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WEBINAR

GLOBAL CHINA:
ASSESSING BEIJING'S GROWING
INFLUENCE IN THE INTERNATIONAL SYSTEM

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Welcome and Opening Remarks:

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The Brookings Institution

Keynote Address and Moderated Discussion:

THE HON. ADAM SCHIFF (D-Calif)
Chairman, Permanent Select Committee on Intelligence
U.S. House of Representatives

RUSH DOSHI, Moderator
Fellow and Director, China Strategy Initiative
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Panel:

SAMANTHA CUSTER, Moderator
Director of Policy Analysis
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HOMI KHARAS
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WENDY LEUTERT
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P R O C E E D I N G S

MS. MALONEY: Good morning. My name is Suzanne Maloney and I'm vice president and director of the Foreign Policy Program at the Brookings Institution. It's my distinct pleasure to welcome you all today for an online conversation on China's growing influence in the international system.

We are especially delighted to welcome Congressman Adam Schiff back to Brookings this morning. Congressman Schiff represents California's 28th Congressional District. He has served 10 terms in the House of Representatives and he currently serves as chair of the House Permanent Select Committee on Intelligence. Prior to his election to Congress, Representative Schiff served as a state senator and with the U.S. Attorney's Office in Los Angeles.

Earlier this fall the House Intelligence Committee released a report arguing for fundamental realignment of the U.S. Intelligence Community in order for the United States to more effectively compete with China on the global stage. Chairman Schiff will discuss the conclusions and policy recommendations from that report in just a few moments.

With this report, and in so many other ways, Chairman Schiff has been at the forefront of strengthening our capabilities and institutions to ensure U.S. readiness and shape the important U.S.-China relationship. We're honored to have Congressman Schiff here with us today. Thank you for the important work that you're doing on behalf of America's national security.

Congressman Schiff's remarks provide an especially fitting culmination for a monumental two-year Brookings project, "Global China: Assessing China's Growing Role in the World". This initiative has released more than 70 research papers and 15 podcasts in an effort to provide an empirical baseline for understanding China's global role across wide ranging geographical and functional areas.

Today's webinar will launch a group of papers that examine China's place in the global economy, from Beijing's impact on the global middle class to international law and the Belt and Road Initiative. These papers examine China's efforts to bend the institutions, norms, and rules that are the heart of the international system in its own favor.

To advance our understanding of these issues we're delighted to welcome a panel of authors to this Brookings webinar. After Congressman Schiff's opening remarks, my colleague, Rush

Doshi, director of our China Strategy Initiative will engage him in a conversation. That discussion will be followed by a panel of experts.

Wendy Leutert, from Indiana University, will discuss the Belt and Road initiative. Robert Williams, a nonresident scholar with us here at Brookings, will focus on international law. And Homi Kharas, a senior fellow in our Global Economy and Development Program, will speak about China's influence on the global middle class. They'll be joined by our moderator for the second panel, Samantha Custer of AidData, a research lab based at the College of William and Mary.

Before we move on to our formal session, allow me to please make several brief administrative notations. First, outside of their work at Brookings our scholars occasionally advise political candidates on the issues in accordance with the institution's nonpartisanship policy. That policy can be found on the Brookings website and all affiliations are disclosed on individual expert pages. I would like to thank the Ford Foundation for their generous support of this Initiative. As always, Brookings has an ironclad commitment to research independence and the views expressed today are those solely of the speakers themselves. Before I hand over the mic, a final reminder that we're on the record and streaming live. So please send us your questions to Events@Brookings.edu or on Twitter using #GlobalChina. And, with that, let us now turn to Chairman Schiff for his keynote remarks.

MR. SCHIFF: Thank you, Dr. Maloney, for the kind introduction and to the Brookings Global China Institute for inviting me to speak to you all today.

Last month, after a two-year deep dive review of thousands of analytic assessments and hundreds of hours of interviews, the House Intelligence Committee released a report assessing the Intelligence Community's competencies and capabilities to meet the growing challenge that China poses to the United States' national security and continued health and prosperity.

The premise and the motivating factor for our review was that China's power and capability and our capacity to respond will be the defining foreign policy issue of the coming decades. The Intelligence Community will have a key role to play in responding to that threat and providing policy makers with the information that they need. We found that absent a significant realignment of intelligence resources, the United States will lack the insights it needs to compete with China on the global stage.

In the wake of 9/11, the United States and its intelligence agencies rapidly reoriented towards a counterterrorism mission to protect the homeland. Although these moves were both necessary and largely successful, our abilities and resources devoted to other priority missions, such as China, waned. In the interim, China has continued to transform, committing to an agenda placing the rejuvenation of the Chinese nation at the center of a domestic and foreign policy agenda.

This has laid the foundation for a competitor that is simultaneously economically dynamic and politically regressive. Perhaps of greatest concern is China's embrace of totalitarian tactics that pose a direct challenge to the very idea of liberal democracy. Beijing seeks to build a world in which its ambitions are unchallenged and individual freedoms give way to the needs of the state. Beijing is accomplishing this through the development of a system of social control. We have seen this most clearly in China's Xinjiang Region where over 1 million ethnic Muslim minorities have been interned in concentration camps against their will.

Throughout China the party continues to work on the creation of a panoptical of constant and unrelenting surveillance. These systems are increasingly marketed for export, giving would-be authoritarians and wanna-be dictators around the world the tools and the playbook that they need to follow China's example.

Now more than ever it is evident that we must challenge ourselves to ensure our national security apparatus is right-sized to focus on areas of competition that will define the 2020s and beyond. For the Intelligence Community, this means taking a hard look at how to conduct our China mission. Our review concluded in a series of specific recommendations to the Intelligence Community, many of them classified. But there are some key unclassified steps that we found the Intelligence Community can begin to take now to be better prepared.

First, the U.S. Intelligence Community must embrace the ability to collect and integrate open source materials into its China analysis. The concept of leveraging open source information to develop nuanced analysis of the Chinese Communist Party's political decision making is not new. For decades, academics and analysts alike have perfected the art of reading carefully sparse statements from the official Chinese media sources. And as access to China continues to dwindle, these skills will only become more relevant.

However, what has changed is the volume and velocity of data, particularly digital dust from within China itself. We need to be confident that our Intelligence Community can simultaneously comb through and identify which among this vast trove of information is actual intelligence value and then be able to apply these well-honed qualitative techniques to effectively evaluate it.

Critically, we concluded that while an enhanced focus on open source intelligence is of particular relevance to the China mission, the insights have broader applicability. In our Intelligence Authorization Act this year, we included a provision commissioning an external study to provide recommendations on future governance of the Intelligence Community's open source mission.

Second, the U.S. Intelligence Community must redouble its investment in specific types of expertise. It's obvious that we need to hire more Mandarin Chinese linguists and people with technical backgrounds. But it's more complex than that. In order to be successful, the Intelligence Community must invest in layered expertise. What does this mean? In practice this means you need people who both understand challenging functional and technical questions and can simultaneously related these to China's unique political context. That's why we need to do a better job of making sure that all Intelligence Community employees, especially those that don't work full-time on China, have a baseline familiarity with China one on one.

To that end, it's essential that everyone from our clandestine operative worldwide to our analysts working on Africa or Latin America issues have professional development opportunities that relay foundational information about China's political system and national goals. Additionally, we need to ensure that our expertise does not shy away from embracing depth and nuance. Too often external observers are guilty of falling into broad generalizations about China's motivation and behavior.

While views that run counter to Xi Jinping are increasingly silenced within Beijing, it is worthwhile to seek and to understand any diversity of thought within China's bureaucracy, particularly as it relates to the parties' negotiations with provincial leadership.

Finally, the Intelligence Community must be laser focused on the area of nontraditional competition that we're engaged in today, rather than devote the preponderance of our resources towards a kinetic conflict that we hope never comes. In many cases, these areas of competition are best described as soft threats, but even soft threats can be disastrous. The ravages of COVID-19 and the tragic loss of more than 250,000 Americans has made it abundantly clear that diseases with pandemic potential pose a clear threat to our national security.

The Intelligence Community must continue to challenge itself to identify ways it can contribute to the development of a robust indications and warnings system in advance of any comparable future outbreak.

Climate change is another soft threat that we must take more seriously in our China analysis. This is critical on two dimensions. First, environmental events occurring within China are likely to have tangible geopolitical consequences. China's intentional damming and degradation of the Mekong river has resulted in economic hardships throughout the Mekong river delta and Cambodia, Thailand, and Vietnam. The recent flooding along the Yangtze River has resulted in the deaths of thousands — I'm sorry, deaths of hundreds and a campaign from China's leadership to cut down on food waste.

As the effects of climate change multiply, it will also impact the landscapes of the United States and our competitors are forced to contend with. Additionally, if the United States hopes to lead the world in addressing the climate crisis — and with new leadership I hope that we will — it will be critical to build a global coalition. We can't be naive about this. While China likes to portray itself as a leader on climate issues, we know that they are doubling down on exporting energy technology that relies on fossil fuels, because doing so is in its own immediate economic interest.

The Intelligence Community must be ready to enable the strong and dogged negotiations our diplomats will need to undertake in order to spark change on this critical issue.

All these priorities I've outlined, open source intelligence, developing expertise, and increasing our focus on nontraditional threats, require additional resourcing and dedicated attention from leadership. This will require tradeoffs and hard decisions by our leadership. I harbor no illusions that what we're asking of the Intelligence Community will be easy. Rather, it will be intentionally hard. We will need to step back from other missions and legacy programs and strategically accept higher risks in other areas. But absent these tough calls, the Intelligence Community risks falling victim to strategic stasis.

The good news is we still have time to right the ship and change course. It's essential that we commit to making these changes now. If the U.S. fails to accurately predict and characterize Beijing's intent, we will continue to struggle to understand how and why the leadership of the CCP makes decisions. In turn, we will fail to develop policies that enable an effective response.

Similarly, we must be sure that in our efforts to meet this challenge we do so in a way that aligns with our values. The president's racially charged rhetoric towards China, particularly as it relates to the emergence of COVID-19, has fueled a storm of racist and angry attacks that are harmful to our fellow Americans of Chinese and other East Asian descent. This is both reprehensible and unacceptable. It will also handicap our broader national security by isolating the community's best position to contribute to our efforts.

How to confront the rising threat of China is not just a problem for our intelligence agencies alone. And our important analysis, we're focused on just a narrow slice of our capabilities. The U.S. government and its national security and foreign policy apparatus is expansive and complex. Any coherent whole of government approach to the challenge that China poses will similarly require those who work on defense, diplomacy, and development to take hard looks at the resource posture and strategic focus. This reorientation of our national security bureaucracy cannot and should not be a cost for our intelligence professionals to bear alone.

Thank you again for inviting me to speak with you all today and I look forward to our discussion.

MR. DOSHI: Thank you so much for taking the time to join us, Chairman Schiff, and for your remarks just now.

By way of introduction, I'm Rush Doshi, and along with Ryan Haas and Tarun Chhabra, I'm one of three co-leads for our Global China Project. We are absolutely delighted to have you with us. And I want to again comment to our audience the excellent and important China deep dive that the House Intelligence Committee recently completed under your leadership.

I just have a few questions at the outset and then we'll open it up to audience questions, which I'll read to you as well. But I thought we might start with something you mentioned at the top of your remarks on Xinjiang, and in particular the implications that China's repression in Xinjiang might have for liberalism around the world.

A few years ago, you gave a speech here at Brookings warning of creeping authoritarianism worldwide. And in many ways that speech was prescient. And I'm wondering if you worry now that China's Xinjiang model of digital authoritarianism might not only spread within China to Tibet, Inner Mongolia, and Hong Kong, but also outside of China, inspiring dictators around the world. And if that's a very real risk, what, if anything, Chairman Schiff, can the United States do about that?

MR. SCHIFF: Rush, thank you for the question.

And it is a profound challenge to democracy. You have various attacks on democratic governance. We certainly have been very focused on Russia's malign influence activities, for example, in our own elections. But China is exporting its own form of digital totalitarianism. It has created a big brother-like state that would be the envy of any George Orwell imagining in which it marries big data analytics with facial recognition software, social media scoring, and in so doing it has been able to maintain control over its population. It has also made China a very difficult environment to operate in for our Intelligence Community.

But it's exporting this technology under the guise of what it calls “safe cities.” And while it doesn't necessarily condition the export of that technology to other countries on their agreement to embrace the Chinese Communist model, or even a totalitarian model, it nonetheless gives authoritarians and would-be authoritarians around the world the tools to perpetuate their power and make themselves into a dictatorial or totalitarian form of government.

So, I view that threat to democracy every bit as pernicious as the kind of hacking and dumping and interference we see the Russians purvey, or others. At the end of the day, if nations around the world are able to maintain such intrusive surveillance of their people, it has the very real potential of strangling any movement towards democracy in those countries.

So, it's a profound threat. And I think that threat, with the proliferation of Chinese technology in its various forms through the proliferation, for example, of Huawei as a 5G system, only further enables both China to potentially maintain a global surveillance network, but also integrate and export the technologies for others to create their own authoritarian regimes.

MR. DOSHI: Thank you very much, Chairman Schiff.

I want to turn now to your report and to your remarks in particular on reforming the Intelligence Community. So, you mentioned in your remarks that after 9/11 the Intelligence Community was rapidly restructured to focus on terrorism. So, is this time for a similar restructuring focused on China? And, if so, how do we make sure that the lessons from the last restructuring can be applied properly here?

And I want to just add to this question, one question we received from one of our audience members who is a former Intelligence Community professional. And he's asking, you know, is the report suggesting that the IC understanding of the China challenge might have been incorrect in the past? Or rather that it needs more resources to retain its edge in the future?

So, if you could also maybe speak to that question from one of these former IC professionals, that would be wonderful as well.

Thank you, Chairman.

MR. SCHIFF: Well, you know, I think we made a very successful realignment of our intelligence resources to grapple with the threat of terrorism. And the success of that approach to make sure that we were not stove-piped throughout the Intelligence Community, that the left hand knew what the right hand was doing has been demonstrated by the lack of successful attempts of terrorist attacks on the United States up until Pensacola.

And so that sharing of information among the intelligence professionals, the quick relay of that information to policy makers and our ability to act on that information, has kept us safe. And I don't want to in any way suggest that that is mission accomplished and that we can turn our attention away from that. But it has meant that because we've had such an extraordinary focus on that problem set, that other infrastructure dealing with other hard targets like China has atrophied. And there's a real cost to that. And so, I think we can learn a lot about how we integrate information, how we detail people form one agency to another to cross pollinate and share information. We have people working in the same terrorism problem set sitting in the National Counterterrorism Center, for example. And then when they would finish their detail, going back to their agency and sharing that information. So too can we use an approach like that with China.

As I was mentioning in the opening remarks, it won't be enough just to hire more Chinese linguists. We're going to need people throughout the IC enterprise to be aware of China's interests and its aspirations, its tactics, and its techniques, whether their predominant focus is on China or on some other problem set. And I think that some of what we did to achieve success on the counterterrorism can be put to good use.

In terms of whether the lack of a focus on China has meant that we are behind or merely that we need to retool if we want to stay ahead, I think that we have lost some key insights that we might have gained into Chinese thinking and plans and intentions. And, you know, I'm not suggesting that everything that we don't foresee is the result of a problem within the IC. If you look at probably the biggest misconception when it came to China, I don't know whether — I certainly wouldn't lay it all at the feet of the Intelligence Community. And I don't even know that you can describe it as a whole of government failure.

But, nonetheless, we got something very key very wrong, which is we I think presumed that if China's economy grew, if China became more integrated into the world economy, it would liberalize politically that the two were inseparable from each other. And it's taken us a long time I think to fully appreciate and recognize that China has found a way to both raise the economic standard of living for its people while maintaining a truly regressive grip on the country politically and in terms of expression.

So, you know, I think back when I tried to understand what's an intelligence success or failure, what's beyond the realm of intelligence, to something that Leon Panetta once told our committee when he was the director of the CIA, and he was asked did the Intelligence Community fail to see the Arab Spring coming. And he said, you know, I think that it's more akin to an earthquake. We could see the pressure building up on the fault line, we could give the Congress and the president information about how great that pressure was becoming, how long it had been since there was a catastrophic result of that pressure, but in terms of predicting when the earthquake would come or what the magnitude of what the quake would be, that's probably beyond our competence. And in this respect, you I think see more clearly than any other analogy the art and science of intelligence.

But, you know, I do think an honest assessment would say that there are things that we have missed about China's capabilities because we have been so focused on the terrorism problem set. So, I do think we have catching up to do, but I don't think it's beyond remediation as long as we begin to turn the aircraft carrier in a different direction.

MR. DOSHI: Thank you very much, Chairman.

And just staying with intelligence for a moment, I wanted to ask a little bit about something you mentioned in your remarks as well, which was open source intelligence. And as you mentioned, a lot of the China studies feel a lot of our understanding of the Chinese Communist Party came from a cadre of individuals trained by the Foreign Broadcast Information Service, who read those tea leaves, listened to the radio broadcast, went through the newspaper editorials of the Chinese Communist Party. And, you know, we here at Brookings are very focused on open source. We have a new research effort now on the future of open source intelligence with respect to China, and an effort under way to make party text more accessible to the public.

I wanted to ask you about how you see the future of open source, if you think that the government could be better structured to harness the opportunities, the digital dust you mentioned, with respect to China, that open source intelligence provides, and what the role of the private sector or academia or think tanks or others might be in that kind of future open source picture.

MR. SCHIFF: You know, I think this is an extraordinary important area and in fact in our Intelligence Authorization Act we ask for an objective outside analysis of how the IC is structured in terms of dealing with open source intelligence because, you know, we've got agencies like the CIA that are known for the expertise in humans and we have others, like the NSA, who are known for their expertise in (inaudible), and still others in (inaudible) and other disciplines, but what agency is it that has the depth and the responsibility and the reputation in terms of open source intelligence? It's really divided among the community. And, you know, there are some repositories in the ODNI, but it's really divided among the community. And given the extraordinary importance of it now, I wonder whether that is still the right structure.

We've come so very far from, you know, analyzing “Pravda” for, you know, what you could read between the lines or, you know, deciphering Chinese Communist Party Politburo rumblings and comparing them with the tea leaves. Now there is so much information that is public, so much information that is shared in social media. You know, there are always public reports, for example — and here I'm just talking about the public reports — again, open source — about identifying the little green men in Ukraine, the Russian irregulars by their social media posts. And so, the examples are innumerable and the insights are incredible. You know, to describe it, you know, as I did in my opening as digital dust probably doesn't do it at all justice because digital dust is often viewed as sort of finding what traces people are leaving of themselves to analyze whether they're members of the Intelligence Community or truly members of the diplomatic corps or other problem sets like that. But what we're talking about is a mountain of digital information, it's not dust. In fact, the problem is that it's that it's so overwhelming it's looking for a needle in a haystack. In fact, it's looking for innumerable needs in innumerable haystacks.

And so, the challenge is, first, having the linguistic capacity, but, second, having the AI capability to sift through that mountain of information to find out, okay, what's really of value and how does one thing relate to another. If you look at, again, open source reporting about commercial satellite imagery of what hospital parking lots looked like in parts of China, and that's similar to what other data can tell you, whether a pandemic is breaking out, or at least it can be indicative combined with other open source and of course intel from other disciplines.

So, I think this is — you know, probably along with cyber, the two most explosively growth industries within the IC responsibilities. And there's a lot of work to do obviously with both.

MR. DOSHI: Well, thank you very much for your leadership on that issue. It's one that's near and dear to the hearts of many of us at Brookings.

I wanted to now turn, if I could, to the election. And, in particular, you know, I wanted to observe — you know, the president, the director of national intelligence, the attorney general, the national security advisor, they've all made a very public case that China poses not just the most serious geopolitical long-term threat to the United States, but also the most serious threat to the election in about two weeks, not Russia. And you and other democratic leaders who have been briefed on the intelligence have described that as a kind of false equivalence.

I know that you're hamstrung in discussing the intelligence products that you've seen. We certainly wouldn't ask for you to do so, but do you think the administration's assessment is right? And what makes you think, in particular, that it's false equivalence?

I guess more broadly, would also contest their assessment that China poses the most serious long-term threat to the country in light of the soft threats that you also mentioned in your remarks?

MR. SCHIFF: Yeah, thank you for the question.

You know, I watched the evolution of what some of the Intelligence Community leadership, like Ratcliffe, the attorney general, and others have said on the subject, as well as the origin of the efforts to promote China as the predominant threat to our elections. It began of course with reporting about Russia's interference with the elections and the vigorous push back from the President, which ultimately cost Dan Coats his job, and then Joe Maguire his job. And as we've seen so many times in this administration, the President simply chews up and spits out anyone who will stand up to him in any way until he finds the lowest common denominator, someone who will do his whatever bidding. And that was certainly the case with Rick Grenell and is sadly the case with John Ratcliffe.

In the beginning, when they started to promote China as the threat to our election, they were merely disingenuous in the sense that they would say — when asked about the threats to our election, they would make generalized statements about China being the largest mid or long-term threat to our national security. And they would hope to blur the distinction between a challenge, a global competition, a global competitor and global threat and the upcoming election.

But that fudging of the issue wasn't sufficient for them, or probably for the president, and then ultimately, they just started falsely claiming that China was a bigger threat to the election, the presidential election than Russia. And that simply isn't the case. And I don't think anyone honestly reading intelligence would reach that conclusion. And in that respect, they're doing a deep disservice to the public because they're not arming the public with the information that they should have. They are also not speaking truth of power; they are in fact caving to power and speaking untruth.

Russia is engaged in a whole set of modalities to influence the outcome and try to decide who our next president will be. And the Intelligence Community has been forced to publicly acknowledge as much. And you could see, frankly, how difficult that was in the first public statement issued by the director of the National Counterintelligence Center. He was only willing to say that the Russians were trying to denigrate the anti-Russian establishment. Of course, that was such generic information that it was of no value to the public, and that was the point. But they were forced ultimately to acknowledge that, no, they were trying to denigrate Joe Biden and the Democratic party.

Now, the most that they have said is that China has a preference. Well, there's a big difference between having a preference for who you'd like to be president and using covert and overt means to make it so. And this is the difference between China and Russia. Russia is trying to make it so; China, like many other nations on earth, has a preference. And I think that again this is a dangerous disservice to the country when they don't level with the public about what four nations are trying to do.

Finally, I'll say in terms of what the Russians are doing, the predominant difference between 2016 and 2020 is that in 2016 the Russians had to make up a lot of stuff and push it out through false flag operations and fake personas online, they had to hack documents and publish them. And they're still using those same techniques, but they have something they didn't have in 2016, the have a president of the United States pushing out false information himself, which only requires them to amplify it. So, when the President says that the United States can't hold a free and fair election, the Russians don't have to persuade us of this anymore, they just have to amplify the President. When the President says that they're going to be millions of fraudulent ballots cast, Russians don't have to make that up themselves, they just have to amplify what the President of the United States is saying.

And in this way, you see such a dangerous and unholy alliance of the President and the Kremlin. And there's nothing comparable in terms of China.

MR. DOSHI: Thank you very much, Chairman Schiff.

I want to also bring in a few more audience questions. We've got quite a number coming in right now. I think your remarks are drawing a lot of attention online. And one of the questions that come in from a number of folks — we have an international audience and a number of the questions have come from India — are actually on China-India ties. So, I was wondering if you could speak a little bit to China-India ties, particularly in light of that border conflict between China and India that cost the lives of some 20 Indian soldiers. Some have said that this means that India might move closer to the United States. And, certainly, people have talked about the Quad as one vehicle through which that could occur. And for our audience, the Quad involves the U.S., India, Japan, and Australia.

So, Chairman Schiff, if you could talk to us a little about the U.S.-India-China triangle, I think many of our participants and audience members would be grateful.

MR. SCHIFF: Yeah. Well, we have been watching very closely and obviously with a great amount of concern this very dangerous conflict between China and India and what it signals in terms of, you know, the prospect of another war, but also what it signals in terms of Chinese intentions in flexing its muscles, in reshaping its boundaries and expanding its influence. And I think it is yet another sign that one of our other expectations of China has proved to be increasingly anachronistic, and that is that China was always focused inward. China is now very much focused outward as well as inward.

Now, the two are intermittently related and as there are rising domestic problems and challenges within China, provoking a confrontation with their Indian neighbors is a great way to distract from any domestic difficulties. It's also — China I think views a good way to stoke nationalism and pride in China. And so the Chinese willingness to be provocative along that border and engage in the level of conflict that they are, tells us something about where the Chinese government is — where they're going, what they're thinking, how risk averse or non-risk averse they are.

Will the effect be to strengthen the Quad? I think inevitably. Will it draw the United States and India closer together? I think that was bound to happen even in the absence of this conflict. You know, I am concerned about the rise of nationalism within India and increasing persecution of minorities within India, some of the anti-democratic impulses we see within the Indian government. I am hoping that, much as we have seen those anti-democratic impulses in the United States, that this will be a transient experience that India is going through.

But I do think those provocations and conflict will cause us to rely more on the Quad and draw the Quad closer together.

MR. DOSHI: Thank you, Chairman Schiff.

And, of course, in the China-India dispute, technology came to the fore. India (technical inaudible) with bans on Chinese social media apps, like Tik Tok and others. I'm curious, we have a number of questions from our audience asking about U.S.-China technology competition. And, in particular, you know, if China's coming for the leadership in quantum computing and artificial intelligence and semiconductors, what can the United States do to retain that lead? And, in particular, to kind of protect some of its advantages from espionage but at the same time reinvest in the foundations of its own technological competitiveness.

MR. SCHIFF: Well, first of all, I think we have to be very careful not to blur trade issues with security issues. And I think that one of the difficulties we've had is an administration that has been so quixotic about its China policy that it's not always clear why it's taking the actions that it is.

We saw this with the administration's actions on ZTE, where it was treating ZTE much the way it was treating Huawei. And there is some reason for that. But then the administration abruptly changed course with the request of President Xi as a trade inducement. Well, it's either a trade issue or it's a national security issue. If it's a national security issue, then we need to be very clear about that. And I think some of the difficulty that we've had in persuading other nations around the globe of the national security threat, the espionage threat that Huawei presents is that they don't trust this administration when the administration says something is national security as opposed to a trade issue.

And so, first of all, I think we need to be very clear to distinguish those issues. Second, we need to have a focus on our own technological growth and expertise, which means that we can't dry up the talent pool. And a lot of our talent immigrates to this country. They're educated in institutions like the one in my district, Caltech. We often kick them out of the country after they get advanced degrees in STEM education, which is economic suicide. They want to stay, they want to create a business here, they want to employ our people, and they want to achieve their dreams here. Many want to become part of the American dream. And to train them and educate them with the best education anywhere and then kick them out is just ludicrous and ultimately self-defeating.

We also have to make sure we don't cast an eye of suspicion on people of Chinese origin or East Asian origin or, you know, any other immigrant community for that matter because it is so much a part of our strength economically and it's just immoral to do so.

We need to I think make far greater investments in some of our scientific enterprises, like DARPA and IARPA and In-Q-Tel, to help stimulate the not quite ready for market, maybe not even not quite ready for — for not quite ready for market technologies and further develop that synergy. We have to find a way to incentivize American industry to invest more in R&D.

And, finally, I think we need to examine whether some other model is necessary given the power of the Chinese combination of government resources and industry. How can a private sector telecommunications company compete if China is willing to pump billions into Huawei and use Huawei technology as kind of a lost leader to get countries around the world to buy into that technology because they have priced out the competition because it is essentially subsidized by an endless Chinese paycheck, Chinese government paycheck? How can we compete? Does that mean when it comes to certain critical backbone technologies and infrastructure that there needs to be a different level partnership between the government and industry? I think China will challenge us to answer that question.

And, finally, we're going to have to rebuild our relationships around the world which have atrophied — more than atrophied — which we have confirmatively alienated. Many nations during the Trump years have had to hedge their bets. They've hedged their bets with Russia at times, they've had to hedge their bets with China. Now, they've had a real loss of confidence in American leadership under the Trump Administration. We're going to have to regain that so that when we do make the argument about whether it's the Safe Cities Initiative and the danger it poses to freedom loving peoples around the world or whether it's telecommunications backbone, or some combination of the two, that we have this credibility and the relationships to make that case.

MR. DOSHI: Thank you, Chairman Schiff. And that sounds like a robust and thoughtful agenda. And that leads to my final question. And, again, thank you so much for your time with us today.

This is a question I had. It's also one that a number of our audience members have asked. And basically, the question is can we pull off a strategy like that. If the China challenge is long-term and the U.S. approach has to be sustained across years and across administrations, is that something that we as a country, with all our divisions, our politics, our polarization, our checks and balances can do.

I'm personally more optimistic, particularly given the bipartisan leadership role that Congress has played on China policy over the past few years, which provides some connective tissue. But I'd be curious to hear — and I think our audience would be curious to hear how you see things from your unique vantage point as a leader in congress, you know, from your perch on the House Intelligence Committee, and whether you think the politics surrounding China policy might stop at the water's edge or conceivably go beyond it?

MR. SCHIFF: Well, I'm optimistic that a lot of things will change when we change presidents — knock on wood. You know, as long as a president like this one is using China to inflame racial tensions at home, as long as they're misrepresenting things about China — I mean there is a lot to hold China accountable for without misrepresenting things. And you just undermine your credibility when you do. I think a new administration can tap a bipartisan well spring of concern about China's rise. You know, many members of both parties that have worked together for years on China issues, it has often created very strange bedfellows in fact. And I think we will do so again, as long as the President of the United States is not affirmatively trying to use China as a wedge to drive the parties apart or to drive voters apart.

I think if we are committed to responsibility and strategically countering China's rise and threat or managing that rise and threat, then I think we can have a successful bipartisan approach.

Finally, you're right, I think this is much bigger than an Intelligence Community project. This really needs to be a whole of government effort. And in the same way that we tried with our deep dive in terms of the Chinese intel situation, to step back and think anew. I really think that's incumbent on the whole of government. You would think given Chinese advancements in space, Chinese advancements at sea, Chinese advancements in terms of their military technology on land, Chinese diplomatic achievements with the Belt and Road Initiative, you would think that they're defense budget is far greater than ours, and it's not. Ours is far greater. It's just that China is spending their resources differently. And in some respects, I think they're spending their resources far more effectively.

And so, I think we really need to step back, take a 30,000-foot view, and ask ourselves "are we really spending our resources in the way that's most efficacious in terms of meeting this challenge. And, if not, then what do we need to do?" I think, you know, plainly we're going to have to invest a lot more in our diplomatic effort, which has atrophied. I think we're going to have to be much more robust in our foreign assistance. Many nations that work with China and deal with China right now and see China exploiting their mineral rights or exploiting their people, they don't want to work with China. They'd much rather work with us, but if they don't have a choice, they will go with what they have.

The same is true of technology. Many countries recognize the threat of this Huawei technology, but if they don't have an alternative, they will go with what they have. And so, we need to provide not only an alternative, we need to provide a better alternative. We have a far superior alternative when it comes to governance. That's been obscured by our problems over the last four years. It needs to be burnished once again. It's our most important export, our form of democratic governance.

And, you know, I have every confidence we are up to the task. This too shall pass. From my point of view, it can't pass quickly enough. So that a new president can reestablish our place in the world, can reestablish the United States as the champion of human rights and democracy, can make human rights once again part of the agenda in our interactions with China and with the rest of the world. And I hope that comes very soon.

MR. DOSHI: Well, thank you very much, Chairman Schiff, for your thoughtful analysis, for your leadership on this issue, for the fantastic report, which I again commend to our audience, or I suppose command them to read it.

In any case, I want to thank you for your time and I want to say, again, that we encourage all of our participants to take a look at that report when they have a moment.

Adam Schiff, we hope you will join us again for a future event on China and other subjects. And, until then, we wish you and yours all the best.

Thank you very much, Chairman.

MR. SCHIFF: Thank you. Be well, everyone.

MR. DOSHI: Thank you.

We will be turning now to a panel discussion involving some of the contributors to our Global China paper series, particularly our second set of papers on global governance.

And I'm going to turn it over to Samantha Custer in a moment, who will be sort of leading that discussion. We hope you'll stay tuned for that discussion. We're starting a little bit late, but I think you'll find it quite stimulating, quite a range of topics they will be covering.

Samantha, if you're online, please take it away. And, again, thank you, Chairman Schiff, for your time.

MS. CUSTER: Thanks very much, Rush, and Chairman Schiff for what was a fascinating discussion of the House Intelligence Committee's new report on how the U.S. Intelligence Committee should realign itself to effectively compete with China on a global stage.

Good morning, and thanks for staying with us as we continue the conversation on Beijing's growing influence in the international system.

As was mentioned, my name is Samantha Custer and I'm delighted to moderate this next discussion. We'll be examining the implications of china's growing middle class, President Xi Jinping's Belt and Road Initiative, and Beijing's selective revisionism when it comes to international law. Not bad at all for half an hour.

Okay, so let's go ahead and dive in.

As a researcher with AidData at William and Mary, I like to say that our work is about producing evidence that helps us separate myth from fact when it comes from China's influence playbook, from the tools that it uses to the outcomes it achieves. It is only through this commitment, I believe, to objective analysis that we can actually move beyond the headlines to architecting a constructive U.S. response to China.

Our three panelists today embody that commitment to thoughtful probing analysis of China's growing influence on the international system, from economics to legal norms and beyond.

Today I'll pose a series of questions to our panelists about three new pieces of research that they've released as part of Brookings Global China paper series, and then we'll move into a time of audience Q&A.

So, with that, let me briefly reintroduce our three panelists. First, we're joined by Homi Kharas, senior fellow, Global Economy and Development for the Brookings Institution, Wendy Leutert, assistant professor for the Hamilton Lugar School of Global and International Studies at Indiana University, and Robert D. Williams, nonresident senior fellow with the Foreign Policy John L. Thornton Center China Center, the Brookings Institution.

And I apologize in advance in that these three panelists have extensive biographies that are very impressive, but we do not have time to read them all, so I encourage you to read more about them online later.

Okay, so why don't we go ahead into the substance of today's discussion. So, Homi, I'll start with you if I might. So much of what we've read in the news about Beijing's growing economic power tends to emphasize China's role as the largest trading partner for 70 percent of the world's countries, or its financing of overseas development. But I found your paper to be quite interesting in that it shed light on an aspect of China's growing economy that is arguably understudied or under explored, specifically the influence of its expanding middle class. Specifically, you note that China has experienced a dramatic surge in the growth of its middle class in recent years and is an increasingly important consumer market for companies worldwide.

So, a two-part question to kick of our panel discussion for you, Homi. How is the growing spending power of China's middle class likely to change global consumption and production trends in the future? And can Chinese leaders sustain the expansion of China's middle class amidst an economic slowdown exacerbated by a global pandemic and a trade war with the United States?

Homi, over to you.

MR. KHARAS: Thanks, Sam.

Let me take these questions in reverse order and I'll first start with the question about can China basically continue to grow in the current world where we have so many trade wars and other problems with the global economy.

And I think that it's quite interesting to see the way in which China's growth strategy is changing. They're right now working on the 14th 5-year plan. That plan will probably articulate something that they call the dual circulation policy. So, the dual circulation basically means think about what we can do internally and think about what we can do externally. And there's no question in my mind that the Chinese leadership is putting far more emphasis on the internal growth of the Chinese economy than on external, and then moving towards domestic demand. They've been doing that for some time. Chinese domestic demand is still very — household demand is still very low compared to most other countries. Household incomes in China are less than half of the total GDP, so it always looks as if China is a very large economy. True, but the amount that actually goes into people's pockets is comparatively small. And, frankly, because in China people have always had, you know, so much exposure to so many shocks, from famines to other kinds of things, savings rates of Chinese households are very high.

So, what the Chinese actually spend, what households spend, is still quite low compared to their GDP. And that I am sure is set to rise, and that will drive Chinese growth.

So, then the question is going to be in what way will that rise? And here I think China is really leapfrogging in many areas. So, what we highlight in our paper, for example, is one, this new cadre of consumers is very young. I mean these are far younger than the sort of — the age profile of the Chinese middle class is far younger than the age profile of the middle class in Western economies. These are the new graduates who benefitted from the university education in China who are now getting new wages, you know, decent wages. Second, they're very technologically sophisticated. So, China is now leading the world in online retail. You hear these stories about, you know, they invent these days, 11/11, and the numbers that come out in terms of how much retail gets done online, absolutely astonishing. And because of that, Chinese companies are developing online payment platforms. We've all heard of these things that are coming stream. But these are extremely efficient. And the U.S. in some sense, and most of Europe, is still trapped in, you know, we use credit cards and debit cards for things like that. Well, the transaction costs on those, more or less, are five percentage points of every transaction.

When you go to an online digital payment system, you're cutting that transaction cost by, on order of magnitude, maybe by 90 percent. And that allows you to just explore things that are — you know, markets that are much smaller, much more tailored to individual preferences. And that's where this kind of new shift of the Chinese middle class is really going to push people. It's going to be reflecting Chinese tastes and preferences, which, let me assure you, are quite different to those in the West. China is setting itself up to be a leader in green technologies. Everything digital, everything, you know, kind of tailored to individuals.

So, I think it's going to be quite a new world that you'll see in China and therefore in the rest of Asia at a minimum, if not more broadly in the rest of the world.

MS. CUSTER: Thanks very much Homi.

So, kind of building upon that and continuing on this theme of looking at the ramifications of the influence of China's growing middle class on an international stage, you know, many scholars would say that a growing middle class is a healthy sign of a country's ability to fuel continued economic growth and avoid a middle-income trap. And you alluded to the internal strength of this growing middle class yourself.

But in your paper, you also pointed out the shadow side, or the downside perhaps, of this growth, that the scale and speed of China's growing middle class may create new economic, political, and environment pressures for the world.

So, follow up question to you on that, what specifically are the challenges or costs that you see being triggered by China's rapidly expanding middle class, or one could say the global middle class for that matter? And how can Chinese and other world leaders maximize the upsides of this growth and mitigate the risks most effectively?

MR. KHARAS: So, you know, Congressman Schiff in his opening remarks said that we always believe that the middle class would kind of naturally lead to a greater liberal democracy. Well, not only is that not the case in China, that was not historically the case in U.S. or European middle classes either. You have to understand that there was a great period in the beginning of the first half really of the 20th century where we had two World Wars, we had the Great Depression, and it was really this alliance between the middle class and a capitalist class that pushed countries into — for a range of reasons, into nationalism, into, you know, extremes of inequality that we had never seen before that immediately preceded the Great Depression. So, the kind of presumption that a middle class will automatically just act as a stabilizer I don't think is something which is historically true.

Now, it can be used to act as a stabilizer if politics gets it right, but politics can sometimes get it wrong and it can use the middle class for all kinds of other purposes, including nationalism and war. And that's exactly (technical inaudible) in the first half of the 20th century.

So, I think we need to worry about that. The middle class becomes very powerful and as a powerful block it can be manipulated in lots of different ways.

And then there's a second part —and I think this is particularly important for the audience to hear — China is always perceived and presented as being a threat. And yet because — just because of its size, there must be places where China and the United States work together. These are two extremely large economies — by an order of magnitude larger than any other economies in the world. And these global issues about — let me just call them planetary boundaries, but they include obviously climate change, but actually a range of other planetary boundaries as well, especially in food systems with nitrogen and phosphorous cycles, et cetera. Planetary boundaries cannot be respected in the aggregate without some kind of global, hopefully collaborate between China and the United States. At a minimum, global cooperation.

And understanding that there are going to be areas where the U.S. and China compete, and compete vigorously, but then also areas where they need to actually have some degree of collaboration or cooperation. In my mind, it's going to be all of extreme importance as we look forward.

MS. CUSTER: Wonderful. Thank you so much, Homi, for that.

You know, Wendy, I'm going to turn to you next, and I think that is a very nice segue there. You know the double-edged sword of some of these trends, whether it's the rising middle class, there's some good elements, there's some challenging elements. We're going to talk next about the Belt and Road Initiative, also similarly some good elements and some bad elements. And I think that Homi has also interjected into the conversation here the fact that it may not always be a zero-sum game for the U.S. when it thinks about competing with China. There may also be opportunities for collaboration and cooperation.

And so now let's shift gears from China's domestic economy to a more outward expression of this economic clout in the form of the Belt and Road Initiative. As of January 2020, 138 countries have joined BRI. And the question of whether countries should or should not join BRI has been a fairly controversial one. And it's often been presented as a false dichotomy, either you're in or you're out.

But, Wendy, in your paper you pose a little bit more nuanced of an argument here, that BRI countries are not created equal and that the choice of how they participate is as important as they whether they do so at all. And so, two questions for you. What are the options then for participant countries to tailor BRI commitments to their circumstances? And then the next question to you is to what extent are these decisions driven by a participant country's own preferences, or are they a signal of China's strategic intent?

MS. LEUTERT: Well, thank you very much.

There are two options when countries decide that they want to participate in China's BRI initiative. So, they could either sign cooperation agreements with China or they can sign memorandums of understanding. Or MOUs.

So, MOUs on the one hand are more specific, more detailed accords. They might identify specific areas of cooperation, such as policy dialogue, infrastructure, cultural exchange, sometimes even identifying specific projects. And on the other hand, cooperation agreements tend to be more general in content and may even simply only express a shared desire to cooperate within the context of the BRI.

Now, we know from looking at these cooperation agreements and MOUs in the context of the BRI, the MOUs are higher level accords because we see multiple examples of countries starting out with a cooperation agreement and then upgrading to an MOU later on. And we don't see any examples of the opposite happening.

So, to your question about to what extent the participant countries can tailor their participation through these agreements, well, they can tailor them to a significant degree. And that is primarily because both MOUs and cooperation agreements are examples of what we call soft law. So, they're not legally binding. And this makes them very attractive to China and participant countries because they can be very flexibly tailored to the circumstances of a particular time and place.

So, responding to your other question about whether when we see this variation among BRI participant countries between those that are signing MOUs and those that are signing cooperation agreements, (inaudible) explains that. Is that a question of participant country preferences or is it reflecting more of China's strategic intent?

So, when we look more closely at the countries that fall into these two different groups, we find that those countries that sign MOUs for China to participate in the BRI, they are relatively more developed, more democratic, more politically stable. And, again, this is relatively compared to countries that have signed cooperation agreements. And intuitively these types of countries, you would imagine, would need China the least. And so, this suggests to me at least that China may be targeting these countries for highest levels of engagement within the BRI.

So, that said, China still is also very keen to expand the scope of the initiative by bringing as many countries as possible into the agreement. And so, this is a nice way for China to do that, by bringing countries in fist with a cooperation agreement and then later, depending on circumstance and mutual interest, then upgrading those commitments to an MOU.

And I do think though, that said, that there's still significant agency for participant countries as well. First of all, they can decide whether or not they want to join, there is some flexibility about whether they are joining with cooperation agreements or MOUs. They can also decide if they start out with a cooperation agreement whether to try to upgrade to an MOU. And, finally, they can also decide whether to renew. So not all of these texts are publicly available, but for some of those that are, such as, for example, the MOU between China and Italy, we see there's actually a time period on these agreements. So, in the case of China and Italy, for example, there's a five-year time period after which both sides can come back and revisit the original agreement and decide if and how they would like to continue.

MS. CUSTER: Thank you so much, Wendy. So, it sounds like there's actually a series of choices that countries need to make with regard to Belt and Road Initiative, not just am I joining or not.

And so that helps me transition then to the next question. So, you know, Beijing has succeeded in attracting a growing number of countries to join onto BRI, at least in some respect. But as you know, Chinese leaders may be experiencing some headwinds in sustaining momentum to BRI, whether due to the global pandemic, chronic project delays and disruption, an economic slowdown at home. And so, what is your prognosis for what we should expect to see from BRI heading into 2021? Will Chinese leaders double down on BRI growth or change course? And then maybe to tack onto that, what do you think — do you see that there are opportunities for the U.S. to either compete, counter, or cooperate with China on BRI?

MS. LEUTERT: All right. Well, I think after 2020 I would hesitate to make any predictions about the future. But, for 2021 I do expect that China is going to continue to push forward with the BRI, just at a slower pace. So, a slower pace of expansion, as well as a fewer number of projects.

And so why is this case? Well, we know that China's political commitment to the BRI remains strong. After all, this is the signature foreign policy initiative of current Chinese leader, Xi Jinping. And some in China have even said this could be a strategic opportunity for China, one that China is well placed to take advantage of.

So, we know from the news out of China this morning that China's reporting almost 5 percent GDP growth for the third quarter. And so, this puts China in a good position to be able to continue with BRI projects. And it comes with this added reputational bonus of being able to help countries when they need it most.

So, that said, definitely the global pandemic has significantly affected the BRI negatively for many reasons, including disruptions to supply chains, travel restrictions that have affected movements of personnel that are associated with BRI projects. And in June of this year, China's Ministry of Foreign Affairs announced the results of a survey that they had conducted in which they reported that 20 percent of BRI projects this year had been seriously affected by the developments of 2020. And they also stated that some projects had been put on hold, but no projects had been canceled yet.

So, we also see significant numbers of countries are renegotiating their debts with China, deferrals are the most common outcome so far. That's something that's fully acceptable to both sides. And we see that also some BRI countries, they may delay or rethink particular projects. Some of the are already struggling to manage their external debt obligations even before the pandemic, and so what's most likely is that we'll see a rethinking or maybe delaying especially of greenfield or new projects as countries turn to focus on public health and welfare needs that are more urgent with the pandemic.

So, I do think that we're going to see the BRI will continue, but it's going to slow down a little bit in 2021. How much it slows down will depend of course on what happens in the weeks and months ahead with the pandemic.

And, very briefly, to speak to your second question about what the U.S. is doing, what it should be doing with regard to the BRI. Well, the current U.S. response seems to be a combination of critiquing the initiative, pointing out some of the shortcomings and concerns of it, and attempting to slow its expansion, specifically by discouraging more states from joining on.

So, we see many examples of U.S. officials at all levels raising important concerns about the quality of the projects, the infrastructure, labor practices, environmental impact, corruption. And we also see that the U.S. is urging allies not to join the initiative.

So, I've talked so far mostly about countries that are participating in the BRI, but it's also really important to look at which countries are not part of the BRI. And when we do that we find that more than 40 percent of those countries — we talked about this in our paper — have signed a collective defense agreement with the U.S. So, it's really the countries that are closest to the U.S. that are choosing to stand back.

So, some, including at Brookings, have suggested the U.S. support the BRI, try to better steer the initiative to achieve shared international development goals. I think this is pretty unlikely. Even if the U.S. were to support the initiative, which is itself unlikely, China's central government also struggles to try to coordinate all of the actors involved in the BRI.

So just to sum up, I agree with you that we need more concrete thinking about alternatives to the BRI, specifically focusing on the funding for the Chinese infrastructure that is its main component. And so, we need new strategies to engage China using existing forums, for example, like the

OECD Development Assistance Committee, but until we're able to do that, the U.S. is likely to continue the current approach of criticizing and attempting to counter the BRI.

MS. CUSTER: Thank you so much, Wendy for that.

And so, we will move last but not least to Robert Williams. We'll give you a few minutes, Robert, to answer a couple of questions from me, and then we'll move into a few last minutes of audience Q&A.

So, Robert, we're moving from Beijing's influence using soft law tools that Wendy talked about in the context of MOUs and cooperative agreements under BRI, to maybe harder law in terms of international law regimes and the like.

And so, in your paper, Robert, when you talk about China's approach to this international law, you characterize China's approach as selectively revisionist, that they work within current legal norms when convenient and seek to adjust the rules of the game when necessary to advance its interest.

So, my question for you is how much is China's approach here similar or different to the tactics that have been employed by other major powers, like the U.S.? And in what areas do you think China has been most really successful in reshaping international law to be compatible with its preferences?

MR. WILLIAMS: Yeah, thank so much, Samantha. I'm really honored to be a part of this project and I do want to congratulate our Brookings' colleagues for their extraordinary work on the Global China Initiative.

So, my paper is partially a commentary on international law and partially a commentary on China's role in the international order. China to my mind presents kind of a paradigmatic case of both the limits and the value of international law in terms of shaping and constraining the behavior of powerful nations. So, let me just answer by saying a few things about that.

First, China's approach is flexible and functional, depending on the issue, in the sense that international law as currently constituted largely enables China to benefit from, and even exploit, the international order without the need to advocate changes to the letter of the law in most areas. So, if we're critiquing China's compliance with international law or talking about Chinese revisionism, selective or otherwise, I think we need to be careful not to romanticize the clarity or the normative force of many existing legal rules. And related to that, we shouldn't assume that international law is necessarily liberal in nature or that it will inevitably promote a kind of ever deepening liberal order conducive to U.S. interests.

Similarly, I don't think we should be terribly surprised that China, like the U.S. and other countries, looks to advance interpretations of international law and the development of new norms that reflect Beijing's values and advance its interests, recognizing that neither of those categories are necessarily fixed. So, on trade and WTO law, for example, Chinese leaders at this stage seem to perceive an interest largely in preserving the status quo, as countries like the U.S. are arguing that trade rules need to be updated to better address China's economic practices.

There are other areas where Beijing for now seems content with ambiguity or the absence of clear legal norms to preserve freedom of maneuver. I would include climate change and governance of cyberspace in that category.

And then in other areas, like law of the sea and human rights notably, we see China try to build coalitions of support for positions that could erode the strength of U.S. preferred norms or render certain legal principles hollow. So, when it comes to South China Sea disputes where China's actions in Xinjiang and Hong Kong, I wouldn't say that China has been successful in reshaping international law per se, but it has been successful in exposing some of the limits of international law, particularly the limits of accountability mechanisms, like law of the sea tribunals, and also the malleability of human rights concepts which contain carve outs for nation security, public order. These are concepts that Beijing invokes to justify a broad range of human rights abuses.

So, on these issues you could say China has had limited or mixed success in persuading other countries to embrace and support China's legal position, but notable success in getting other countries to acquiesce to the actions that China wants to justify with those positions.

So, again, that to me is less a statement about China than it is about international law reflecting shifts in the global distribution of power.

MS. CUSTER: Thank you so much, Robert. I think you've done a good job in teasing out again the nuances here of the limits and the benefits of international law and how China works within or outside of the rules at times.

I'm going to pose my next question, but combine it with one from the audience and then after that we'll move full into audience Q&A.

So, I note in your paper you talk about the fact that international law is a potentially powerful source of legitimation for those that are seen as playing by the accepted rules, as well as grounds for censure for those that do not. One of the audience participants posed the question is there any way, short of war, to force Beijing to cease its worst human rights violations? And so that made me think a little bit about your work on international law. Are there ways in which there can be countervailing pressure applied through international legal mechanisms to change the behavior and preferences of Chinese leaders when it comes to things like their human rights practices?

MR. WILLIAM: Well, it's a great question.

So, first off, I'd say, yes, despite what I'm saying about the malleability and limitations of international law, I do think it's clear that international law can also be a constitutive element of China's interest. It can shape the context for choices available to Chinese leaders and how they perceive their interest. It can be a source of legitimation, as you say. Law can promote stability of interactions and expectations and it defines the stakes of competition and cooperation on some important issues.

So, for a variety of reasons, as a general matter, I'd say Beijing clearly wishes to be seen by the international community as being supportive of international law. I meant just take trade for example. China generally has complied with the outcomes of WTO disputes that go against it. Now, there's some importance caveats to that, which I talk about in the paper, but we saw just recently that China backed down in litigation against the EU where Beijing had challenged the EU's refusal to award market economy trading privileges when it looked like the WTO dispute settlement body was about to issue a decision going against China.

So, you see reputation and legitimation as incentives on display there. I even think you can argue that law has circumscribed China's ability to follow through on its sweeping South China Sea claims, at least as completely as Chinese leaders probably would like given the international push back against China's efforts to limit navigational freedoms in those waters. Most of that pushback has been couched in the language of law.

So, the question of how law shapes behavior is extremely complicated and contested, and it may often come down to the tradeoffs of interest on a given issue. But I think you're right to suggest that law creates certain incentive structures that China can't easily ignore.

And I guess what I'd say in response to the question on human rights, you know, the question is how to reinforce those incentives or maximize those incentives. I mean, first and foremost, my thought would be we have to not give up on international law and institutions. So even if you set aside the current Administration's kind of skepticism toward international law, implicit in many of the debates raging in Washington about China right now is this question of whether it's even coherent to talk about a rules-based or law based international order in an era of great power competition.

We should be sober about the limits and deficiencies of the international legal order, but realism need not — and in my view, should not devolve into fatalism.

So, I think —

MS. CUSTER: I'm afraid I might just stop you right there just for the sake of time, but I think that's a very power way to bring the full force of your point at home. It's definitely about tradeoffs.

Homi, I want to ask you a question from the audience that is also about tradeoffs. And that is about whether the current administration's trade policies have had an enduring impact on China. And as you look to the cusp of a presidential election coming up, what do you think is the most important takeaway from your work that should carry forward either into a second Trump Administration or a new Biden Administration?

MR. KHARAS: Well, there's no question that people's perceptions of trade have really changed, meaning that the assumption that global supply chains will continue to operate in a way that's relatively free of politics is being revisited. And that's going to be a permanent change, it's not going to be a transitory change.

That said, it's not so easy to change global supply chains. And so, despite the desire of politicians, perhaps on both sides, you still see enormous amounts of trade between the U.S. and China.

So, you know, I think as I mentioned before, to me it's very clear that we will have considerable competition, as we should, between the U.S. and China. But the most important thing for the next administration I think is to carve our areas where there should not be competition and where there needs to be some cooperation where both sides will benefit. And we saw this during the Cold War. I mean ultimately it was agreed that people shouldn't try to compete to build the largest possible nuclear arsenal. They agreed to cooperate not to proliferate nuclear weapons. And there are similar such existential threats to the planet, specifically on global warming, but also on some other planetary boundaries.

We need to define those and really try to take those off the table so that then when competition does happen, it happens in very clearly delineated areas and you don't get this constant kind of bleeding of one set of issues into another set of issues. And, again, coming back to Congressman Schiff's earlier remarks when he talked about the way in which national security is kind of tossed around these days, one way or another. It's a very easy term to throw around, but one needs to be much more hardheaded about what are areas where national security issues would prevail and what are areas where it's just more a matter of how two great powers are competing with each other.

MS. CUSTER: Thank you so much, Homi.

Last question for a speed round for you, Wendy, and then we'll go ahead and conclude our session for today.

So, there's a question from the audience about how China's increasing leadership in international organizations is changing the nature of multilateralism and how these international organizations work. And you yourself in your own research have pointed to the fact that you could think about BRI as a series of bilateral relationships, or perhaps as a new form of multilateralism.

So, I'll let you tackle that in a minute or so to conclude our discussion today.

MS. LEUTERT: Thank you, Samantha.

So, I would say I agree with you that definitely the BRI remains still more of a collection of bilateral relationships managed by both sides. And this reflects a traditional preference for bilateralism in Chinese diplomacy. But it's a negotiated bilateralism. And we highlight in our research this difference between cooperation agreements and MOUs, but what it really means is that there's significant room for both sides to pursue their interests.

Now, there have been some efforts toward multilateralism. I think China would like this to be more of a multilateral initiative, so we saw at the Belt and Road forums for international cooperation in 2017 and 2019. But if we look more closely even at these meetings, we see a lot of what's going on is signing cooperation agreements or making plans for (inaudible) cultural exchange, for example. It's still about participant countries and China. These activities aren't occurring among participant countries.

And so, I would say that overall the U.S. still enjoys a much stronger position when it comes to global leadership in international institutions.

And one last thing I'll mention is that according to Pew polling about attitudes toward China done just this month, they surveyed 24 countries and every country reported having a majority unfavorable opinion toward China. So, I think this highlights that there's a lot of variation in the degree to which countries are buying in for global governance initiatives like the BRI that are led by China. And the U.S. still enjoys stronger support for global leadership, especially in established international institutions.

MS. CUSTER: Thank you so much, Wendy. And kudos for you for fitting a lot in there in a short sound bite.

So many thanks to our panelists, Homi Kharas, Wendy Leutert, Robert Williams. I think you've given us a lot of good food for thought from today's discussion on China's influence on the international system. It is extremely nuanced. There are downsides and upsides and there are options, both for other countries and for the U.S. to think about how we engage. We talked about the expanding middle class and the Belt and Road Initiative and selective revisionism with regard to international law.

I encourage all of you tuning in to read more about this work on the Global China page of the Brookings Institution website.

Thank you to you all and have a wonderful day.

MR. KHARAS: Thanks to you, Sam.

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