unless corrective political, economic, and military measures are taken to prevent such a conflict from occurring. So in the eternal debate between "structure" and "agency" in both political and international relations theory, the reality is that we can both observe the "structural" factors currently at work in the growing great-power rivalry between China and the United States, as well as identify the parallel reality that the "agency" of political leadership and diplomatic intervention can still avert catastrophe.

Chinese and American leaders may at some point in the future choose armed conflict. But it will be an active political choice.... In other words, structure and agency are both relevant to the dilemmas we now face in U.S.-China relations.

We are not, therefore, a bunch of international "zombies" marching relentlessly toward the cliff of international catastrophe, conflict, and war. This is John Mearsheimer's world of "offensive realism," which holds that for a range of immutable structural factors, only war or abject capitulation between great powers can be the result, and that politics and diplomacy have no role.

On this, I profoundly disagree. Chinese and American leaders may at some point in the future choose armed conflict. But it will be an active political choice. It will not be forced on them, either by the heavens above, or by the unalterable laws of human nature, social relations, or the behavior of states below. In other words, structure and agency are both relevant to the dilemmas we now face in U.S.-China relations.

The radical change in the relationship we have observed in recent years, as we have moved from strategic engagement to strategic competition, is indeed structural. But the role of "agency," through the political leadership of both countries, is to identify what rules of the road may now be possible, within the framework of what is now a deeply competitive relationship, to avoid conflagration.

I am not a sufficient Kantian idealist to believe that any new set of shared norms that might be developed to govern this increasingly fractious, strategic competition between the United States and China will somehow be a substitute for separate national strategies that seek to advantage one side over the other. That is inevitable. Indeed, it has also long been the case.

My simple argument here, however, is that there is room for both shared norms and hard-edged competition—even in the deeply troubling circumstances in which we now find ourselves in this, the single most important relationship in the world.

DEFINING THE RULES FOR STRATEGIC COMPETITION

This is important for us all, because the open question is this: what are the prospects of strategic competition between China and the United States remaining peaceful for the medium to long term? Or do we already find ourselves on a slippery slope where strategic competitors soon become strategic adversaries—and where, step by step, we slide into a Cold War with the ever-present danger that one day this might erupt into a hot war? These are deeply sobering thoughts that should give us all collective pause.

Is it still possible, for example, to fashion a common strategic narrative capable of effectively embracing both sharp competition and identified areas of continued strategic collaboration, and doing so across the ever-widening ideological divide between the two countries? Or are we now in a brave new world where the new rules of the game have yet to be determined—one in which rules, to the extent that they can exist, can only be shaped by exclusively national strategies rubbing up against each other, at times colliding with each other, until some new great-power modus vivendi emerges from the mayhem. Or not, as the case may be.

This is the question that many of us who care about the future of this relationship, and who see ourselves as friends of both countries, are now trying to think our way through. It's become the hardest question of all in international relations today. There is no easy fix. The gaps are now huge. And the danger faced by anyone now trying to bridge them is that they, too, will be accused of appeasing one side or the other.

History, or at least engineers, tell us that bridges, when subjected to too much pressure, sooner or later buckle before they collapse. Trying to bridge, however modestly, the current chasm in U.S.-China relations, is therefore not for the fainthearted. It's a far easier road at present to barrack for one or the other of the opposing teams from the stands. It's certainly safer there. Definitely more comfortable. But it's also useless if you're in the business of trying to find a way through. This is very much a work in progress for many of us.

DEEPER THAN A TRADE WAR—TECHNOLOGY AS THE NEW TERRAIN

Much of the commentary on these questions focuses on the current trade war between China and the United States. Although, as noted above, the reality is that the trade war is the manifestation of a much deeper structural cleavage in the relationship that has been evolving over many years. We see this at work in bilateral investment as well where Chinese flows into the United States have now slowed to a trickle. But the significant new terrain in which this new strategic competition between China and the United States is being fought out is in high technology, information technology, and now artificial intelligence. Here, the lines of battle are in the process of being drawn.

The U.S.-China Economic and Security Review Commission in March of this year released a report on what it described as "China's techno-nationalism tool box."[4] According to the Commission, China's mission is to build internationally competitive domestic firms, not only to replace foreign technology and products domestically, but also to supplant them internationally. This is reflected most acutely in

[4] For more, see Katherine Koleski and Nargiz Salidjanova, "China's Technonationalism Toolbox: A Primer" (Issue Brief, U.S.-China Economic and Security Review Commission, March 28, 2018), https://www.uscc.gov/sites/default/files/Research/China%27s%20Technonationalism.pdf.

the “Made in China 2025” strategy, released in 2015, which identifies specific Chinese targets, per each industrial and technological sector, that China proposes to dominate.

According to the Commission, China is doing so through 10 specific policy strategies:

- Localization targets (for example, achieving 70 percent of the domestic industrial robot market by 2025 for Chinese suppliers)
- State funding for industry development (for example, large-scale subsidies for solar enterprises, although these have reportedly now been reduced)
- Dedicated government research and development funding, which in total has now reached 75 percent of the total U.S. research and development outlays as of 2015
- Government procurement (for example, mandating central government purchases of Chinese automobile brands)
- New “China-defined” technology standards (for example, through the People’s Bank of China announcing new technical encryption standards for credit cards, which are incompatible with existing international standards and only used by state-owned cards such as Union Pay, not shared by Visa or MasterCard)
- Regulatory thresholds (for example, requiring the formation of joint ventures as a condition for Chinese market entry)
- Foreign investment restrictions and import guidance (for example, through its Catalogue on Guiding Foreign Investment, and its Catalogue on Encouraged Imported Technology Products, which identify industry sectors as either “encouraged, permitted, or restricted” to foreign investment)
- State-driven acquisition of foreign talent (for example, through state-funded projects such as the 1,000 Talents Program and Project 111, which specifically target some 5,000 foreign scientists from the world’s top 100 universities and research institutes with incentive packages in excess of what can be had in the normal academic market)
- A state-directed foreign technology acquisition program, whereby the Chinese government funds the acquisition by Chinese firms of foreign tech firms—such as in 2015–16, when China acquired some 21 U.S. semiconductor firms
- Industrial espionage

According to the U.S. Chamber of Commerce, the Made in China 2025 program is a “10-year comprehensive blueprint aimed at transforming China into an advanced manufacturing leader across 10 strategic industry sectors including next generation information technology, aviation, high-speed rail, new energy vehicles, and agricultural machinery.” Both the U.S. Chamber of Commerce and the U.S. government’s principal complaint against Made in China 2025 is that it is both state-directed and, most critically, state-funded, thereby creating an unfair global playing field for international firms seeking to compete in their own right. Indeed, the U.S. Chamber assessed in 2017 that declared Chinese government funding related to Made in China 2025 alone was about $632 billion.

Made in China 2025 is not the only Chinese strategic industry plan aimed at pole-vaulting China from being a labor-intensive, low-tech manufacturer 20 years ago, to becoming a global high-tech powerhouse within the space of a generation.

There are many other policy vehicles as well, including:

- China's 13th Five-Year Plan (2016–20)
- China's Medium- to Long-Term Plan for Science and Technology Development (2006–20)
- China's Strategic Emerging Industries Initiative of 2010
- China's Next Generation Artificial Intelligence Development Plan of 2017, with the objective of making China the world's premier artificial intelligence innovation center by 2030—targeting specific technologies such as intelligent connected vehicles, intelligent service vehicles, intelligent unmanned aerial vehicles, computer-aided medical imaging, video image recognition, artificial audio intelligence, and computer translation.

Again, the U.S. complaint about each of these policy initiatives is that they seek to realize Chinese global technological supremacy through the massive allocation of resources by the Chinese state, which again has the effect of disrupting the normal operation of competitive global markets.

A further stated U.S. concern is the clear interrelationship between state-driven high-technology development in China in the civilian economy with integrated military applications—including the rapid development of robotic warfare technology. As for China, it has argued that it is in its national interests to prosecute this vast array of state-driven strategies because it has concluded that U.S. national interests will preclude China from being able to acquire these capabilities through an open and competitive market.

Managing the technology dimension of this new strategic competition between China and the United States will be fundamental for the future—not just a single compelling feature. Policymakers will therefore have to become comprehensively literate in a field where very few have any significant experience.

For example, China's plan for science and technology development specifically concludes that "facts tell us that China cannot buy true core technologies in key fields that infect the lifeblood of the national economy and national security." As a result, as the plan concludes, in order to deal with this core vulnerability, China must resort to indigenous, independent innovation by improving the "absorption and re-innovation of foreign technology."

The same sentiment is reflected in Xi Jinping's recent statements on China's national artificial intelligence strategy, which conclude that in the absence of national innovation, adaptation, and self-reliance, China's long-term economic and national security will be under fundamental threat. For those wishing to understand the breadth and depth of Xi Jinping's national policy commitment in these areas, they should read his late April 2018 address to the National Work Conference on Cyber Security and Information Technology. It is a sobering reflection on the emerging terrain of the U.S.-China technology war.

The reality is that those seeking to work on the overall dimensions of the future of the U.S.-China relationship will have to deal with an emerging Cold War on high technology up front. Managing the technology dimension of this new strategic competition between China and the United States will be fundamental for the future—not just a single compelling feature. Policymakers will therefore have to become comprehensively literate in a field where very few have any significant experience.

A RELATIONSHIP ADRIFT

Here in San Francisco, the Bay Area, and the home of Silicon Valley, you now find yourselves on the front line of this great competitive race that has now been launched between China and the United States to secure national competitive dominance in the new technology industries of the future. If you thought things were already becoming sharp for the sector because of the deteriorating dynamic of the U.S.-China relationship, my prediction is this: you ain't seen nothing yet.

It's only going to get much sharper. The race is on. The starter's gun was fired some time ago. But to return to my overall theme for this address: the key challenge for policymakers both in Washington and Beijing is whether they allow this level of strategic competition for the commanding heights of new technologies to fundamentally destabilize the overall relationship.

Which brings us back to the strategic question of what framework is now possible for the long-term development of U.S.-China relations that is capable of both managing acute competition and cooperation in specific areas all at the same time. Much creative effort must now be injected into this exercise—unless we are prepared to sit back and allow the relationship to career completely out of control. As I said at the outset, when we look back at the year 2018, I believe we will identify it as the year we saw the turning point in strategic competition between the United States and China begin to decisively outweigh the remaining areas of strategic cooperation.

The key challenge for policymakers both in Washington and Beijing is whether they allow this level of strategic competition for the commanding heights of new technologies to fundamentally destabilize the overall relationship.

In the same week that Governor Jerry Brown is convening the Global Climate Action Summit here in California, there's at least some hope that climate change collaboration between China and the United States, as the world's two largest greenhouse gas emitters, is at least capable of being sustained into the future—notwithstanding the vast array of geopolitical, geo-economic, and geostrategic factors now bearing down on the relationship overall. Let us hope at least that we can salvage this element of cooperation from a relationship that now seems to be progressively heading south.

I entitled this address "A Relationship Adrift." As the global climate change crisis intensifies, and as we begin to see the accelerated impact of climate change around the world, let us hope that this last remaining ballast in the relationship can be salvaged for the future of us all. The planet demands nothing less.

The idealist in me also suggests that maybe, just maybe, despite the hostility of the current U.S. administration to climate change science, policy, and action, this area of the U.S.-China relationship may not only survive but, because of the importance of non-national government actors on climate change in the United States, it may continue to flourish. Just as it is beginning to flourish in China—although in China, the national government remains fully engaged as China goes through a sea change in its own response to climate change.

Because the global stakes are now so high on climate change, as weather events become more frequent and extreme, as ocean temperatures increase more rapidly than previously thought, and as fresh scientific reports emerge on "hothouse earth" predicting earlier and higher land temperature changes as well, it may be that continuing climate cooperation between China and the United States becomes the remaining ballast in the bilateral relationship for the foreseeable future.

The challenge, however, of how to build new rules around the U.S.-China relationship in this new era of strategic competition for the future remains. If, that is, it can be done.