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WEBINAR

ENGAGING CHINA:  
RECONSIDERING THE STRATEGY AND PRACTICE

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## P R O C E E D I N G S

MR. LI: Good afternoon, everyone. My name is Cheng Li. I'm director and a senior fellow at the Brookings Institution's John L. Thornton China Center. It's my honor and pleasure to welcome you to this webinar, on Engaging China: Reconsidering the strategy and the practice. The main title of our event is pulled directly from the new book, "Engaging China: Fifty Years of Sino-American Relations", edited by Ann Thursten, professor at the Johns Hopkins University School of Advanced International Studies and published by Columbia University Press.

This superb volume represents assessments of the major fronts of U.S.-China engagement, since President Nixon's epic visit to China in 1972. Fourteen prominent American experts on Sino-U.S. relations, including all three of our distinctive speakers today, as well as my Brookings Colleague, Ken Lieberthal, have contributed chapters to this volume. The publication of this book could not be better timed, as the U.S.-China relations have drastically deteriorated in recent years.

In present-day Washington, the post-Nixon era of engagement with China has often been regarded as naïve, at best, or a failure, at worst. The new strategic or political narrative, such as decoupling and extreme competition, have dominated policy discourse, regarding China, although just today, as part of her current conversation at the public event, elsewhere in Washington, Trade Representative Katherine Tai used the term recoupling.

Now, this most consequential bilateral relationship in the world is heading toward a confrontational state. Not only has each side accused the other of being a genocidal regime and speculated this COVID-19 pandemic originated from a lab leak in the other country, but the risk for military conflict and a war is also on the rise. The stakes for U.S. policy toward China have never been higher. To be sure, many American scholars of Sino-U.S. relations, including the authors of the volume, neither see five decades of engagement with China as a complete failure, nor believe disengagement will now serve U.S. interests.

Many daunting challenges in today's world, from climate change to nuclear nonproliferation, from global financial stability to global pandemics, all require joint efforts by the United States and China. Yet, we do not need to reconsider the strategy -- we do need to reconsider the

strategy and practice of a future engagement with China, simply because, one, a global geopolitical landscape has changed. Two, China's ambitions and role in the world have changed. Three, both countries domestic -- and domestic social political environment have changed. And four, public perceptions of each other have changed. That list can go on.

We are so fortunate to have three seasoned China experts, David Lampton, Susan Thornton, and Robert Daly, to share their insights into how today's policies toward China can be informed by the past half century of U.S.-China engagement. They will discuss what new strategic grounds and the practices we should pursue at this critical juncture. None of our three speakers need an introduction, but please allow me to say a few words about each of them.

David Lampton, or as many of his friends call him, Mike Lampton, is professor and the director of China Studies Emeritus, at SAIS, where he also serves as the dean of faculty. For many scholars and students in China studying the United States, myself included, Professor Lampton has long been seen as our dean, as well. His book, this book, actually, is very appropriately dedicated to Professor Lampton, for his lifetime of contributions to the China field. Mike, we're so honored to have you on this panel.

Susan Thornton is a senior fellow at the Paul Tsai China Center, at Yale, and a Nonresident Senior Fellow at the Brookings John L. Thornton China Center. By the way, she bears no relation to John Thornton. Susan was a diplomat with almost 30 years of experience with the State Department, where, until July 2018, she served as an acting assistant secretary for East Asia and Pacific affairs. Over the past three years, Susan has frequently spoken in public forums, in both the United States and China, to promote mutual understanding. When asked, on a TV show, why she is willing to put herself in a difficult situation or position, Susan said, I quote, "as a mother of three children, I want our future generation to live in peace". Susan, thank you for these powerful words and these, and for speaking with our audience today.

Last, and certainly not least, is my dear friend, Robert Daly, the director of Kissinger Institute on China and the United States at the Woodrow Wilson Center. Bob served in the U.S. Embassy in Beijing, for many years, and he interpreted it for meetings of top leaders, like President Jimmy Carter

and President Yang Zhang Minh. He became a household name in China, after he performed as a main character in “Beijing Natives in New York”, the popular Chinese TV Series in the middle 1990s. Bob has also earned great respect for his intellectual integrity and his outspokenness about human rights violations in China. Bob, welcome back to the Brookings Stage.

Each of them will offer several minute opening remarks and then we will have an Q & A discussion. For audience questions, if you not submitted one yet, please email to [events@brookings.edu](mailto:events@brookings.edu). Over to you, Mike.

MR. DALY: Well, Cheng Li, thank you very much for that generous and warm introduction, for myself and, obviously, my colleagues, that I’m most grateful that they’ve -- are participating in this program. I want to thank you for your moderation and the questions to come, and -- and you’ve put a lot of effort into this, and I’m appreciative, as we all are.

I do want to thank Ann Thurston, the editor of this volume, for the superb job that she did in editing it, and it wasn’t just editing in a mechanical sense. It was the intellectual architecture and substance, and then the writing, I think, she excels in, and I think it’s beautifully edited. And I do want to thank Columbia Press for the production of it, both expeditious and affordable, and I want to acknowledge this book, and we’re all proud to have it in the Nancy Tucker Warren Cohen Series of Columbia University Press. Lots of people to thank, but I’ll forego that, in the interest of time.

I think one motivation of this book was a growing narrative, and Cheng Li mentioned it, that Engagement has been a -- wasn’t a naïve strategy. It was naïve, so, it’s alleged by asserting that open markets, dialogue, and generous terms for entering the global system would, itself, produce a kinder, gentler, more Democratic China. That was not where we found ourselves in 2013, and consequently the narrative has been that that set of motivations, that so-called strategy was misinformed, misdirected, and, in fact, harmful to U.S. interests.

The purpose of this book and the conference in 2018, on which it is based, was to examine that proposition, and not all of the chapters in this book fully agree with each other. There are important differences, but I think there are some important commonalities. This book is an effort to describe how Engagement came about, why it evolved as it did, assess where it is headed, and convey

the lessons that, at least some of the lessons, we think can be learned.

There's a first draft of history being propagated at the current time, and at least many of us, certainly myself, feel it's misleading and dangerous. So, if nothing else, I hope this volume will contribute to a more balanced and foreseen kind of analysis of not only what's happened, but what our options for the future may be.

Now, if you consider this book as a whole, I think it really makes a lot more points, but I would extract three for our discussion today. First of all, Engagement was not a strategy. It was a happening. It was a social, in both societies' concatenation of discreet decisions made by very many different actors. U.S.-China relations is really a society-to-society relationship. Of course, the government dimensions at the national level are very important, in some cases determinative.

But Engagement wasn't just about two national capitols. And in some important respects, at the heyday of engagement, I think, the centers in both countries, the national levels, in some sense, lost a certain control over the relationship. I mean, I think about where I was when the Engagement Period began. I was in Ohio, a fairly conservative political state, with, at the time, a conservative Governor. His name was James Rhodes. But his point was he saw in China the solution to the economic and rust belt problems of Ohio.

Now, you can say that was right, wrong. I think, in Ohio, it actually worked out pretty well. But the point is his motivation wasn't some big strategy about democratization or, for that matter, even anti-Soviet. It was about producing jobs for the people of Ohio. And if you look at many of the reasons for university-to-university relations, they had to deal with research agendas of faculty. They had to deal with hard paying tuition students. They had to deal with who are going staff the language programs, and who are going to be the RAs in labs. So, the point is to categorize Engagement as a strategy, brand the people who promoted it as naïve, is to miss what, in fact, motivated the effort from the ground up. So, I think that's one very important thing.

Secondly, the critics of Engagement, so-called, basically say that we made the wrong choices. But I think we would ask -- this wasn't a central choice of a strategy, as I've just said. But what it was -- what you need to ask yourself is every step along the way, of the last 40 years, when would it

really have been reasonable, in the American political context, to go for a much more confrontational policy? Would we have wanted to do that in the Asian Financial Crisis when we needed China's help to stabilize Asia, as indeed it played a major role? Would we want to do it in the mist of 9/11, when we were coping with the Middle East Central Asian Terrorism, and didn't know what to expect, in terms of our own domestic security?

Would we really wanted to have had the divorce with China, in the Afghan and Iraq Wars? And those dragged on, as we all know, for 20 years. Would we have chosen to change our approach in the Global Financial Crisis of 2008 and 2009? So, the point is this was a sequence of decisions, arrived at in a context of a globally involved U.S., a preoccupied U.S., and, quite frankly, nobody was arguing for a confrontational decision earlier on, with any what you might seriousness, precisely because of the agenda of other issues we faced.

So, to sort of go back and say we were 20 or 30 years too late, in recognizing China's capacities, really is to ignore the history of the intervening 30 years. And I would also ask, along the way of this account, the implication is that China made all the mistakes or committed all the infractions. But I would just ask, did our embassy bombing in '99, of Yugoslav Embassy play a role? Did mismanagement of our own economy in 2008 and '09 play any role in this? Is our own declining governance capacity, at the current time, even playing a role? And whilst China's sort of whitewashed pandemic response, initially, does anyone seriously want to argue that we've advanced our own security, with our pandemic response, at least until the current administration. So, I think, the current narrative isn't balanced in its assessment of how this relationship's gone off the rail.

Finally, I would just say, in terms of another major thrust in the volume, is that the defining characteristic of our current period, now, I think, is deterrence. But for much of the period, the defining characteristic was reassurance. So, what is happening, I think, in more recent times, really maybe since the beginning in 1995-96, we've gone to an increasingly deterrent based relationship, which isn't based on reassurance, but rather threat. So, there's been a fundamental change, and I would think the Engagement policy, in some sense, have reflected that, beginning in Secretary Perry, in 1995-96, in the Clinton Administration.

Now, let me just conclude with two points because I'm not here to argue that everything so-called Engagers or the Engagement Period brought were without second guessing or sort of logical difficulty. I think there was a miscalculation, in one of the chapters in the books, by Barry Naughton, and in Chapter Seven, it talks about our inability, really, to imagine how rapidly China would grow, economically, and how that increasing capacity would converge with Chinese nationalism to set a whole new foreign policy problem. So, I think there was a big, big problem that we just didn't anticipate, this rate of growth of economic power, and then all the attendant forms of power that economics provides. So, I think, that's -- that's true. All I can say is virtually nobody predicted this magnitude, on such a sustained basis, and then such a coupling, so to speak, with nationalism.

The other, I would say, miscalculation, if you want to put it that way, or at least a blind spot, as I think many of us, and I'll just speak for myself, I'm not purporting to speak for the authors, or other persons, but I think that we thought that some of the new norms, in China, were more institutionalized than they were, and in the same way that we probably thought the norms of American Democracy were institutionalized, than they were as Trump showed them to be.

Certainly, Xi Jinping came along, and has reversed, or offset, or weakened, or diluted, many of the norms, that we thought were more firmly imbedded. So, I think, this whole period invites the question of how important are leaders? And I think the answer to this is they are very important. So, that ought to be enough, Cheng Li. I hope that gets something going here.

MR. LI: Thank you so much. Susan, over to you.

MS. THORNTON: Great, thank you so much to Brookings, to you, Cheng, and to all of my co-authors, especially my co-panelists, Robert and Mike, and it's such a great honor to be here with both of you today, with all of you, and also to have been able to work on this book and be in the company of all of these great scholars, who worked on the various chapters, and, you know, this is kind of a presentation, based on our book.

But I really commend the chapters of the book, to anybody who's interested in the 180-degree kind of shift we've seen in U.S. policy toward China. And I really just want to make two points today, and I don't want to talk too long. I, you know, some of the points that I want to make were raised

by Mike, and I'll just foot stomp those. But we really do want to talk to the audience and get to the questions.

I come at this from the government perspective. So, Mike talked about sort of the period of U.S.-China Engagement being a happening, not so much a strategy, and I came pretty late to the U.S.-China relationship. As a career diplomat, I started my career speaking Russian and working on the former Soviet Union, in the '90s, and so, I didn't start doing China until the late '90s, and that gives me a pretty different perspective, I imagine, on the Period of Engagement from many of the people who worked on the book, in fact, maybe everyone else who worked on the book.

So, the first point I would make is that, you know, and Mike mentioned this, the notion that Engagement was some kind of a favor that we bestowed on China or that it was mainly aimed at changing China's Political System. It just doesn't comport with the facts and the history of the times, and it doesn't comport with the way the U.S. Government does foreign policy, frankly speaking.

I mean, the U.S. clearly saw constructive bilateral relations or engagement, which I refer to as the period of Constructive Bilateral Relations, as working in the U.S. Government's favor, and U.S. interests, for various reasons over the course of this period, and I think the benefits were clear and observable, as Mike noted. And I might add that all during this period of, at least the part I experienced, of this constructive U.S.-China relationship, you know, so, it wasn't adversarial or hostile, that's true, but there were constant periods of adversity, driven usually by miscommunication, misperception, domestic political turmoil, in some cases, exogenous crises, as Mike mentioned, in other cases.

But my co-author of the chapter, in the book that I worked on, which was 40 years of U.S.-China Diplomacy, who was Ken Lieberthal. You know, as we mention in our chapter, I mean each time we went through one of these crises or periods of adversity, and things looked kind of dim for the period of U.S.-China Engagement, you know, leaders on both sides of the Pacific, in China and in the United States, saw the value of bringing things back to a constructive path.

Of course, you know, in the early days, the U.S. wanted a stronger China to balance what was viewed as the main threat to U.S. interests, the Soviet Union. There was no talk of sort fundamental change -- fundamentally changing the regime in Beijing, when we made decisions to do things, like sell



arms to the Chinese in the 1980s or run guns to the Mujahedeen through China, after the Soviet invasion. Almost no one anticipated the collapse of the Soviet Union, in 1991, and I think, as Tom Finger points out in his chapter and I was reminded, since I was in this former Soviet-Union, in 1991, you know, throughout the '90s nobody was particularly sure of the trajectory of the Soviet-Union was going to be on, and that issue really did dominate U.S. Foreign Policy and threat perceptions throughout the '90s.

You know, then, China's economy began to grow, of course, and the issue of binding China into the international system, more tightly, became a big focus. But, of course, there was also, as Katherine Tai pointed out today in her remarks, at CSIS, there was the Chinese Market, with all of the allure that had always been characterizing the huge Chinese consumer base, and that market, and, of course, also the fundamental problems there.

I think multiple authors in this book also show that the U.S. assessed the substantial benefits to be had from these policies and took advantage of opportunities presented by contextual factors, factors mostly created either by China or by outside actors or events. So, in other words, we love to talk about Engagement as a masterful grand strategy, but, in fact, there's very little evidence of that. It was more of a happening, as Mike mentioned, and there's almost no evidence that, even if there was a grand strategy, that it was aimed at overthrowing China's political system.

And I think there's been, to the contrary, an implicit acknowledgement in the U.S. Government, at least, in the time I was there, that there was an implicit acknowledgement that the U.S. has no innate ability to do something like that, that that's not within our -- the possibility of our control, so. So, if we're not charging that the U.S. failed at trying to change China's political system, I guess the question is sort of what is the charge, then, today against the engagement strategy?

And I think it seems to be, to me, I mean, Mike mentioned a couple of the blind spots, but the charge, to me, seems to be that China is now using its newfound power, you know, acquired with the assistance or at least the acquiescence of the U.S., to challenge U.S. Military dominance, a dominance that has been the case in the Western Pacific since World War II, and this has given rise, as I think, John Garber in the book points out to, a sense of kind of betrayal by China, of U.S. Largesse, and a kind of disappointment.

And I think it has to be said that we can't ignore the fact that this feeling of betrayal and disappointment happens to come at a point in U.S. History, when we may be feeling slightly more vulnerable, and more questioning of our future position in the world, coming off, as we are, of two long running wars, which neither one of which can particularly be called successful, a financial crisis that had the possibility of bringing down the entire system, and, of course, then the 700,000 deaths that we've just -- threshold we've just crossed with this latest crisis and challenge that we face, the COVID-19 pandemic.

So, I think, you know, looking back at the history of what actually happened, and the context, can help us to make a more credible assessment of what Engagement actually was, why the U.S. Government saw it in its interest to engage with China, what benefits the U.S. actually reaped from that engagement over time. And I think my second main point, which Mike also raised, but which I think really needs to be emphasized here and to be understood by Americans, is that -- and this is very richly detailed in the book, the kind of happening of history and what happened in the relationship.

The difficulties in the relationship are not all one-sided. I mean, it's not all caused, the problems that we're facing, by wanton Chinese ambitions or guile or duplicity. You know, there's certainly plenty of responsibility on the Chinese side, but the severe mistrust that's built up and led to where we are today, I think, can be laid at the feet of both governments, fairly, and are mostly a product, I think, of regional military competition. We talk about -- a lot about the economics, but, really, in my view, the problems can be sourced to the regional military competition, the domestic political drivers, in both countries that highlight this competition, and the misperceptions and exaggerated responses and claims that come from that competition.

And some claim, you know, that the implicit bargain in U.S.-China Relations was that the U.S. agreed to refrain from undermining China's Communist Government, and that China's acquiesced in response, acquiesced, sort of outsourced its defense or its security to the U.S. Security Umbrella in the Pacific and agreed to sort of peacefully resolve disputes. Again, while this may have been the impression in certain American minds at the time, there's really no evidence of Beijing's acknowledgement of such an agreement, or arrangement, or trade, and it would be remarkable if they would have agreed to that, given the degree of suspicion in China of Western and U.S. intentions.

So, I think, you know, it's clear, from the events recounted in the book, that China was not considered a friend, in either U.S. political discourse or by U.S. foreign policy elites, at really any time during the so-called Era of Engagement. You know, lingering antipathy toward communism in the U.S. and China's fraught human rights record, you know, made China a punching bag in almost every U.S. Presidential Campaign, as we look at in the book, and this was even before China's, you know, determination to pursue military modernization, as the result of the '95-96 Taiwan Straights Crisis.

So, you know, no matter what we say, in the U.S. domestic political context, China was always a negative issue. But it's also clear, you know, that the U.S. assessment that, in an isolated or and unstable China, would, you know, the assessment that that's more problematic for U.S. interest than an engaged or a successful China, you know, that assessment managed to resurface, time and time again, and I think we saw, you know, many Presidents who had bashed China, during their Presidential Campaigns, run into the hard realities of dealing in foreign policy with U.S.-China Relations and, you know, change their mind and moderated a little bit.

So, I think, you know, this was the case really in until 2017, and many people have tried to explain why there was this sudden change in the U.S. assessment of China. Mike mentioned a couple of the factors. You know, I was there, and I can only say that none of the explanations that I've heard today about this 180-degree change really makes sense to me, from the perspective of long-term U.S. interests, and I submit that this will continue to pose big problems for U.S. foreign policy, in the decades ahead. So, I hope we can get, in the discussion section, to some thoughts about, you know, where we might be going from here. And over to you, Robert.

MR. DALY: Okay, well, thank you. Thanks to Brookings. It's very good to be with all of you today, and it was certainly an honor to be able to participate in putting this book together and to contribute a chapter. Mike and Susan have already said a lot about what they see as the problems with the current narrative that is critical of engagement. I'd like to add two other critiques to that.

One is implicit in all of the critiques or even attacks on engagement, has been the idea that the advent of Xi Jinping, who has been more repressive at home, and is more aggressive internationally, and is taking China from authoritarianism to something like techno totalitarianism, the

critique is that the advent of Xi Jinping was somehow written in everything that preceded it, that we should have seen Xi Jinping under the leadership of Deng Xiaoping, and Zhang Xueliang, and Hu Jintao. And I would argue that it wasn't written, and it wasn't perceived.

China, in fact, changed tremendously during those decades. And while it never changed as quickly as we would have liked, it actually was moving toward more international integration and toward increasing freedoms within China. I wouldn't want to overstate this, but the trajectory, prior to Xi Jinping or perhaps prior to 2010, was in keeping with claims that proponents of engagement made for it. You know, we always got less than we would like, and the Communist Party always got a little more than it bargained for. So, I don't think that Xi Jinping was written in what came before.

And the second, I think, premise of some of the critiques of engagement is that China has stopped changing, that we now know where it's going and that everything is set. And I am certain that that is not true, and the story of modern Chinese history is one of very rapid change and fantastic human adaptability, and I think that that is still ongoing. So, those are two points I wanted to put right on the table at the beginning.

Now, this Era of Engagement is now certainly over, and this is why Mike's chapter calls -- provides a eulogy for engagement. We should also point out that we never called it the Era of Engagement when it was happening. That's an ex post facto name. At the time, we just called it U.S.-China Relations. And the Chinese didn't call it the Era of Engagement, either. They called it Reform and Opening. And that's really the Chinese historical narrative, into which this fits. And let's just look at Reform and Opening, for a minute, and about some of the instincts that constituted it.

First, China's Reform and Opening was always self-interested. We knew that. It was, to some degree, nationalistic, if you like, but it was primarily self-interested. It was about improving the economic and technological wellbeing of the Chinese people, about improving their health outcomes and educational outcomes, and, yes, also about building China's power. So, it was self-interested. But Reform and Opening was always prior to Xi Jinping, self-critical. There was a broadly socialized understanding that China had fallen behind, and had taken some wrong decisions, and that needed to look at the rest of the world, and study the rest of the world, and adapt it to China's needs. There was a

willingness in the Reform and Opening period to take certain risks.

And then, lastly, and both Mike and Susan have touched on this, there was something that was very celebratory about Reform and Openness, after a period of isolation and extreme violence and deprivation, some of it imposed from without, much of it self-imposed. China, one-fifth of humanity, was now open to the world, and there was a perfectly natural laudable human response on every side, that was celebratory. So, this is to say that Reform and Openness, as Mike said, was a whole of society process. And that exposure to the rest of the world bred success in China. It bred, I think, justified pride in China's accomplishments, that led, in some cases, to a resurgence of Han Nationalism, which we're seeing more of now, but that wasn't what all of the pride was about. And Openness also inspired a rediscovery of Chinese traditions of humanism, as well as an interest in international humanism, the humanism of the enlightenment. And that really changed China in ways we have to continue to bear in mind.

It wasn't just about China's material and technological improvement for the people of China. Many Chinese were interested in interconnectedness for its own sake, Chinese ideas about individuality, the importance of the individual. Their very models of human flourishing come out of this period. Changed ideas about things like sexuality and romance, openness to religion, these are all some of the fruits of engagement. There was a rediscovery of the full scope of Chinese humanity during this period. And I think that that was the full meaning of Reform and Openness for most Chinese people.

Now, of course, this is not really Xi Jinping's agenda. We see him going in different directions now, with a crackdown that is commercial and cultural in the run up to an important meeting at the end of 2022. And he's cracking down on ecommerce, social media, fintech companies, celebrity culture and fan clubs, selectively cracking down on very wealthy and very successful Chinese. He's going after tutoring and educational companies, private schools, gaming companies, also companies that deal in algorithms and collect a lot of data. He's banned cryptocurrencies, real estate companies, male performers deemed to be effeminate, cosmetic surgery, English language education. This list goes on and on.

Now, some of this is about a legitimate need for greater regulation in China. In China, as

in the United States, certain industries have developed faster than the regulators. The law can't keep up with them. But that legitimate lead -- need alone doesn't account, I think, for the suddenness and scope of Xi's crackdowns. And, again, it's not just about corporations. It is, I think, a cultural rectification campaign that is going to be sustained because Xi Jinping has always been about control, and you have to give him high marks for consistency.

Why is this campaign cracking down on both the commercial and the cultural side?

There's a common thread that's very important. And that is a finding that Openness, while it's served China's needs over the past 40 years, actually overshot the mark, and that it now has to be reigned in and reconsidered, for a range of reasons. And based on that, Xi Jinping is making a big bet. He is betting that the energy, the entrepreneurialism, and the innovation that have fueled China's rise can be sustained, even with fewer economic incentives and even with restrictive economic social and cultural freedom.

So, what's interesting about this, and I want to circle back now to Engagement, one of the things that interesting about this, is the kinds of resistance that Xi Jinping is meeting from the grassroots, from Chinese who have lived through this period of Openness and Reform and Engagement, and have been involved with the rest of the world, and changed by the rest of the world, in the ways that I described. So, we see women pushing back against the Patriarchy, saying, in various ways, that they don't like the way they're treated in the new era. We see this in the Chinese version of the MeToo Movement, with women speaking up against sexual harassment and domestic violence. We see Chinese female rockstars and standup comedians mocking the Patriarchy, and mocking Chinese men, and protesting the way that they are treated.

And we see this, too, in the concern from Chinese women about the potential for new abortion laws, which Chinese women are comparing to *The Handmaid's Tale*, the Margaret Atwood book that is now made into a TV series. Notice that these forms of protest, MeToo Movement, rock and roll, standup comedy, references to popular TV shows, all of these forms of protest are important. They're more or less Western or American, even though the content is specifically Chinese.

The young are protesting. They're pushing back against the -- what they call the 996,

what we would call the 24-7 rat race, and they don't want to, you know, be -- just become wage slaves in the service of national growth. The Lie Flat Movement, the people who are just sort of dropping out, the new slackers of China, if you will, this is a form of grassroots protests. The young, despite the expectations of the government to be more fertile, are marrying and having children later. The old are pushing back against calls to retire later. They want their pensions. Gig workers are pushing back against their treatment. And young internet users are protesting certain aspects of the surveillance tape.

So, we're seeing this pushback from, I would say, the international integrationist humanist strand, in China. I don't mean to suggest that these people constitute a political faction or that China is ripe for revolution. I don't think that's right. But we continue to see different impulses in China intention. The nationalist impulse represented by Xi Jinping, the control impulse is intentioned with the impulses of people who, while they're not actually calling for American style human rights, are asking their government to be more humane. And this suggests that there are aspects of modernity, from which the Chinese people cannot be isolated, no matter how proud they are of China's achievements and how strongly they support Xi Jinping.

And this humanist strain is one of the ongoing fruits of Engagement, and I would argue is one of the reasons that we need to remain engaged because, if we get our public diplomacy right, many people who are influential in China are still reachable, especially if we put ourselves in dialogue with them, rather than preaching to them. China is still changing. So, the Era of Engagement is over, but the fruits of Engagement are still present, and we need to keep track of them. I'll stop there.

MR. LI: Great. And many thanks, Mike, Susan, and Bob, for sharing your insights and perspectives, which have been very comprehensive and thought provoking. We have already received more than 50 questions by email, both in advance and also during the webinar, in the past 40 some minutes.

Now, I would like to first raise one general question for all of you and then choose a few questions from the audience, for each of you, individually. My general question relates to what I see, a contrast between Washington and local governments. Local governments include state, city, and the country levels, also includes a grassroots America, regarding engaging or with disengaging with China.

Now, in Washington, we have continuity rather than change, from the Trump administration to the Biden administration, in terms of their race to be tougher on China. Also, it has been often said that the Democrats and Republicans on Capitol Hill disagree on everything except China. Now, but out of the build away, we may see quite a different kind of a bipartisanship. Local leaders, Republicans, Democrats, in America, want to salvage the economic, educational, and the cultural ties with China. In recent years, our state government, I saw a news set that the United States have set up 27 representative offices in China, state government, more than any other country.

According to one U.S. study, released a couple months ago, China is the largest import partner of 15 U.S. states, last year, 2020, including California, New York, Florida, Minnesota, Wisconsin, Pennsylvania, and Virginia. These are very important states, demographically and politically. Now, within grassroots America, yes, there's a wider spread of criticism of Beijing's aggressive conduct in various fronts, as Bob just, you know, mentioned in detail. But at the same time, American educational institutions have been known for their strong continuing interest in receiving students from China and the collaborative research with Chinese scientists. And, also, you can go with, also, the medical profession, and research profession, and et cetera.

Now, my question for you is, how should we reconcile disinterest in contrast? Who would like to go first? Maybe Michael?

MS. THORNTON: I could start.

MR. LI: Okay, go ahead, please.

MS. THORNTON: Mike mentioned this, so, maybe you want to start, Mike?

MR. LAMPTON: Well, I will just flag a couple of things. One is -- I mentioned Governor Rhodes, I think, was practically the first word out of my mouth, the Governor of Ohio, in the late '70s, early '80s, and he was a major force, first bringing the Japanese investment to Ohio, but then, subsequently, the Chinese investment in Fuyao Glass, I think, accounts for two or more thousand jobs, just in Dayton, Ohio alone. The governor level, the state level localities are really about economic development in both of our countries, and it's -- and importantly true in China, as well. So, when you engage the economic aspect of the relationship, you energize the local levels, and the local levels don't have a particular foreign



policy response. So, although we might -- a responsibility called either strategic, or, for that matter, they have their commitments to human rights, but that doesn't necessarily have to intrude on every agenda that a state or local leader may have. So, I think that was the implication, and I agree with the thesis in your question.

I would just say one other thing that I think has a policy implication now and maybe as much for the Chinese, as any. One of the things they did do, activate local government, and if you look at all the states between the Rocky Mountains and the Appalachian Mountains, you notice a lot of states, each of which has relatively small populations, for the most part, two Senators, and they are importantly agriculture states. So, China, in retaliating against our tariffs, which I can understand has retaliated on the farm sector, and they are naturally China's biggest allies.

So, I think if I could suggest one thing to China is that is live up to the Phase One Trade Deal and activate these local governments across the big swath of our economy and our society. Now, I don't want to imply it'll solve all problems, and people only care about economics and not all these other issues. But the point is that local government is about economics, importantly, and education, and students, and all the things that come with that. And you'll notice how fast local government pushed back or -- and local universities and state universities, when the Visa restrictions got so tight on Chinese students that numbers were -- they were afraid they were going to fall and with it tuition. You really energized local institutions. So, I just would sign on to the implication of your thesis, Cheng Li. I'm sorry, Susan.

MS. THORNTON: No, that's fine. I was just going to mention that I think that this question, Cheng, gets at the heart of some of the kind of misgivings or disillusionment with the Engagement Era. And it kind of brings to light the differences between the U.S. bottom-up system and the Chinese top-down system. And I think I agree with what Mike said. You know, U.S. local governments are mainly focused on microeconomic issues. So, they're supporting companies. The same is true, actually, for Chinese local governments.

But, you know, the narrative that has emerged from this is that the U.S. bottom-up system inculcate enough knowledge, suspicion, whatever you want to call it, in -- on the part of local

actors to be aware of how the Chinese top-down state system can coordinate and somehow take advantage of an uneven playing field in these exchanges. So, I think, you know, many people would say that the way the U.S. system is structured makes it -- has a high propensity for maybe local governments or even individual companies not to look out enough for U.S. national security or national competitiveness, never mind human rights violations, as Mike rightly mentioned.

You know, I think this can be debated. I think there are ways to take care of some of these issues without becoming a top-down system, like China's. I think some cases, probably the narratives in this vein, are exaggerated. And I think we should be debating these topics because the U.S., as we all know, is a proud Open system, and a proud market economy, and a proud democracy, and we believe in that system and think it's the best one. And so, we should be able to come up with remedies for some of these discrepancies. But, you know, the importance of China in the global economy can't be ignored or denied, and it's going to continue to be a factor in the thinking of not just local governments, but, you know, bottom-up actors in the U.S., across the board, and we've got to realize that and not try to sweep it aside.

MR. LI: Thank you --

MR. DALY: Thank you.

MR. LI: -- Susan. Bob, do you want to have a say on this one?

MR. DALY: Yeah, just a somewhat more pessimistic take on Susan's point, which I agree with. During the Engagement Era, states and local governments, corporations, NGOs, universities, even parishes were all free to develop their own China policies, and that was a good thing. That was rich and diverse. But I think those days are over.

In Washington, security dominates, and it's going to mean that subnational actors and government who are in the private sector are going to be under increasing pressure to align with Washington's policies and who will no longer be able to go freelance their own China policies because I think that we're in this more difficult relationship for the long-term, and that the sorts of the atmosphere, Cheng Li, that you described at the beginning, that's over. It's going to be the competition narrative, the security focus, I believe, that dominates, going forward. I'm not prescribing that, but I am predicting it.

And I think that the scope for subnational China policies is going to be greatly restricted.

MR. LI: Well, it's very balanced, based on the three panelists. I think you provide some kind of hope, but also talk about the continuing challenges. I think it was really well taken. Now, because of time, then, we need to move to the audience questions. And please be sure that you answer within one or two minutes because, otherwise, we cannot finish.

The first from -- and, also, I want you to emphasize on now and the future, rather than the history, when you answer these questions. And first, from Andrew Furlan (phonetic), at Medicare Asia-Pacific, here is the question, who says the U.S. has to engage with China? If it doesn't, it is not like anything that the U.S. gets from China it cannot get from elsewhere, whereas the possible exception midterm of the rare earth complete, yes, engage, why? Maybe, Mike, you answer this question because this -- that view has some representation in some corners of this country. Otherwise, you cannot explain why decoupling has such a huge market and also, as Bob said, Engagement is over. So, please, Mike?

MR. LAMPTON: Well, to respond to Andrew, I would question a number of examples, but let's just take the rare earth. Actually, China doesn't have a stranglehold on rare earths, and, indeed, rare earths aren't even rare. The fact of the matter is rare earths are fairly widely distributed, but they're very costly to the environment to extract. So, people have created some, let's say, interim dependency on China because they'd rather tear up the Chinese environment than their own. And so, we don't have a dependency there, and, in fact, many Chinese people are resentful that their previous governments have allowed foreign firms to either dump garbage or toxic waste or mine rare earths. And, in some sense, they have their point of view, which I at least have some sympathy with. So, first of all, I think who's dependent on who and how many substitutes there are, you have to go case by case, but rare earths would be one of the worst examples I can think of.

Now, you asked on the other side, what do we need that we can't get somewhere from -- elsewhere than China. Well, I would say China's the biggest emitter of CO<sub>2</sub>, and any degree to which we can cooperate to reduce that is something that we can't get anywhere else because if China doesn't deal with this issue and we help in the ways we can and by doing our own, in our own circumstance, so, there are some of these global issues for which there is no substitute for Chinese cooperation. So, I guess I'm

just rather out of sympathy with both points of the question.

MR. LI: Thank you. It's the climate change. You know, carbon neutrality is a good example. The next question is from Corinne Musk (phonetic), at Ancola Consultant Group. Here is the question, what is the most realistic path toward for productive engagement, in line with American interests? Now, Susan, your introductory remarks really have already touched on this, but also from a historical perspective. Here, I would like to explicitly tell us what about the most of realistic paths.

MS. THORNTON: Yeah, I like to think of myself as a person who's very pragmatic and who operates -- tries to operate on the plane of reality because that's the only way that you can really get things done and move things forward. And so, you know, and I try not to be too pessimistic because I have seen, as Mike alluded to, the agency of sort of personal leadership, in my time in government, and how that can really move issues and change things. You know, as we noted, I mentioned in our chapter, you know, all U.S. Presidents come into office thinking they're going to be tougher on China, and then they run into reality, and they adjust.

Now, President Biden certainly doesn't want a crisis with China right now, in the middle of all the domestic challenges that he's facing. But he appears to be unable to voice anything really constructive, vis-à-vis China, given all of the domestic political constraints, and I would say that we saw that, again, this morning, in the presentation by the U.S. Trade Representative, Katherine Tai, about the way forward on U.S.-China Trade, which was basically not to give us a way forward. So, you know, the most Biden is able to communicate is that he hopes to avoid a conflict with China because, luckily, everyone agrees that, you know, amidst the competition with China, we must make sure not to have a military conflict between these two nuclear powers. So, that's good. But saying that you want to avoid a conflict is a lot different from actually making it so.

So, I think, you know, my belief is that because of the complexity and the history and differences between us that, in the absence of cooperation, and, yes, you can call it Engagement, if you want to, it's going to be very difficult to avoid conflict. That is my sober assessment of this situation. So, because I have such a dire and sober assessment of this situation, I, therefore, believe that the dialogue and some collaboration and some, yes, cooperation on mutual interests, including cooperation on

avoiding conflict because it requires cooperation to actually avoid conflict --

MR. LI: Yeah.

MS. THORNTON: -- that that's going to have to be reestablished over time. So, you can say the Era of Engagement is over, I'm not sure exactly what that means, but some kind of Engagement is going to have to be continuing, and maybe it'll be different. We can hope that it'll keep the competition from slipping into overall hostility and conflict. I, personally, think the most important carrot to give the Chinese, in pursuing this avoidance of conflict, is the prospect and a reason to be invested in maintaining good relations with the United States. Good relations for their own sake have been a really important priority for China, and I think discussions of other interests that are conducted inside a framework like that can go forward.

MR. LI: Oh, okay.

MS. THORNTON: But if relations are hostile, I don't see how carrots or sticks are going to be effective.

MR. LI: Thank you. Thank you, Susan. The next question, maybe the last question, for Bob, combines a few questions. As we are all clearly aware, anti-U.S. sentiment has become alarmingly prevalent in China, as your opening remark also reminded us, including among many U.S. educated Chinese retainees, the so-called hybrid sea turtles. Chinese authorities' promotion of the nationalism and propaganda campaign are important factors. Do you think comments by American politicians on the so-called weaponization of Chinese students at U.S. by the Chinese Communist Party and also the FBI opening a new China-related counterintelligence case, about every 10 hours there's one case, also, these are the -- also factor into escalating anti-American sentiment among Chinese young people? Now, related to this question is by Professor Dennis Simon, at Duke University, his question here is, I quote, the DOJ continues to pursue the China Initiative, even though it continually fails to prove its cases about alleged Chinese spies, what is the real situation? Bob, two minutes.

MR. DALY: I think it would be very helpful if both Beijing and Washington toned down their rhetoric. There's a great problem with the way that this is framed, and with the nature and the constancy of the accusations we fling at each other. It is true that the United States has the greatest

higher education system in the world because we are open and international, and that that creates some vulnerabilities. And it does open up possibilities for spying, and for IPR theft, and for the loss of strategic information.

However, to date, the demonstrable harm done to American security through the academy, that's a very thin list. And we have gained tremendously from our ability to attract Chinese talent. Ruan Xiulin is a mechanical engineer at Purdue, a naturalized American citizen who grew up in China. He just invented the world's whitest paint, which reflects 98 percent of ultraviolet rays back into space and reduces the need for air conditioning by 70 to 90 percent. This could be one of our greatest weapons against climate change. He's an American, he came from China. There are tens of thousands of Ruan Xiulins in the United States, and we must retain them, even as we take reasonable steps to limit our vulnerability. I'll stop there.

MR. LI: Well said, Bob. Well, unfortunately, the time has come to bring this important discussion to a close. I would like to offer my deepest appreciation to our audience for participating in this webinar, and to our distinguished speakers, Mike, Susan, and Bob, for sharing your wisdom and critical thinking. I'm particularly inspired by the sheer efforts to find a constructive way forward.

Now, please allow me to conclude with an insightful quote by another Brookings colleague of mine, Jeff Bader, who previously served as the Senior Director for Asia in the Obama White House National Security Council. He wrote, in 2015, about, now, six years ago, I quote, he said, East Asia has avoided major military conflict, since the 1970s, of the United States for three wars, in the preceding four decades, originating in East Asia, with a quarter of a million lost American lives. This is no small achievement. Let's hope this precious peace, as Susan also repeatedly said are in the region, will continue for the generations to come. Thank you very much. Thank you. Thank you so much.

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