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# THE CHINA DEBATE: ARE U.S. AND CHINESE LONG-TERM INTERESTS FUNDAMENTALLY INCOMPATIBLE?

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**Introduction:**

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P R O C E E D I N G S

GENERAL ALLEN: Well, ladies and gentlemen, welcome. This afternoon, we are honored to have you all with us. My name is John Allen. I'm the president of the Brookings Institution; and it is truly my honor to welcome you all and such distinguished guest, as well as those who are coming in via webcast and other broadcast media for what I expect to be a very meaningful and thought-provoking debate on the future of U.S.-China relations.

The U.S.-China relationship is, in my opinion, the most consequential bilateral relationship of the 21st century. And that relationship currently is at an inflexion point. Indeed, many of our Chinese friends fear that we may have moved beyond a tipping point.

There are fundamental, yet unanswered questions about each country's interest and objectives, and questions about how these interests should inform policy and how various national strategies will be derived from that policy. And at its core, the ongoing debate in the U.S. about China boils down to a question of whether the U.S. and Chinese interests and ambitions are compatible, or not.

Whether we can find the means for cooperation, and even leveraging opportunity from competition, or whether in the end we're destined for long-term confrontation which could spill over into conflict.

So, to help address this question, we have asked five of the nation's most thoughtful experts to come together today and shed light on how each country perceives its role in the world and what that tells us about the future direction of the U.S. and China relationship.

Our goal in convening this debate is to support the advancement of a serious sustained series of discussions about what type of relationship between the world's two global powers will best serve America's long strategic interests.

So, today marks the first major event that Brookings has co-sponsored

with Yale Law School as part of a new partnership between the John L. Thornton China Center, here at Brookings, and the Paul Tsai China Center at Yale. And I'm grateful for the leadership at Brookings of Vice President Bruce Jones; and from Yale Law School, Paul Gwerts for forging this bond between our two institutions and for their work behind the scenes to make this inaugural event a reality. So, I'll turn now the microphone over to our moderator for today's debate, Eric Osnos, who will provide an overview of the debate and its structure, and introduce our distinguished speakers. Thank you, ladies and gentlemen for joining us today; thank you. (Applause)

MR. OSNOS: Thank you very much. Give us just a second while the combatants take their seats here. Good afternoon everybody, and welcome to the China debate. My name is Evan Osnos. I'm a nonresident fellow here at Brookings; and I'd like to start by thanking all of you for coming, and for all of you who are joining us online -- this event is being webcast. Thanks for coming and spending part of your afternoon with us. I can promise you I think it will be time well spent.

As General Allen noted in his opening remarks, today's debate is the first major collaboration in a new partnership between the Paul Tsai China Center at Yale Law School and, of course, the John L. Thornton China Center here at Brookings. Earlier this year, these two institutions came together to say how can we put our unique skills into partnership in a way that can begin to dig into the very serious challenges and opportunities in the U.S.-China relationship -- and that is what this event is all about.

Today, we're going to tackle that subject head-on by considering the long-term goals of both the U.S. and China, including where each side's interests align and where they diverge. For years, there was a bipartisan consensus in Washington that despite the significant, political, and economic, and social differences between the two, fundamentally, the U.S. interest was best served by engaging China. Doing so, the theory held, enables the United States to encourage China down a path of development that benefits the Chinese people and the rest of the world, including the United States.

And in some respects that vision has been realized. We now have contacts that are broader and deeper than we ever might have predicted, but in other respects reality has fallen short of expectations. And you see building frustration today over issues like trade, investment, technology policy, military dialogue, academic exchange, Taiwan, and the South China Sea, to name just a few.

We find ourselves at -- and the word is now repeated constantly in this subject -- an inflexion point. This is the moment when Beijing's economics and political reforms have stalled. It's using its growing wealth and influence around the world to reshape international institutions in important ways. Many in Washington and elsewhere are calling for a re-examination of the U.S.-China relationship; and some are arguing, in fact, that it's time for us to put competition over cooperation in order to forge a new equilibrium.

Earlier this year, *Foreign Affairs Magazine* posed a provocative question -- the right question -- to several dozen specialists in America's China-watching community. It asked are U.S. and Chinese national interests incompatible? And the responses to that question were fascinating. It was a virtual dead heat. There were people on both sides -- more than a dozen -- who lined up both for and against that proposition; and, I think, what it illustrated was that there are now good faith, serious arguments on all sides of a question that not too long ago would have been considered a closed debate. It is now very much an open debate and that's what brings us here today.

On both sides of this issue, we couldn't ask for a more distinguished group of scholars and practitioners. On the right side of the stage is the affirmative team, consisting of Tom Wright and Evan Medeiros who will argue that U.S. and Chinese long-term interests are fundamentally incompatible. Tom is the Director of the Center on United States and Europe at Brookings, where he's also a senior fellow. His research focuses on U.S. foreign policy and grand strategy; on Donald Trump's worldview on the future of Europe; and, indeed, on Asian security. And Evan Medeiros is the Inaugural

Penner Family Chair in Asian Studies at Georgetown. He previously served in the Obama Administration, as many of you know, as Special Assistant to the President and Senior Director for Asian Affairs on the White House's National Security Council.

And on the left side of the stage is a formidable opposing team, consisting of David Michael Lampton and Susan Thornton who will argue that the U.S. and Chinese long-term interests are not fundamentally incompatible. Susan is a senior fellow in the Paul Tsai China Center at Yale Law School; and until July, she was the Acting Assistant Secretary of State for East Asian and Pacific Affairs. And Mike Lampton is Hyman Professor and Director of China Studies Emeritus at the Johns Hopkins School of Advanced International Studies -- right across the street -- where he is also a senior fellow at the SAIS Foreign Policy Institute, and a mentor to many people in this room; and we're pleased to have him here.

To assess tonight's arguments, we want to hear from you, the audience, both before and after our debaters. So, if you have not already voted, using your phone, please do so now. This is the Jerry Lewis Telethon moment here -- our lines are open. They're going to be open for about three more minutes, and you can vote by texting the number up there; and those of you who are watching online are also welcome to vote.

SPEAKER: Can we vote too?

MR. OSNOS: No. (Laughter) That would hopelessly corrupt your objectivity and advance to the debate. But we encourage all of you here and those of you at home to join social media on this subject -- hashtag is China Debate, and I suspect we'll get a lively response.

Tonight's debate is going to be highly structured and fast moving. This is something that Brookings has been doing recently, and it's been a lot of fun. We'll use six minute opening statements from each side; followed by five minute rebuttals; and then we'll get into the heart of the debate where each team will have the opportunity to cross-examine the other; and then we'll open it up to a bit of moderated Q&A from me of both

teams. And at the end of the program, we'll have a five minute summary statement; and then once more we turn it over to you to vote -- and you will be giving us the final verdict.

So, with that, we're ready to begin. The opening poll is open for another minute or so; and we're going to start with an opening statement from Evan Medeiros who is arguing that U.S. and Chinese long-term interests are fundamentally incompatible. Evan, the floor is yours.

MR. MEDEIROS: Evan, thank you very much. John Allen, thank you for inviting me. I have this menacing little clock next to me so I'm going to be very brisk.

Let me begin by articulating what we are not arguing. We are not arguing that conflict and confrontation are inevitable. We're not making the Graham Allison argument. While great power rivalry between the United States and China may, in fact, be inevitable, conflict and confrontation need not be inevitable; (2) we're not arguing that past U.S. policy towards China was a total failure. In fact, in many ways, U.S. policies and engagement in integrating China shaped its behavior in ways consistent with American interests; but we believe that many aspects of that policy has reached its limit for a variety of reasons.

Similarly, we don't believe that past U.S. policies were built on a series of faulty assumptions. Rather, we believe China's behavior; the way it defines its interests; the way it pursues them has evolved, and the assumptions driving that policy will need to change.

So, what are we arguing? What we're arguing is that U.S. and Chinese interests are substantially and increasingly incompatible. As of today, our position is U.S. and Chinese interests diverge more than they converge, and that trajectory is towards a greater degree of divergence than convergence.

Now, we can't tell you what the precise waiting is between divergence and convergence, but it's definitely more than 51/49 in the direction of divergence. Many analysts agree that U.S. China interactions are a mix of cooperation and competition. It's

clearly toward the competition side. And let me make clear, as a China watcher -- as a lifelong China watcher -- I take no particular pleasure in making this argument. I approach it more with resignation than any kind of righteous indignation. I've spent my career doing research on how engagement and integration strategies have promoted the U.S.-China relationship; and I certainly pursued many of those strategies during the Obama Administration. But as facts change, as behavior change, our judgments need to change as well; and that's where I am today.

There are two pillars to our argument about why divergence is greater than convergence: (1) Our argument is premised on the position that the way China now defines its interests and increasing how it's pursuing them are incompatible with U.S. interests.

Our second argument is one about time horizons -- and technically speaking, it's not really my argument. It's the argument of my colleague at Georgetown, David Elstein, who recently wrote a wonderful, quick, short little Op-Ed in the Washington Post; and his argument is U.S. and Chinese time horizons are changing in ways that make our differences, our disagreements in areas of competition increasing. The U.S., in the past, was very careful with a head strategy on China whereas China was very focused on pursuing a policy of hide and bide. Both believed that time was on their side for different reasons. That has changed in the last five years. Now, both are much more focused on the immediate challenges posed by each other, in particular on the U.S. side; and the U.S. has now believed that time has run out and a head strategy is not enough.

For China's part, it is much more confident in its capabilities, and wants to bring those capabilities to bear to assert its interests. So, how does China define its interests? Well, according to an article that's very authoritative from state counselor, Dai Bingguo, in 2010; subsequently followed by China's white paper on peaceful rise, China, essentially, has three core interests: Maintenance of CCP rule on social stability; (2) protection of territorial integrity, sovereignty, and re-unification; and (3) economic and

social development. We can sort of debate about those, but I would say those are generally the three right categories.

Simply using those definitions, aside from China's behavior, U.S. and China interests are incompatible and becoming more so. The differences in our political systems is an enduring source of distrust, and Chinese efforts to maintain social control at home, especially by using technology will only draw a starker contrast with the United States.

The U.S. political system is seen by China inherently as a threat. Both the U.S. media and the NGOs are constantly criticizing China, and there's no American political leader that will ever confer the legitimacy on the leader of the Communist Party, as the Chinese desire.

On territorial integrity and sovereignty, the U.S. and China will continue to disagree about Taiwan and China's various territorial claims. There's no evidence that U.S. policy on this is going to shift.

On economic development, the U.S. and China could continue -- and I hope continue -- to benefit from each other's growth, but the practical reality is that the policies that China is pursing are ones that are deeply inimical with U.S. interests.

So, let me turn to behavior. On political and social stability, for Xi Jinping in practical terms what that seems to mean is denying basic rights to ethnic and religious minorities while clamping down on universal rights at home. These behaviors will never be accepted by the United States, and the differences will only become a greater source of concern. As Tom has written, Xi Jinping appears to be trying to make the world safe for authoritarian systems, and the U.S. will always try to make the world safe for democratic societies. The U.S.-China competition will take on and may already be taking on an ideological flavor to it.

On territorial integrity and sovereignty -- since 2013, Xi Jinping's actions have demonstrated that he's much more willing to use economic, military, and diplomatic

coercion to achieve his aims; and the U.S. sees these as inconsistent with its own interests.

On economic development, again since 2013, Xi Jinping, through his own behavior and statements, has shown that he's less interested in market reforms and allowing the private sector to play a greater role in the economy. The third planned number reforms were great when they were announced, but they were never adopted. Xi Jinping has subsequently articulated and pursued made in China 2025. Financial sector reform has occurred to their credit; but it's been slow and fleeting, and largely oriented at preventing a systemic financial crisis; and Xi Jinping has clearly demonstrated that he has a strong preference for state-led development. Even if Xi Jinping does embrace a new round of reform -- there's a big speech in the next few weeks -- his plans for the Chinese economy will make it more competitive with the U.S. economy, not more cooperative.

And let me leave you with one final point since I'm a little bit over time, the question is what do we do about this state of affairs. Tom will talk more about that -- this inevitable compatibility. Most analysts agree that it should be a mix of competition and cooperation. Our view is the United States needs to face-up reality. Continuing to deny that our interests are diverging more than converging is dangerous. We could get rolled, or worst, it could embolden China to be more aggressive and assertive in pursuing its economic, political, and security interests. Thank you.

MR. OSNOS: Thank you very much, Evan Medeiros. Next, we're going to hear from Susan Thornton who is arguing that U.S. and Chinese long-term interests are not fundamentally incompatible. Susan, the floor is yours.

MS. THORNTON: Thank you, Evan. I didn't hear exactly that with the greater divergence than convergence that Evan was arguing precisely that our interests are fundamentally incompatible; but I will be arguing that they are not fundamentally incompatible. So, while it is true that some of our interests are in conflict and that may be

the case with some of the issues that Evan raised, they must be managed through deterrence and diplomacy, while other interests are compatible and can be furthered with diplomacy and cooperation.

Some U.S. and Chinese interests, clearly, may seem incompatible; and they may even be diverging more than converging; and they may be becoming more troublesome than they were in the past. For example, the U.S. desire to maintain primacy in Asia versus China's desire to continue to grow its economy and military. These are structural stresses, and the lucidity tension that has been discussed by Graham Allison.

U.S. desires to have no country dominate Asia, versus China's apparent desire to dominate its own near, abroad, or the Asia region; China's party-controlled legal system versus international law and norms that the U.S. tends to promote and want other countries to adopt; the international institutions and systems, that China often ignores their writ and misbehaves within those standards; China's politicized state-directed economy versus the internationally-accepted market driven economy, which the WTO system and other open trading systems demand; and U.S.-China competition for natural resources around the world is, obviously, a point of tension; our disparate views on Taiwan's future; of course, our disparate views on human rights, etc.

But I would argue -- and our team will argue -- that we have many interests in common with China, and some of these are at a level of distraction beyond which we normally think; so, I would say that for one, starters, the U.S. and China both have a common interest in the continuation of the Westphalian system -- a system of nation states within strong international institutions but with sovereign governments that control their borders and control what goes on inside their countries.

They both have an interest in the continuation of the international system. Both are members of the P5 in the UN, and in this respect, I would also argue that China is not revisionists; that China sees itself as wanting to prolong and continue

the existing international order, albeit with some changes.

China and the U.S. are both interested in countering instability and conflict among regional hotspots. They're both interested in countering terrorism and extremism; countering large migrations of populations, pandemics, environmental and natural disasters; and other sources of instability and problems in the world. Promoting prosperity for both of our countries and other countries in the globe is an obvious common interest. We're the two largest economies on the planet and are very much interconnected in our two economies at the moment, and have produced 700 million people coming out of poverty in China alone, not to mention other countries in Asia and around the world.

Certainly, controlling access to weapons of mass destruction and limiting the spread of destructive arms is a common interest; and I would also argue that in the future, the U.S. and China will need to converge more on the issue of who will control technology and how; and that extends to the examples of autonomous weapons and other kinds of technology that would be extremely dangerous if it were in the hands of people outside of national government control.

But to get back to the issue about the incompatibilities, I think all of these issues that have been mentioned by the opposing team, and that I mentioned above, can be worked on so that they become either manageable or less problematic. It's not to say there won't be tension in the relationship and that this tension could be, actually, constructive; but issues that may seem intractable -- such as some of those that we've worked on with China in the past, nonproliferation norms, cooperation against Soviet aggression during the Cold War; work on the North Korean Nuclear Program; conclusion in the Obama Administration of the cyber commercial theft agreement; changes in the Renminbi exchange rate when the U.S. administration was pushing very hard on that issue; and other trade issues, market access issues; we have successfully managed, and we have successfully gotten progress on. With tension, we've also, actually, managed

the sensitive issue of Taiwan for the greater good of all involved for many, many decades.

So, I would argue that we can manage these issues that it seem to show incompatibility with good diplomacy, with smart approaches, and making sure that we bring all of our partners in Asia and around the world together with us to aid and abet our efforts.

The bottom line, I think our team will argue, that we have agency in the U.S. Government and with our partners to affect our own future and with the right leadership, we can forge a consensus to narrow our differences or constructively manage them with China and to exploit those areas where we have common interests. It was mentioned earlier today -- two of the issues which touch every American life are economics -- our economic and trade, and our wellbeing; also, the environmental challenges that our planet faces -- I think these are two obvious areas where, without U.S.-China cooperation, we will not be able to affect any progress for the future of our future generations.

MR. OSNOS: Thank you very much, Susan; and we'll note that they finished on time on that side. (Laughter) Tom, back over to you for a rebuttal.

MR. WRIGHT: The pressure's on. (Laughter)

MR. OSNOS: Pressure's on.

MR. WRIGHT: I will try to make sure I'm on time too. It's a pleasure to be here. I'll dispense with the formalities because we're under a clock; and, I think, Susan's points were very thoughtful and, I think, we would agree with a lot of them, actually; but I just wanted to make a few sort of general comments in response. And because Susan listed out a number of areas where there were disagreement, which Evan spoke about, and a number of areas where there was an agreement; and we agree, I think, that there is a mix. I mean no one on this side is going to argue that there are no compatible interests between the United States and China, right. The question is sort of

the weighting between them.

And I would just note that the list that we just heard included support for the Westphalian system; generous support for the international system, and interest in countering regional hotspots for instability; combating pandemic disease; wanting prosperity for each of our economies; limiting the proliferation of weapons of mass destruction; wanting to prevent autonomous technology or autonomous weapons; and from spreading as well; and that those are things we have in common.

But those interests are pretty much things that any two nation states would have in common. Arguably, after the first period of the Cold War that was quite ideological, the Soviet Union and the United States also shared many of those things in common -- both, actually, had an interest in preserving the nation state as it existed once you got past that ideologic element early on. And by that matrix, it will be the United States and the European Union that are most incompatible because the EU has sort of a different vision of the Westphalian system.

And so, I guess I would say that the areas of commonality are so sort of fundamental, we want a healthy environment thru economic prosperity that we cannot quite take them for granted, but we can say that those don't necessarily outweigh things that, in the past, have led to conflict. The areas of disagreement that Evan spoke about are ones that we know from history are incredibly dangerous because they get to the heart of why two nations competing, the reasons for that are the origins of major conflict in the past.

While we certainly agree that the question of regional stability or the different competition of models between the CCP legal system, and our system, or Taiwan, or human rights that those should be dealt with, and by diplomacy and crisis avoidance and deterrence, we would say that it's really important to actually recognize the stakes in those, and that we've been underperforming, maybe, in some of those areas, especially over the last eight years.

And while it's not the case that past policy has failed -- and Evan was very clear about that at the beginning -- when the facts change, we need to sort of change accordingly; and what we are seeing, particularly under Xi Jinping, is the way that China's interest -- as Evan outlined them -- have been defined, and are being pursued, is increasing the incompatible with those of the United States and its allies.

I just want to make two other points. One is I think there is an increasingly ideologic element to the competition, and that is natural. Because at its core, China worries that if the U.S.-led international orders exceeds globally, it will be bad news for its regime, right. And we worry that if China succeeds in making the world safe for authoritarianism that will be bad news for our liberal international order.

And those things are fundamentally incompatible; and if you question that just look at what's happening on the export of China's surveillance technology; or the way in which it's refining its sort of tools at home, how those could spread abroad; or what we're seeing in the economic sphere; of what we're seeing in the technological sphere, which is fast emerging at the center of gravity of this competition; it's actually within our societies, that those are all areas where we need to sort of step up our game.

The final point we would like to make is what's the -- someone may ask like what's the risk of just focusing on the areas of cooperation and minimizing the areas of competition. Is that not sort of an adequate way to proceed? And we think there, actually, is a risk of that. We think that if we simply focus primarily on the areas of cooperation and say we'll do the bear minimum on the areas of competition that it runs the risk of allowing vulnerabilities to occur that we can't quite manage in the future.

And if you look at what's happening on technology -- I think that's one of the main areas where we actually need a national mobilization of awareness about what this means for Silicon Valley, for future tech development in the competition over artificial intelligence, and the like; and, also, it potentially forgoes areas of opportunity.

And a very final point is that we believe in responsible competition on this

side, and we think that stability is the best path forward, but the best way to do that is actually to be clear sighted about the challenges we face and not to minimize.

MR. OSNOS: Thank you very much. That was impressively precise. Thank you, Tom. So, over to you Mike Lampton, for the final of the rebuttal round.

MR: LAMPTON: Well, thank you; and I'll try to stay on time. And I do want to just acknowledge that Susan and Evan have both served our country, and I'm honored to be on the debate with all of my co-panelist.

I guess the first thing I'd say is that you, in a sense, started by conceding the proposition that there was a substantial amount of cooperation in the relationship. You said it's getting less dominant within that; but you, essentially, conceded the point we're supposed to be debating. (Laughter) So, I'm left with a little bit of a problem; but the essence of it is that this is a more zero-sum relationship is the way I would put it. And, I think, there are lots of areas of cooperation.

The first of all, I think, we all, but certainly I think the other side is sort of treating China as a monolith. And if I look at what's going on in China now, I see a lot of debate in China about what their interests are. And so, I would say, we ought to think about not empowering the most destructive forces in China in our own definition of the problem and the way we choose to deal with China. And, I think, those forces of resistance within China are getting greater, and we're reading about it by the day.

Secondly, you didn't want to talk too much about the lucidity trap, but the rest of the world is talking about it; and it seems to me that it's worth just looking for a moment that -- if we just take Graham Allison who's the latest, he had a number of cases that had ended in war, but there were also a substantial subset of his cases where diplomacy and war was avoided. And so, I don't think we ought to be overly deterministic that diplomacy is a failed strategy; that economic integration and interdependence are hopelessly naive thoughts. And, in fact, even the advocates of the -- I think there is a lucidities problem about rising powers and dominant powers, and impatience by the rising

power, and defensiveness by these, that is a problem; but it is a manageable problem, even looking at the data that they provide.

Thirdly, I think we haven't talked enough about leadership here. Does anybody think we'd be here talking about this if we had continued the pattern of leadership in China from Dung, to Jeng, to Wu. It's Xi that's pushed in a new direction, and we need not talk about our own domestic leadership change.

So, I think we are looking at the artifact not of a kind of inevitable march of interest towards conflict, we're looking at human agency and leaders, and we have a particular concatenation of leaders now that isn't most conducive to managing this problem, to put it mildly.

Next thing is if we adopt a zero-sum view, we're going to end up -- and we are aligning what everybody has conceded is -- not having China, the space of Asia and Asia, the Pacific -- under a dominant coalition. We're pushing Russia and China together. That was the whole point of Nixon and Mao, forty years ago, to avoid that, and now we're pushing in that direction. I think it's strategically preposterous.

Another thing I would say is there's an implied assessment of engagement here that we were kind of naive, wanted to change China's system, and now we're all disappointed. Well, I don't think that's a fair accounting, but -- just to give you a couple of examples on engagement. We've all flown or most of us in this audience have flown in China. The FAA in China, and Boeing Aircraft -- I'll give Airbus some credit too -- cooperated with China to build an air transportation system that is now as safe as the United States, and that's probably being conservative there.

Similarly, the United States and American industry cooperated with China on China's food supply, reducing the loss of food from the time it's harvested to when it reaches Chinese consumers. Chinese consumers are enormously better off, American corporations are -- it's our biggest air, agricultural export market. I think we've got to keep in mind the kinds of things that have benefitted people in both of these

countries.

So, I'll just wind up because I have 14 seconds here to say that isn't all to say we don't need a tougher policy towards China -- just to put it in the current kind of largo, right. We need more reciprocity from China. I think we need to have deterrence without provocation -- kind of attitude; and I think that we have to really manage our competition and find areas of cooperation.

MR. OSNOS: Thank you very much, Mike. We now have a round in which each team is going to have an opportunity to question the other; and we'll turn to the affirmative team first -- Evan and Tom, a question for your opponents, please?

MR. WRIGHT: Yeah, I guess our question is what is the maximum amount you would concede to China to accommodate its rise?

MR: LAMPTON: A maximum amount?

MR. WRIGHT: Yeah, how much would we all -- we often hear we need to compromise and accommodate China's rise, so what's the maximum amount that you will be willing to offer after which you would say full scale competition is necessary?

MS. THORNTON: Okay. First of all, I think that talking about competition -- we put competition over cooperation -- I think that's, basically, a false dichotomy; and I think we've been doing competition and cooperation with China for decades and we will continue to do it on into the future. If competition becomes a little bit more tension filled, that's to be expected under the current guise, but I don't think there's a choice either or for competition versus cooperation. We will be doing both; we have been doing both; and we must continue to do both.

The other question, I think, is the question that you're getting at and probably what a good debate -- maybe the next one -- can center around which is can we find a joint concept of world order -- this concept that Henry Kissinger talks about -- can we find a joint concept of world order in which Chinese interest can be sufficiently accommodated; U.S. interest can be sufficiently accommodated so that each of us

comes up with basically what we would need to get in order to maintain the vision of ourselves and our place in the world. And, particularly, in Asia because I think the biggest problem is going to be in Asia, and the places where we have to have more discussions, more -- yes, I'll use the word engagement -- is around how are we going to deal with each over in Asia, and particularly close in with our militaries into the Chinese coastline and into Chinese territory. And, I think, that there will be, have to be, some discussions about how our behaviors -- we've had some agreements about conductive behavior to the two militaries close into the Chinese coast; and in the sort of South China areas -- the Senkakus, the East China Sea, the Yellow Sea -- but this will definitely be one area where we need to have more conversations.

MR: LAMPTON: I think I'd just add -- in terms of the maximal concession -- I think was the phraseology -- I guess I would move towards a framework for negotiation; and, I think, we, basically, both sides -- I don't mean just the United States -- have to move away from this idea of primacy and dominance, just to put a name on it -- towards something called balance. And I know all the problems we're trying to maintain balance, but if we could agree on a framework towards balance as opposed to primacy by either, that's a framework I'd be willing to talk about, and I'm not sure all Americans are.

MR. OSNOS: It's now your opportunity to ask a question of the opposing team.

MR: LAMPTON: I'm sorry.

MR. OSNOS: Okay, over to you guys, (inaudible) the mic. (Laughter)

MR: LAMPTON: Well, I was thinking about a number of them here, but I guess the one I would ask is what do you think are the most important areas of cooperation that we have? If you had to pick one area where we could actually maximize the opportunity for a productive, important, constructive dialogue and, hopefully, some action resulting from it, what would be the area you'd pick?

MR. MEDEIROS: Thank you. That's a great question. To reiterate, our view is not that there's no value in cooperation with China and our proposition is not that there's no areas of cooperation. Our proposition is that the areas of divergence are more substantial than the areas of cooperation; and to both countries, they're much more meaningful. So, the obvious answer to your question is, on questions of global economic health and stability, climate change, non-proliferation -- and these have traditionally have been areas -- but our view is that the cooperation in those areas is declining; U.S. and Chinese interests in those areas is diverging; and we're likely to see the space for cooperation in them declining.

Not all interests are born equally; and the kind of interests that Tom and I talked about, maintenance of the Communist Party's primacy and social stability at home; or economic stability, especially with state-led economic development; territorial integrity and sovereignty -- those are things that are core to the Communist Party in China. That's where their emphasis is, the differences with the United States are growing. So, sure, they'll episodically cooperate with the United States where possible. I was at the center of many of those conversations. I just see that space shrinking over time, especially as China pursues its interest in a more expansive way.

MR. OSNOS: We're going to have a little bit of Q&A now at this point among the group up here; and I wondered if I could just follow up on something that Evan just mentioned, which is about this shrinking space for cooperation. I think one of the things that occurs to a lot of us is -- we try to think through it on the U.S. side -- is how does China view this question of whether there is a fundamental incompatibility? Because, as we all know, for a long time China, in many ways, benefitted from the international order that the U.S. had advanced and created. And I'm curious if you have an insight as to how you think this is -- this question, the question before us today -- is regarded in Beijing at the levels that matter? Do you think that China has concluded that our interests are fundamentally incompatible?

And then just the second part of that, how much of a risk is there of a self-fulfilling prophecy -- the fear that if we adopt this as a consensus, as a view, that we then make the kinds of choices along the way that lead us to that eventuality?

MR. MEDEIROS: Great; thank you Evan, great questions. So, on your first question -- sorry, remind me, the first question was?

MR. OSNOS: First question is what -- it was a great question -- but it was insights on -- (Laughter)

MR. MEDEIROS: I've got lots of cold medicine.

MR. OSNOS: I'm with you. The question was about Beijing's view.

MR. MEDEIROS: Right; Beijing's view of cooperation. I think, fundamentally, when they look at cooperation, they think leverage -- aha, we have something that America wants, let's see if we can squeeze as much as possible out of the United States. I think the deeper cynics in China look at cooperation and say hey, cooperation is a way to manage the Americans to prevent them from adopting a much more competitive, coercive, containment-type of strategy.

I was in numerous conversations with the Chinese, where it was deeply frustrating to elicit from them even sort of a basic cooperation on things that should be a mutual interest. I mean it took an enormous amount of work to get them to work with us on climate change.

MR. OSNOS: Thank you. And by the way, Evan deserves credit from all of us because that's not his usual husky voice. He is, actually, battling a cold, and we're grateful for him to be here.

MR. MEDEIROS: Sorry.

MR. OSNOS: Please, Tom?

MR. WRIGHT: I would just add to that in terms of how it's viewed from Beijing, I agree with everything Evan said, but I would add that I think they deeply distrust the American system independent of decisions that are made in Washington, right. And

the example here is when the *New York Times* went to China in 2012 and uncovered corruption at the (inaudible) bureau level, it was not a decision taken by President Obama, right. It was not a decision taken in any capital or in Tokyo what happened because of the free press. And when they put economic coercive measures on companies, or on social media, or other NGOs and they're not doing so because they're directed by Washington, it's because there is something in our system that threatens them existentially, as a regime -- not as a country, but as a regime. And we can't deal with that, right. We can't repress the free press. We can't -- well, maybe Trump can (laughter) -- but we, generally, don't want to do so; and we don't want to coerce companies and say what they do vis-a-vis Taiwan or anyone else, right. And so, I think, that's something that's under appreciated here is that it's not always our decision.

And on the self-fulfilling prophecy point -- you know, rising powers, revisionist powers they're always divided between different camps. They always have different groups within them -- hardliners, softliners -- what we know from history is that the one argument that actually works to stop the more aggressive folks, is for them to worry that the status-quo power or the hegemonic power, or whatever, will react badly to aggression; and if they view the right that the status-quo power as accountative, or, you know, that we'll send a message that we're willing to, you know, to work with them, to figure out at the negotiation table how much they get when they rise, that almost always works for the benefit of the revisionists, right. Because the only argument that stops revisionists is to say you're going to fail. It's not to say the other side is reasonable.

And so, our view, I think, would be that in order to have a cooperative relationship with China, we need to be very strong on those areas where we disagree and ring-fence the areas of cooperation and say we're perfectly willing to cooperation, but we're not linking them, and this won't inhibit us from doing what is necessary to ensure and that this, you know, that this system, essentially, guards our fundamental interests.

MR. MEDEIROS: And one more point from me. On this question of self-

fulfilling prophecy -- yes, there is a risk that you will make rivalry a self-fulfilling prophecy. But remember we're not arguing that conflict is inevitable. What we're saying is interests diverge more than they converge. There is a parallel risk of equal significance which is if you try and downplay areas of disagreement; you try and over-emphasize areas of cooperation; you may end up very well emboldening the rising power to take those aggressive, or those expansive steps because they feel like they now have the capabilities and they have the time and space to do so.

I don't have the answer but I think it's important when you talk about self-fulfilling prophecy to juxtapose it to that parallel risk of emboldening the arising power because they're both legitimate risks that need to be weighed carefully.

MR. OSNOS: Thank you; and Susan and Mike, you're welcome to respond to what Dave said, but I would also like to just push, if I could, on one of the items that you both mentioned which is really at the core of this, which is about what sort of joint order, or what kind of balance, or what sort of new engagement is possible -- because we have tried in one form or another versions of these ideas but not expressed, perhaps, in the same way. And I wonder as you think through about how we both acknowledge the areas of this divergence while also trying to maintain this important emphasis on cooperation, how do we do that? What do we do that is different from what we did that got us into the moment we're in now?

MS. THORNTON: Okay. Maybe I can just make a few points and then I'll turn it over to Mike. First of all, I want to start off by saying, we're not making the argument about needing to cooperate with China based on some kind of Chinese future desires or ambitions, or goals. We're making it based on the necessary future for the United States and its allies. So, I just want to make that point clear because sometimes people get confused and think that because we're arguing in the affirmative, we're arguing based on some kind of Chinese interest. We're not arguing that at all. We're arguing for U.S. interests here; and we think that, basically, not having cooperation with

China, and coming to the conclusion that this is some kind of fundamental incompatibility, is certainly not in the long-term interests of the United States and its allies.

I would say on the point of China's view of whether or not there's a fundamental incompatibility, we already mentioned there's a number of different views in China, and certainly there are some people in China who believe that there is a fundamentally incompatibility, probably many of them in the People's Liberation Army, but also elsewhere. But there're an awful lot of people out there who can't believe that we could conceive that our interests are fundamentally incompatible.

They can't believe that we're talking about things like decoupling the two economies. They are genuinely perplexed by the notion that somehow the U.S. thinks that it will continue to have a dynamic economy after an attempt to sort of decouple it from the international system -- the international trading system.

So, I think there's a range of views in China; and, I think, you know, probably there is an increasing worry -- although still bewilderment that, you know, we think that maybe there's some sort of a containment versus China, we're not going to allow China to grow; and that would be the most, I think, problematic conclusion for them to come to is if they conclude that their one major national ambition, which is to continue to pursue China's economic growth and husbanding of its national power is going to be forged, and the U.S. is not going to allow it to do that.

On the question of whether or not we can come to an international order that would be compatible -- I mean I think we get to work on the things that, I think, we've all agreed are running into problems. Things like the WTO -- international Trading system -- we can work with China on fixing the aspects of the WTO that are so problematic and, obviously, lacking things like subsidies. Other modern features of the international trading system since we haven't had a WTO round in so long, we haven't been able to address. They would work with us on that; they would work with us on other aspects of reform of the international system that are creating problems, not just for them,

but also for us. And, I think, there are a lot of these areas that we could pursue, and to both of our interest, and the interest of other parties as well, in that vein.

MR: LAMPTON: In the spirit of reciprocity here and flexibility, first of all, I think, the Chinese are coming dangerously close, at least the lead-in elements to defining our objective as containment and keeping China back; and that's getting a more widespread kind of, I think, traction. They've always made the argument, but now I think they're really beginning to believe it. So, I think that's a problem.

Secondly, the point that the regime, itself, is changing -- and I think it was summarized by Xi Jinping's speech to the 19th Party Congress -- the Party controls everything. That's the sum of all American political fears in that. So, I think, there is a problem here and I think we're all clear about that.

I'll hone in, Evan, on what you asked, and that is what might we do differently? Well, first of all, I think we need to get much more demanding and putting muscle behind our demands for equal and fair treatment. That's been China's mantra for 100 years, is equal treatment. Well, I think it ought to become our mantra in a number of areas. But why should China be able to acquire industries here and limit our investment in industries there.

Now, there'll always be the security carve out no matter what, but, in any case, I think that would be certainly -- I think we could be a little more respectful of China's sensitivity about flying right up to the 12 mile limit all of the time, or so much. I think we could show some kind of back off a bit on that -- not because we have to, but because we're trying to build a better relationship. I think that'd be an important thing for us to do.

I think we also need to be clear about deterrents. I mean we've drawn in right at the start of this administration our commitment to Taiwan by mixing it up with -- if we get trade concessions maybe we'll have a different view of the one-China policy, right. So, I think, we need to actually be serious about deterrents when we are. So, I can see a

lot of things.

One thing we haven't talked about -- what not to do. And if you think back to what in the late-19th Century, and in the early-20th Century, we brought thousands of Chinese young people to the United States to study, and then when we wanted to plug in after Nixon who did we go to in China to plug in. It was all those people that had been there 40 years before that provided the plug-in, the kept capacity.

And we are now, we're involving towards an attitude towards Chinese students here, and intellectual exchange in institutions in China I find to be -- if it were to be carried to its logic -- extremely counterproductive. Our biggest asset is young people in China that want a better future. And so, we ought to be pushing it, not reducing it.

MR. OSNOS: I want to touch on something that I think is of interest to both teams, and I would welcome your comments; and that's the subject of technology. We talk about it more and more now when we talk about U.S.-China relations. And, if I could, I would turn to you guys first. As we know, China has made a commitment on AI, they want to be a dominant AI power by 2030. They're investing $150 billion in order to achieve that. And then you also here at the same time discussion from people like Eric Schmidt who said of Google recently that in the future, we may be looking at not just two Internets, but three Internets -- a world in which you have three, essentially, coexistent Internet value systems.

And as we think through the way we want to shake this outcome, how do you think the United States should be thinking about technology when it comes to the U.S.-China relationship; how much should we be drawing limits around what we're willing to do; and how much are we willing to try to assert, in a positive way, our own values around the world for what we think an open technology world should look like?

MR: LAMPTON: Well, I've always felt, we're built for competition. We're built for innovation; that's what we are. And when we look at our university system and research system -- and that doesn't mean the government can't help. It did with the

development of the Internet and the Manhattan Project, and all the things we know, so I'm not saying there's no role for the government here -- but we are really built for innovation; and I think we ought to just push in all of these regimes and not transform ourselves into what we're fighting in terms of more central control; more control -- you know export controls; who can be in American labs working, and all of this. I don't mean to have no security concerns, but I would always pick the one that enhances our innovative capabilities. That ought to be our -- and if people want to go down the rat hole of limited inflow of information, than be our guest, because that's going to be to their long-term detriment.

MS. THORNTON: Can I just say? I think there's a lot of misunderstanding around the technology issues; but the market base that China has now presents the world, basically, with an opportunity to marketize every product almost instantaneously; and with the cycles of technological advance that we have, the Chinese platform is going to be indispensable to any company that wants to actually promote a product that they develop in an innovative incubator system anywhere in the world. And so, I think, we need to take that into consideration.

On the separation of Internets, I certainly would not like to see that happen, but I would note that much of the Chinese population only reads in Chinese, and they only see the Chinese Internet already; so, it's not that much of a stretch to think about separate Internets.

MR. WRIGHT: I can start on our side and then turn to Tom. I'm really glad you asked that question because I think is emerging as the most important sort of theater in this competition, and I would just pose one pretty simple question to determine, you know, which side of this debate you might be on the side of it, is on the 5G Network, right. I mean do we think it matters whether or not a Chinese company gets to run the 5G Network, right. Australia recently decided that it did matter, and that was a bad idea and they prevented that from occurring -- kind of made a different decision. I think how

you view that policy choice really comes down to whether you see the interests as fundamentally incompatible or not -- on the Net, right -- on whether a Net side is incompatible or compatible.

And I do think we need to be very clear-eyed about the challenges that we face, right. It is not obvious that in the artificial intelligence area that America's traditional values of openness and innovation trump China's advantages of access to data and disregard for privacy, right. That is a contested question. And so, I don't think we can sort of sit on our laurels and say because the U.S. won these technological battles of the past, that that's going to continue in the future; and the reason on our side, I guess, is we would say that matters because we should worry about who wins. It does, actually, make a fundamental difference whether the United States or free societies win these races, or rather authoritarian countries win these races. And that's not because of specific differences; it's because of overall strategic goals, and what it means for the world. I mean if they master some of these technologies and export them, we are likely to see the continued rollback of democracy in Central and Eastern Europe -- no real hope in the Middle East and elsewhere. And so, I do think it really gets to the heart. It is, I think, the center of gravity for U.S.-China relations.

MR. MEDEIROS: So, I very much agree with Mike Lampton -- America's greatest strength is innovation and IP. But that's an attitude, that's not a policy; and what we know is that certain Chinese companies have exploited the openness of the United States to steal our IP and benefit from how open and innovative we are.

No. 2 -- just because America has been innovative in the past does not mean we're going to necessarily continue to be innovative in the future. I mean the reality is America has no company that produces 5G technology, period; that's it -- one of the great technology determinants of the future. America is very rapidly losing its edge in semiconductors, not because of China but because of market dynamics. So, yes, it's great to sort of stand on the soapbox of innovation, but the reality is, as America faces a

whole variety of challenges.

When it comes to technologies like drones -- who's the world leader in drones? It's China; it's not the United States; and Tom, you know, Tom's points about artificial intelligence are well taken. So, I think, we need to sort of begin thinking about technology competition in an entirely different way where we're no longer, you know, we can just sort of rely on the inherent strength of the United States when we have a country like China.

To Susan's point -- they have this huge advantage we don't have, which is they've got this massive internal market that, basically, is a platform for innovation. I mean there're provinces in China larger than, you know, Southeast Asia and African countries. You, basically, deploy technologies to those provinces to test, innovate; test, innovate; so by the time Chinese go global with some of these technologies, they're going to be incredibly competitive, far more competitive than could perhaps occur just using basic market processes. And, I think, we face a very different, very new future, and a lot of that is because of the dynamics of China.

MR. OSNOS: I have a question about Xinjiang and about American values. You know, we're in a phase now where this is an issue that is beginning to gain attention on the international stage. We have not yet seen a response from the United States that might be proportionate to what I think is an emerging consensus that this may be a crisis in which we can't afford to stand by and do too little. How do you think the United States is going to handle issues in Xinjiang, and should we be doing more than we are at the moment?

MR: LAMPTON: Well, you through a little bit of a curve there -- was how do you think the U.S. will handle it, and then that has you presuming what this administration would do, right; so I'd back off and just say what the U.S. should do in my view, if that's an acceptable answer.

MR. OSNOS: Yeah, that sounds great.

MR: LAMPTON: Well, first of all, I think -- I'm not quite sure what the export picture looks like -- but I would have yesterday or two months ago shutdown the export of all surveillance equipment -- leave it aside how that would be defined -- and prevent American companies from doing that. I would think this rise of the surveillance state is one of the more chilling aspects overall of what's happening there. So, I would say that.

Secondly, I'd be more -- I'm not an expert on every diplomatic demarche we may be making in the UN structure and elsewhere, but I would be playing a leading role in the human rights structure in international community of calling attention to this and asking for what we can do about it. I think that it would also not -- don't mean to be instrumental -- but I think it would probably be well received in the Muslim world, supporting the rights of these people. And I would certainly be doing what I could do to increase the flow of information into that area. So, I mean those would be some of the things. In other words, I think we've kind of had a tepid response as far as I can see to date.

MR. OSNOS: If you guys want to weigh-in on that, you're welcome too; but, otherwise, I want to ask you question about Belt & Road, because Belt & Road, in many ways, is sort of the iconic example of China's ambitions in the world. It's going out and presenting itself as an answer to the question of who is the power that may come to our aid when we need it for development.

The United States, in the past, has made some choices when it came to the Asian Infrastructure Investment Bank not to participate in some of these new initiatives. In the context of the position that you've outlined, how do you think the United States should approach these sorts of initiatives? Should we be enthusiastically embracing something like Belt & Road Initiative? Should we be supporting it? Should we be objecting to it? How do you think the United States should respond as China continues to stake out a larger position like that?

MR. MEDEIROS: Thank you; that's an important question. So, from our perspective, the Belt & Road Initiative is not necessarily one of these areas that gets to core fundamental differences between the United States and China because I'm confident that American policymakers and Chinese policymakers can both get behind the idea that more infrastructure, globally, is good for both countries, right -- it facilities trade; it facilitates investment -- more infrastructure is a global good.

The question is how do you do it, right? And so, sure, we have concerns about Belt & Road because if it's done in a way that produces unsustainable debt, undermines environmental or social safeguards -- sort of this sort of classic critiques of FDI, then it's bad. So, I think, what the United States should do is go bigger, bolder, and better. I mean what I would like to see is for the United States to host a global infrastructure summit -- like what President Obama did with the Nuclear Security Summit and the Global Health Summit, right. Put the United States at the center of this effort to improve infrastructure globally -- and by the way, could be please start at home because I keep having to repair tires on my car because of the potholes in Washington, D.C.

So, if America were to lead a global infrastructure summit; set up an infrastructure bank at home; maybe accept some foreign money; look at cooperating with China, Japan, all different actors, including BRI. So, put momentum behind BRI to make it a high-quality initiative. Basically, do to BRI what happened to the Asian Infrastructure Investment Bank. There's no question -- I fully admit the Obama Administration could have done a lot better with the Asian Infrastructure Investment Bank; but the reality is it ended up in a good place. You have a bank that, basically, more or less, in its lending practices, mirrors those of other international financial institutions.

One of the reasons for it -- not the only reason -- but one of the reasons was the click lights of the international community were laser-focused on it to try and understand what kind of rules are going to guide its lending practices. And Jin Liqun, who runs the bank, is due an enormous amount of credit for paying attention to the

recommendations and suggestions from the international community.

If a similar type of evolution could happen with the Belt & Road Initiative, it could really be a great thing, as long as it's something that improves infrastructure globally, but it's not a tool for creating client states all over the world.

So, obviously, the jury is out on what's going to happen in BRI. If it really is used as a tool for creating Chinese naval bases all over the world, then it will be yet one more pillar to support the proposition Tom and I are proposing today, that our interests are fundamentally not aligned. Because even when you have something good like infrastructure, the Chines interpretation of it is let's make sure this works for us and nobody else.

SPEAKER: I want to make a comment.

MR. OSNOS: Please.

SPEAKER: Very briefly. A few years ago when I was writing about U.S.-China relations, I singled out one belt, one road as an area that I didn't think the U.S. should be overly concerned about because of the investment side; but I do think that I might have been wrong about that, actually; and that as it has unfolded -- I mean Evan said that if it unfolds in the right direction, it will be a good thing; but the signs so far are pretty troubling, right. And so, the role of corruption in this; the client-state problem, I mean those are big problems, and they're actually manifesting themselves as far as Europe now -- in Central and Eastern Europe -- where this has been felt. And that's, actually, caused France and Germany to change their position on China, which they've had for two decades; in the last 18 months to be much more skeptical, much more on our side of the fence. So, I think, this is one real-time exercise where we're seeing the pendulum sort of shift from one side to the other based on our lived experienced.

MR. OSNOS: I want to pose a question to you guys, if I could, which is a great question that was asked earlier about what is the maximum concession that you're willing to give out in order to accommodate China's rise. I mean it sincerely. As you think

through the scenarios that you've outlined, inevitably there will be things that China demands of us if it wants to continue rising; and I wonder how you would confront the same question that you posed to your opponents.

MR. WRIGHT: I can start on that one. I mean I think there's legitimate things on sort of voting weights in international institutions that I think we can basically take off the table and say those things can be negotiated, right; but the main problem is on the big things that I think China actually wants; the things that would be required to satisfy it, like major concessions over Taiwan or control of the South China Sea, or making the world safer for authoritarianism, or whatever it is. And on those, I actually think and Evan may not agree because we haven't discussed this in advance, but my view is, actually, we need to be minimalist and, actually, not give anything unless we absolutely have to, right.

Because when you go into a negotiation and you say the terms of the negotiation are how much we can give you, even if you give the opening bid, I think it leads to further demands down the road and empowers those who want more. It's actually more stable if every concession is exacted at a cost. And so if the U.S. loses the position in the South China Sea, it should be by resisting that, and maybe it will actually be more stable afterwards than if it was conceded unilaterally.

And so my view -- and Evan may have a different opinion on this -- is that we need to be quite minimalist in those because accommodation will lead to further demands and further accommodation.

MR. MEDEIROS: As a great American statesman once said, if you give into Chinese pressure, you will get more Chinese pressure.

MR. OSNOS: In a few minutes, we're going to go to our closing statements; but before we do I have a couple of questions for you guys that I am really curious about. You made the very important point at the outset that we sometimes treat China as a monolithic decision making body when, of course, there is a vast variety of

different views within that. We're now confronting, of course, Xi Jinping's continued presence for at least a third term -- and we don't know how much longer beyond that. What have we learned, do you think, about the ways in which Xi Jinping is responsive to American policy? Are there lessons that we can draw that have -- that we can say, look we have been able to shape Chinese behavior; and how do you think that should shape the way that we think about the kinds of balance and cooperation as we move forward?

MS. THORNTON: Well, I'll just start off on that. I mean, I think, what we've learned is what we've learned previously in dealing with China which is that there are constructive ways to shape their behavior and to also try to shape the environment within which they make those decisions. I think the AIIB is a perfect example of that where they started off with a concept; people piled on, piled on, piled on; international pressure built; and they finally came up with an institution that looks very much like other iffy institutions. I think that if we did the same thing on the Belt & Road, you know, insisted, insisted that they ran all of those projects through the AIIB, which is now a decent institution with a lot of oversight and scrutiny, that we would have a much better outcome there.

So, all of these things -- I mean people say you can't work with China; they never move; you can't shape or change any of their behaviors. I think Xi Jinping is no different from other Chinese leaders. When he -- he's quite practical and adaptable, and wants to sort of keep going on his over-arching goal; and when he meets some kind of resistance or some kind of scrutiny from outside, he will shift, and change, and move; and that's what we need to bring to bear on things like Xinjiang -- a lot of international scrutiny; a lot of demands for information; a lot of demands for transparency.

On any number of these issues, I think there are ways to move them and, I think, we've been doing that. Certainly, the Taiwan issue was raised here and, I think, that's probably the most likely flashpoint that would lead us all to the scenario that we wouldn't like to see; and we have managed to handle that situation; and I would say,

despite recent kind of perturbations in the force -- coming from sort of outside elements in our own government -- that we have managed to, you know, keep that fairly stable. And given that there's a, you know, a DPP regime in Taiwan, and Xi Jinping in China, I think that's a pretty tall order that we've undertaken and satisfied, so.

MR: LAMPTON: Well, I'd point to what I would sort of call the ambivalent quality that I see in him. In many respects -- and when you go around October 1st parades and anything -- you get the sense of a really insecure regime. I mean they're welding the manhole covers along the parade route. Security, they go through all of the buildings facing the parade route. One of the first things he did in office was change the palace guard in Junung Hi. So, I get the sense of a very insecure leader, and you get these kind of rumors about instability periodically that I never got in the preceding period. So, there's this kind of insecurity, and I think a lot of his behavior is probably explainable, including creating a national security commission and a lot of other -- the instruments that he's chosen to use.

But on the other hand, it seems to me is he's confident about China's industrial policy; and if we think Trump's trying to get him away from industrial policy -- to be a name on it -- I think this is an exercise, perhaps, in futility, except eating around the edges. Because China's been pretty successful -- I've been looking at high-speed rail development -- I mean it's an amazing story. It's like a Manhattan Project -- 150 research institutes, enormous money focused on research, buildout the system, and do it all in 12 years. So, and, I think, he's got a model, and yet he's very insecure. And this pushes our bad button on economics and industrial policy -- even though we've done some in the past -- and it pushes our domestic politics governance buttons. And so, I think, we're just destined with him as a leader to have a problem.

MR. OSNOS: So, at this point, we're going to have closing statements from both sides, and we're going to give this team the last word. And so, you guys -- because you got the first word -- you guys are going to begin the closing statements.

You've got five minutes, and the floor is yours.

MR. MEDEIROS: Let me begin by thanking Mike and Susan for a fantastic debate. I think Tom and I have learned a lot; we've refined our views; but we continue to maintain our affirmative position that American and Chinese interests are fundamentally incompatible. If you believe that American-Chinese interests diverge more than they converge, and they trajectory is towards divergence, then you vote for us.

We agree with Mike's last statement, leadership matters. But when we look at leadership -- in particular, the Chinese leadership -- how they define their interests; how they pursue their interests; we are not comforted. The fact that they're insecure is not reassuring and it shouldn't be reassuring to you. Insecurity is as much a source of aggressive, assertive, competitive behavior as power seeking is. That's international relations 101. So, we should all be concerned about the trajectory of the relationship.

Now, that doesn't mean there's not cooperation. We believe there is cooperation. That doesn't mean there won't be cooperation in the future; but what it does mean is that in the areas where we disagree, the disagreement is on substantial issues -- CCP rule and what that means for how they operate at home; questions of territorial integrity; sovereignty; Taiwan, the South China Sea; economic development; and the state's role in the economy -- these are all things that Americans see as fundamentally inimical to their interests and create this sort of negative dynamic in the relationship.

And, of course, there's the question of ideology. It's sort of looming out there in the relationship. And if ideology becomes this thick piece of glass, this heavy lens through which we begin to look at these differences and material interest, combined with security dilemma dynamics, you're going to have these differences in fundamental interests become very problematic.

But let me be clear again from the beginning. Just because there are fundamental differences over the long term between the United States and China doesn't

make conflicts inevitable; does not mean confrontation is inevitable; it doesn't mean you through the baby out with the bath water; but what it does mean is that America in its sort of effort for leadership needs to be clear-eyed about the nature of the China challenge. And as facts change, our judgment needs to change. Thank you.

MR. OSNOS: Thank you very much Evan. Susan and Mike, it's over to you?

MS. THORNTON: Okay. Well, once again, I think, I have to thank the other team because they have, basically, affirmed the proposition that we were arguing against which is that there is no fundamental incompatibility in our interests. They may be getting more divergent, but they are not fundamentally incompatible.

But, I think, the most important point to make here -- because we know that the U.S. wants to avoid conflict with China and maybe the most fundamental interest we have in common is the mutual desire to avoid conflict -- I think it's important to focus on what the Chinese can bring to the table in this discussion of whether or not our interest diverge.

China has been very clear that the most important foreign relationship for them is the relationship with the United States, and that they want a constructive relationship with the United States, and that they are willing and have shown in the past, successfully, to make compromises, to make changes based on the desire to continue to have a constructive relationship with the United States; and I think that's the most overriding and fundamental issue that we should be thinking about here.

The Chinese will be interested in cooperating with us, certainly; but they are not interested in cooperating with us on areas of common interests in order to deceive us on areas where they'd like to move ahead or gain the advantage in competition. They want to cooperate with us because they're looking for a way to build this constructive joint order; to have this way of mutual accommodation; to buildout their vision of their own future, which is a China that is growing economically, which is

becoming a greater military power that, of course, is tied into their history and their insecurities about their military in the past, and their relationships with foreign countries in their past; but it also has to do with wanting to give the people of China a better future, and the people of the planet a better future. And, I think, they see us as an integral part of the way to get there. They know they can't do it without us; and so, I think, this shows that, certainly, we can find some common ground; we do have agency within our governments to cut through these increasingly tense and difficult, conflicting interests, manage them well, and look for those areas of commonality.

MR: LAMPTON: I think I would just add we've sort of -- when we talk about cooperation versus conflict, we're sort of speaking government-to-government; and if that deteriorates to a point, then other levels of cooperation become less possible. But what's the story of the last 40 years is this has developed from a government-to-government relationship in many respects, not all -- to a society-to-society. And that means that -- particularly, in the United States -- I mean we've got NGO-level, civic society-level; we have state governments which have rather different or more incompatible, less conflictual kind of interests as they see it with China. And so, I think, it's entirely possible to see the national level to some point -- at some point you can't insulate these things, but you can have less cooperation with respect to the central governments -- put it that way -- but still doing all you can to foster cooperation that the intermediate state levels, local levels, civic, and so on. Now, it's hard these things -- negativity spreads -- so, I don't want to be naive, but there's not only just the competition, cooperation to mention, but there're levels; and we ought to try to cooperate as many levels, meaningfully, in our interests as we can.

MR. OSNOS: Well, I want to thank both of our teams for a fascinating discussion and before anybody goes anywhere, it's now your turn, please, to help us come to an assessment here. The polls are open again; and the same question applies. Are U.S. and Chinese long-term interests fundamentally incompatible? As before please

text one of the codes that you'll see up here. We're going to give about two minutes for voting, and then we're going to display the results.

So, if you would, I would like to ask the audience and the panelists to please remain in your seats at this moment of intense drama (laughter) and anxiety.

MR: LAMPTON: As opposed to what?

MR. OSNOS: Yes; exactly -- as we quickly tally the votes, and we'll come right back and give you the verdict in just a moment. So, sit still.

30 seconds, I've been told. They might be making up the results, we'll find out. (Laughter)

MR: LAMPTON: You don't think we're getting hacked here, do you, or something?

SPEAKER: No evidence yet.

SPEAKER: To question security is important. (Laughter).

MR. OSNOS: Hold on; I'm losing control of the panel here; hold on.

MR: LAMPTON: If China's voting for us (inaudible).

MR. OSNOS: Yes; that's right, highly secure. If the U.S.-China relationship was as easy to manage as you terrific audience, then I'd think we'd be in a much better shape. Thank you for being patient while we get this thing done.

I have in my hand the results right here. Before the debate, here is how the audience voted: 35 percent agreed that the U.S. and Chinese long-term are incompatible; while 50 percent disagreed; and 15 percent were undecided. After the debate: 47 percent agreed that the U.S. and Chinese long-term interests are incompatible; and 53 percent disagreed.

So, with that, all of the benefits and glory that befits our winner today is delivered, more importantly, I am immensely grateful to our participants for joining us; for making the commitment that they did to prepare for it; and for being good sports along the way.

A lot of people have asked me, by the way, were the positions that they've taken up here on this stage are, in fact the positions that they hold personally. I'll leave it to them to answer, but I just wanted to say eloquence is not endorsement of the positions they took, and I'm grateful that they were willing to take the positions they did for the purposes of a really lively debate.

Please join me in thanking our panelist today. (Applause)

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