“China at Home and Abroad: Opportunities and Fears - Big Data China 2022 Annual Conference”

Keynote Speech: Kenneth Lieberthal

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FEATURING
Kenneth Lieberthal
Senior Fellow Emeritus, Foreign Policy Program, Brookings Institution

MODERATOR
Scott Kennedy
Senior Adviser and Trustee Chair in Chinese Business and Economics, CSIS
Scott Kennedy: Good morning, or good afternoon, or good evening. Wherever you find yourself, welcome to this CSIS-Stanford University event, the Big Data China 2022 Annual Conference, “China at Home and Abroad: Opportunities and Fears.”

We're delighted to have all of you with us today for this first conference that celebrates the first anniversary of this collaboration between the Trustee Chair in Chinese Business and Economics and Stanford University’s Center on China’s Economy and Institutions. This began as an idea about two years ago about finding ways to strengthen the relationship and connectivity between the scholarly community and the public policy community, particularly in Washington, D.C. And as those of you who have followed the Trustee Chair, SCCEI, and Big Data China, we have been issuing features over the last year on a range of topics, introducing the policy community to cutting-edge research, explaining what the findings are and the implications for the policy community.

Today, we're delighted to launch the first annual conference that tries to emphasize these type of ties and explain how they are important to Washington and focus on several critical issues. In the coming hours, we will have three panels: on economic policy, one on Covid-19 policy, and a final one on U.S.-China relations.

We have a star-studded group of experts that will be speaking in each of these panels, moderated by myself; my colleague Ilaria Mazzocco, who runs Big Data China day to day for us here at CSIS and has authored many of the features; and Scott Rozelle, our partner at SCCEI at Stanford University. All of the information of the – today’s agenda is on the website.

But we’re going to begin today with a special treat to have a keynote address from Ken Lieberthal, who is going to put in context many things about today’s events and U.S.-China relations and the relationship between scholarship and the policy community. There is no better person to get today’s conference started than Ken.

Ken’s career is really – I would divide it into three phases, each of which he has made a tremendous impact. And the first – excuse me; the phone’s going off – the first is he was a professor for many years at the University of Michigan from 1983 to 2009. He was the Arthur F. Thurnau professor of political science and William Davidson professor of business administration. He then had – in the middle of that, he served on the National Security Council as senior director for Asia during the Clinton administration. And then he worked at the Brookings Institution as a senior fellow and as head of the Thornton Center for China Studies. So he has worked on both sides of
the policy and scholarly community and as a bridge in the think-tank community as well.

He is insightful about just about every aspect of Chinese politics. Those of us who are in the China policy community and – scholars and policymakers – see Ken as a mentor and as defining a lot of the terms of how we look at China. If you look at Chinese politics and the policymaking process, you will probably encounter the idea of fragmented authoritarianism and the – which basically is a central way that for decades we have thought about how policy is made in China. Even today his work is still extremely influential for all of us.

Ken, we are really delighted and grateful for you to join us to provide the keynote address to open this first annual conference. Let me turn it over to. Look forward to your initial remarks and then I appreciate that you've said you'd be able to stick around and take a few questions before we then go on to the panels. So over to you.

Kenneth Lieberthal: Well, thank you very much, Scott. It's really a pleasure to have the opportunity to kick off this conference. And you asked me to make some overall comments about U.S.-China relations and what we should anticipate, and then perhaps even more in our brief dialogue afterwards we can get into more specifics about issues I've raised, but also about the scholarly community and its potential role. So let me dive into that.

Certainly, recently, we've had very visible efforts by both the United States and China to put a floor under the downward spiral in U.S.-China relations, and that spiral had been accelerating and had become really quite dramatic. The highlight of this turnaround, if you will, was the summit meeting last month in Bali between Presidents Biden and Xi, where they agreed to specified official dialogues going forward, to renewed cooperation on climate change. And indeed, Secretary – or, special envoy now – Kerry has already been in contact with his counterpart, Xie Zhenhua, to promote that, and more broadly, looking forward to regularize communications to prevent miscalculation that might lead to conflict.

Xi Jinping has begun really a very active international diplomacy, something that he had shied away from during the prolonged Covid basically closure of China. China’s now, as we all know, exiting very rapidly from Covid lockdowns and more broadly is taking measures to open up to the international community. I think we'll anticipate far more flows of people, of investment, of just exchanges of various sorts, and so forth.

President Biden, in the wake of the midterm elections, feels that he has – still has room for a very active foreign policy. To put slightly differently, in the
runup to the 20th Party Congress in Beijing and to the midterm elections in the U.S., both leaders were concentrating on domestic politics and frankly taking a pretty hard line on almost all related bilateral issues. In the wake of those meetings, both leaders see opportunities to be a little more flexible, to look abroad more, and take new initiatives.

Having said that, looking at the upcoming year, I think that expectations about U.S.-China relations should remain very modest. The dialogues that were agreed to at the summit, I believe, are shallow, and are confined to really very narrow channels. They aren't, you know, getting together leaders of a variety of ministries, with a variety of Cabinet leaders in the U.S. or multiple levels within each of those bureaucracies. They're really quite confined to very, very specific channels and very few people directly engaged in them.

On both sides, moreover, even as these dialogues are unfolding and initiatives are being taken to improve the atmosphere, each country is continuing to develop and to adopt security, economic, and diplomatic initiatives that are specifically designed to constrain the opportunities available to the other side. We can discuss details of that, Scott, you know, when you pose questions after I wrap up these brief remarks. I want to focus here really on what to me are the most fundamental problems as we look forward.

And at the top of that list is what is clearly – has been evident for a long time, but I think has deepened and matured, and that is each side's distrust of both the short-term and the long-term intentions of the other side. That distrust is wide ranging and deep. On the Chinese side, the policymakers there overall are convinced that the U.S. is determined to constrain, and if necessary, disrupt China's rise. China views the U.S., moreover – to me quite remarkably, but nevertheless removes the U.S. – I'm sorry, views the U.S. as strategic, disciplined, and highly coordinated across both domestic and international spheres. And anyone who knows – who's worked in the U.S. government finds it hard to believe that anyone would walk away with that impression. This is over any administration. But that remains a very surprisingly pervasive view among policymakers in China.

China's conclusion is that the PRC must remain vigilant and able to defend its vital interests against U.S. power and perfidy. And this takes the form in many ways of an underlying conspiracy theory. Even if you point to things that the U.S. is doing that belies that that notion of we're trying to constrain China's rise, and if necessary, even disrupt their capabilities, they can always explain and have explained to me in private conversations over the years as just shows how tricky you are and how skillful you are as you pursue your long-term, very nefarious goals.
On the U.S. side, American officials are convinced that China is unconstrained by law, ethics, or agreements. The U.S. can always count on China to have a long-term plan and to cheat where necessary in order to bring that plan closer to fruition. Xi Jinping, in the U.S. view, is able to dictate and coordinate everything China does, both domestically and internationally across all spheres of activity. And China’s aim in all of this is to hasten the decline of the United States and to restructure the global order in its favor.

Against this background, both sides want to improve the atmospherics. They want to engage in some mutually beneficial cooperation. They certainly want to reduce the chances of actual miscalculations leading to conflict. But both sides are actively pursuing concrete measures to impinge on the core interests of the other side. And neither side, moreover, either understands the other side’s decision making in politics, or fathoms how its own actions have provoked what it sees as the hostile steps the other side is taking. So I’m arguing here that there is, to an extent that I think would surprise feeders on each side, a fundamental misunderstanding or lack of understanding of the complex, nuanced, and detailed politics on the other side and how the systems there function, and therefore how to understand what they’re doing and how to deal with them.

I also worry about the wisdom of many of the key measures being taken by each side. Just, you know, briefly, for example, on the U.S. side, our measures to deal with China and to constrain its nefarious activities are increasingly, to my mind, protectionist, often involving relatively – or, too-crude industrial policies. They are focused around the concept of competition. But competition as kind of an all-purpose rationale is not a recognizable strategy. Everything has to compete to China, but strategy involves, you know, a specification of goals and timelines and benchmarks and prioritization of resources and so forth. And it’s very difficult to elicit that from U.S. officials who are competing with China.

It also has involved unfortunately, regarding Taiwan, talking very loudly, even if you’re – if you are not wielding as big a stick as you need. That is, to my mind, provocative, and in many ways counterproductive. And in high tech and universities, our policies are increasingly driving Chinese talent away, rather than attracting it, and making the best and brightest of the Chinese among those of many other countries, part of the U.S. magic sauce, if you will, to maintain our innovation capabilities.

So, you know, I think these things are – in many ways you can understand each policy, but it is worrisome to see how they kind of move against the things that we’ve always tried to protect as core to what makes the U.S. special and so highly competitive. I think that much of the above reflects an inability on each side to think in terms other than of caricature and
assumptions that lead to self-fulfilling prophecies at this point. The array of serious discussion of major alternatives as versus tactical moves, I think is notably thin. And that is that’s a very serious problem.

So, during the coming year on balance, I think we will have meetings that seek to nurture a more positive atmosphere, and there will be initiatives that may reduce the chances of miscalculation and tragedy, all of which is, obviously, worth doing and should be encouraged. But even this is likely to be disrupted by events for months at a time, incidents such as the odds are if McCarthy becomes the speaker of the House – he probably will – that he’ll visit Taiwan sometime late in the spring, and that will evoke a response from the PRC that will be fully the equivalent of what they did when Nancy Pelosi went there last year, and we’ll set back the relationship for a period of months before it gets patched together again. So, it’s going to be rocky. The atmospherics may be somewhat better overall. It’s going to be rocky. And I don’t think the fundamentals are moving in the right direction at all.

And within that context, we really need to address the role of scholars. I know that that’s a lot of what this conference will be doing, and I’d be happy to follow up on that. But I think it’s time to let you direct the conversation, Scott, and I’m happy to respond to whatever you want to raise.

Mr. Kennedy: Ken, that was terrific. Really appreciate those open framing remarks about where the relationship stands. I’m not reassured by the substance of what you had to say. But you – I think you put it together quite clearly. What you said reminded me of I think it was Joseph Nye who said if you treat China as enemy, you may get an enemy. But the opposite is true. If China treats the U.S. as an enemy, you will get an enemy. So maybe we’ve got both things happening. And I don’t know if there’s someone in China, a Joe Nye in China who has written that for the Chinese, but it looks like we are engaging in this back and forth. And I don’t know if you’d call it a security dilemma where we keep pushing the other to respond in ways that make the other side feel that at risk.

I wanted to first start, I want to ask a couple questions just on the policy side, and then talk about scholars and that bridge and what we can do. First of all, there’s been some questioning in Washington, D.C., about the historic American policy towards China. You served in the Clinton administration in the late 90s, just prior to China joining the WTO, and so you were part of putting together policies, which I guess it’s largely summed up by some as engagement. But of course, there was deterrence as well at that time. What do you think about today’s look backward to the 90s, and some say, you know what, we should have been tougher on China all along, that the efforts to connect and build ties, we’re now seeing that we basically gave China a free pass and we would have been better off doing something different?
What’s a brief response to that kind of charge, which I find all over Washington?

Mr. Lieberthal: I think that charge is a prime example of historical revisionism, and I think the number of the people who have articulated that argument and really gave it currency are people who know better, because they participated in it and they know how inaccurate that is. I’ll leave it to them to explain why they’re pursuing the views they now are.

Every step we made with China, over a course of decades, was behind the scenes hard fought. Nothing came easily. You patch it up in public pronouncements. Nothing came easily on either side. I never heard within the administration, within any administration, the assumption that if we pursue engagement with China, China will become a democracy just like us. And the big critique is, well, they didn’t, so your premise was wrong. I think the premise was always that it would create new opportunities for Chinese in China. It would create a basis for maintaining peace in Asia, for avoiding conflict in Asia. And you look at the history of Asia, and that is not a small accomplishment. And frankly, it was successful by that measure.

It would also lift millions of people out of poverty, which is a goal that we should see anywhere in the world. And it, frankly, enhanced the growth of the global economy. And many, many American businesses and workers etc., have benefited from that. Others did not do as well. There are there are winners and losers in everything. But the notion that we did it in order to create a democracy just like us in China, we did not fight for the things we needed to fight for, and we were led down the garden path by the nose is – it just doesn’t stand serious, detailed scrutiny of what occurred, and the archives are increasingly becoming available on those things. They deserve serious, serious attention.

Having said that, you know, we are not a unified actor. We’re always dealing with the Congress and its permutations with our own legal system and its application with international obligations elsewhere and so forth. So, I think there were times when we could have been tougher, and we did not act tougher. And that is in administrations both Democratic and Republican. I don’t think that was systematically the case. But there’s specific examples where we could have brought down the hammer more. But each time, we were also looking for other things from China that were higher priority at the moment. So, it’s a complex history, and I think the current review of that history is just overly simplistic.

Mr. Kennedy: Let me ask a two-part question about the relationship between the scholarly community and Washington. What do you think have been the most important ways or ideas that have filtered from the scholarly community to Washington over the course of your career, particularly maybe in the last
couple of decades? And then what has the pandemic done to the ability of scholars who work on China to contribute to how Washington thinks about what’s going on in China, China’s role in the world, and our relationship?

Mr. Lieberthal: Both terrific questions. One thing I learned in the government is how narrow the basis of decision making is in terms of understanding what’s going on in China. And I have always found in my own career, you know, among my people of my generation, at least, that probably the biggest role we played was being able to explain, with credibility and in detail and in a nuanced fashion, what was really going on, on the Chinese side, what they were trying to accomplish, what their constraints were, what their fears are, what their blind spots, and what we really have to be worried about. And you did that by getting to know them, by being there time after time, year after year, engaging in serious research there, and also in the kinds of conversations that enable you to begin to really understand who has insight, and to establish a level of trust that allows you to actually have some interesting discussions.

The other part of that, of course, is explaining to them what’s going on in Washington. They needed that just as much. It’s both sides need to be engaging in a major way over a long period of time in order to have that kind of information that they can then make available to policymakers, up on the Hill in testimony or in private briefings for staff and so forth. In the administration itself, different administrations have been more or less open to different kinds of inputs. But generally speaking, scholars have been able to interact with key administration officials privately, and that’s been very important.

Covid has brought that to a screeching halt. You know, the conversations have been mostly on Zoom, except for very few exceptional folks like you who have gone over there and managed to have serious discussions in person. Really, the Zoom conversations are no substitute at all for meetings in person for the things that happen, you know, not with the formal talking points on panels, but actually, sitting down, chatting over meals, and that’s where you really learn what you need to know. And I don’t mean state secrets. I mean an understanding of kind of, yeah, so why aren’t you doing that or, you know, what’s the hope here, or how did that happen. And then, you know – and you can help to explain what’s going on on the U.S. side.

So I think in both directions scholars have a depth, a scope, and an intimacy that policymakers can’t possibly bring to the table, but absolutely need to make very good policy. And I’m hoping that with the opening of China that should occur – it could get disrupted, but it likely will increasingly occur over the course of the spring and summer this year – I’m hoping that we push very hard to get scholars into China to make it more available for Chinese scholars to come here to do serious research, as well as have conferences
and that kind of thing, and to get this part of the relationship working again, because it’s just – it is really crucial. It is not devoted to getting profit for a company and not devoted to sensationalism for newspapers. It’s devoted to understanding and communicating. And that’s a unique role that scholars had played in the past and can in the future.

Mr. Kennedy: Let me ask you one final question. And this has really been a fantastic discussion. I wish we could go on for a lot longer. Again, two parts connected to each other. Over the last few years you’ve been watching China, like most of us, mainly from afar, may get there on the ground. As you’ve watched China, what are you most surprised about what you’re seeing occur in China, the things that you least understand that you think we need to dig into? Or what are the kind of assumptions that we are walking around with in our heads, either as scholars or as policymakers, that need to be investigated the most, that we need to challenge the most? Essentially, what I’m asking you, what should be the agenda for Big Data China for scholars, think tanks in Washington, to be most helpful to the policy community?

Mr. Lieberthal: It’s a great question. I wish I had a clear answer to it, and I don’t. I think what has surprised me is how little we now know about what is going on in China at a high level. I’ve talked to some of the people in our government who really spend their careers working on those issues, and I know you have spoken to – you know, we have the same circles, some friends there. And I’m startled at how little they say they understand now about politics at the top and the dynamics of it. And so – and yet, to go from that to assuming there aren’t politics, that there isn’t a need to understand the flows of authority, the flows of information, who is doing briefings, and what are they able to say and so forth, that’s a real problem. And you can only get at that through greater accessibility, I think by people not SIGINT or something. You need people, and you need that they’re asking the right questions and developing the right relationships. I think that’s really the biggest issue.

I think you can explain a lot that’s happened by the reality that Xi Jinping has created – he’s made this a personalistic dictatorship, which erodes a lot of institutional boundaries, which really has struck fear into officials at all levels, so that there’s a competition kind of not to, in a nuanced way, implement policy, but rather to jump out ahead to demonstrate your loyalty and push as hard as you can to show that you’re all in favor. And the logical and observable result of that is whether it is lockdowns for Covid or now moving away from lockdowns for Covid, policy gets implemented in a hyped-up way. It’s very hard to get nuanced. It’s very hard to get local adaptation, because the incentives aren’t there. The incentives are to be first and foremost in demonstrating that, you know, you’re on board. And that also undermines trust between officials and cooperation between officials,
because they’re all competing for the same thing, and at each other’s expense.

So I think you can understand some of these dynamics from abroad. But you really need to be there to get, you know, the kind of feel that would enable you to actually be a participant, a helpful participant on both sides.

Mr. Kennedy: Well, my hope is that once China gets through this transition, which looks, what I would say, relatively disorderly, several months down the road, it will be possible for scholars, think tankers, and others to resume travel again, and we will take up the agenda that you’ve begun to lay out for us. You’ve set out a large amount of work that we need to do. The two governments have a lot to do if we’re going to step back from the trajectory that we’re headed on, as well. So, you haven’t left us with a lot of promise about the future. But you’ve given us an agenda; you’ve identified the challenges. And I think that’s the first step towards actually making progress. So, I want to thank you for joining us to get the conference started. We’re going to take a short break right now and come back. I’m going to hand things off to my partner in crime, Scott Rozelle from Stanford University, who is going to host the first panel in just a moment. So, thank all of you. Just stand by.

Ken, thank you for being with us.

Mr. Lieberthal: A pleasure. Thank you.

(END)