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TRANSCRIPT
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Panel Three – U.S.-China Relations: Are We Building Guardrails?

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FEATURING
Jan Berris
Vice President, National Committee on U.S.-China Relations

Elizabeth Economy
Senior Fellow, Hoover Institution

John Holden
Managing Director, McLarty Associates

MODERATOR
Scott Kennedy
Senior Adviser and Trustee Chair in Chinese Business and Economics, CSIS

Transcript By
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Hi, everybody. And welcome back to the first annual Big Data China conference that we’re co-hosting between CSIS, the Trustee Chair in China’s Business and Economics, and Stanford University's Center for Chinese Economy and Institutions.

This is the final panel of the day. And we could not have a better group of world-class experts to lead us to the finish line. And we’re going to be talking about U.S.-China relations and whether or not we can establish some guardrails around the relationship. Guardrails might be the word of 2022. And we’re going to find out whether it’s going to be the word of 2023.

To help us understand where the relationship is going, we are lucky to have three amazing folks with us. Let me briefly introduce them, and then I’ve got a question to get the ball rolling for each of them. And then we’re going to have the audience weigh in. You can, at CSIS.org, the page for this conference, submit questions, which will come to me, and I will then ask our panelists.

First, Jan Berris. She is the vice president of the National Committee on U.S.-China Relations, and she’s been with the committee since 1971, which is a few years. But she has walked with U.S.-China relations for every step of the way. Her responsibilities include preparing and managing operations for the visits to the United States of Chinese delegations, including the 1972 Chinese ping-pong team. She has also sent hundreds of American delegations to China, and she has traveled to China almost 200 times since 1973. And you can count me amongst those who she has arranged travel for or meetings with visitors from China as part of the National Committee’s Public Intellectuals program.

John Holden is senior associate with the Trustee Chair, nonresident. But he – his day job is managing director and head of China practice for McLarty Associates. For over four decades he managed China businesses for leading firms, including Cargill and Hill & Knowlton. And he was chairman of the American Chamber of Commerce in China and president of the National Committee on U.S.-China Relations and founding associate dean of the Yenching Academy of Peking University. I do believe, if my memory holds, that John went to Stanford University. So things are coming full circle.

Finally, Elizabeth Economy is a senior fellow at the Hoover Institution, also at Stanford University. I think there’s a theme today. She is currently on leave to serve as senior advisor for China to the secretary of commerce. Previously she was C.V. Starr senior fellow and director for Asia studies at the Council on Foreign Relations. She’s an acclaimed author and expert on Chinese domestic and foreign policy, and her most recent book, which everybody, everybody, needs to read, “The World According to China.”
So I’m delighted to have the three of you here talking with us about U.S.-China relations. Let me actually first turn to John. Then I’ll turn to Jan and then to Liz.

So John, the relationship between the U.S. and China, it’s not in a great place. How would you apportion responsibility for the decline in that relationship? Most Americans focus on how China has changed under Xi Jinping. The Chinese blame Washington. I found that when I was traveling to China recently; not a surprise. And they would focus – they focused on the Trump administration’s trade war and the restrictions on Huawei and other steps taken since.

Given how you apportion responsibility, then what are the possible ways out of this spiral? Or have you succumbed to the fatalism which I’ve heard in both capitals? So John, over to you.

John Holden: Yeah, thanks, Scott. I actually apportion all of the blame to the National Committee on U.S.-China Relations. Jan has been there since ’71, and look where we are now. (Laughs.) I couldn’t resist, Jan. I’m sorry about that.

Jan Berris: Thanks. Thanks, John.

Mr. Holden: No, seriously – no, Jan is –

Ms. Berris: You’re supposed to be my friend.

Mr. Holden: No, you are my friend, my dearest friend. And, no, but the story really, Scott, for the last nearly half century is the evolution of China, the rise of China. And what we’re really talking about is the massive changes in China’s capabilities, and to some extent interests.

Wang Jisi, whom you know very well and you’ve invited to the U.S. this past year, said to the Bloomberg New Economy Forum three years ago, in a public setting, he said the reason we have a problem in this relationship is because China has changed. And I think that’s pretty patently obviously.

The U.S. can’t get by scot-free, however. I mean, we’ve changed in some important ways. And one of them is in the nature of the way that our democracy functions and the influence of social media, the news cycle, lack of responsibility amongst political leaders. And the challenge is for any American president to actually manage this relationship. So we have some blame to shoulder as well.

But I think the main story is that China has changed its expectations for what it wants from the world and what it wants from us and what it wants for itself.
Dr. Kennedy: That’s helpful. Thank you very much for helping us get started.

Let me turn now to Jan. So you’ve been at the National Committee for a little while, all to the upside to the relationship, despite what John has just said. And so you’ve been integral to people-to-people diplomacy over that period. Has the deteriorating official relationship and Zero-Covid reduced people-to-people ties to where they were when you first joined the National Committee?

Let me put the question another way if I could. We often hear about business as the ballast in the relationship. But now that doesn’t seem to be so true. How about people-to-people relations? Can they, or rather are they now performing this role? Jan.

Ms. Berris: Well, thank you, Scott. And let me say what a joy it is to be on a panel with three people that I admire so much and three good friends. So thank you for having me.

I should apologize. My voice may get increasingly hoarse as we talk. I just came out of a bout of four days of laryngitis. So if you see me reaching for a cup of tea, that’s the reason. Or maybe I’m just – the laryngitis came from depression over the relationship and where it’s going.

But I do want to associate myself with what John just said. I think certainly both sides are at fault. China has changed, yes, but the United States has changed in several ways as well. And I think we need to be looking to ourselves for – we can’t apportion all of the blame to China. We have to be very self-cognizant and realize that we are perhaps not looking at the relationship in the ways we might and that we may need to take a closer look at that.

But in getting to your question, Scott, I would say if we’re looking – the first part of your question sort of literally, whether people-to-people ties are where they were when I joined the National Committee on U.S.-China Relationships, then the answer has to be no, because, as you said, I came to the committee a long time ago, 51 years ago, to be precise, in September of ’71, at a time when only a handful of Americans had been to China and no PRC individuals had been to the United States. So we were really basically at ground zero.

So that began to change, actually, right after I arrived. I had been in the Foreign Service and had taken a year’s leave of absence to come to the National Committee to help work on the visit of the Chinese ping-pong team, which was slated for the spring of 1972. And when I say that things changed right after, I mean it literally. On September 15th, two days after I arrived at
the committee, Grey Dimond, who was a Kansas City doctor who was a friend of Edgar Snow’s, he and three other doctor friends and their wives crossed the border at Luohu into China and became basically the beginning of a wave of left-leaning doctors and scientists who went to China to begin this people-to-people relationship.

Actually, they weren’t the first since the PRC had been founded. There was a group that barely gets any mention, which always surprises me, a group of about 40 young Americans who were – American students who were in the Soviet Union for a communist youth conclave and went on from there to visit the PRC – this was in 1954 – for six weeks, despite a U.S. State Department ban on travel to Red China, and much to the chagrin and extreme unhappiness of the U.S. government.

So people-to-people exchanges in terms of Americans going to China had begun, certainly sort of energized by the surprise invitation of the Chinese ping-pong team to the Americans, who were with them in Nagoya, Japan for a ping-pong tournament. So the invitation that brought a group of about 15 Americans to China, for the first time in sort of an official or semi-official – it was a people-to-people exchange, but clearly both governments had to be in it or had to be involved in it, because there’s lots of stories around but it’s clear that it was Chairman Mao who made the decision himself to say, yes, we should invite the American ping-pong team to China. But the U.S. government had to take certain actions that allowed that to happen too.

So once the dam broke and the Americans went there, the Chinese came in April of 1972 and they were the first Chinese from the People's Republic of China to step foot in the United States. The people-to-people relationship grew sort of by fits and starts over the next seven or eight years, with mainly two organizations spurring that on, the Committee on Scholarly Communications, the People's Republic of China in Washington, doing all the medical, scientific, and scholarly exchanges, and the National Committee sort of doing everything else, but starting in the fields of dance and sports and culture, et cetera.

But by the time of normalization in ’89, full normalization in ’89, 1979 and actually 1973, when we opened liaison offices, helped an enormous amount. Sorry – normalization in ’79; ’89 was a totally different milestone. I’m sorry; ’79 normalization. My apologies.

Once we got into the ’80s and ’90s, people-to-people exchange was going full blast. It was no longer just the National Committee or the Committee on Scholarly Communication that had the ability or the right or the approval to get involved in people-to-people work, but everybody and their cousin got into the act. We looked around and says, whoa, we were once important, but what’s happening now, which basically was what we had wanted. You know,
we were just a small organization and had no way to be able to be involved in one tiny little fraction of all that took off after 1979.

So the people-to-people programming that grew. It did slow down, of course, for a few years after the tragic events of 1989. But it gained momentum, I felt, surprisingly quickly after that. And over the past five decades, we have built up, I believe, a deep web of people-to-people relationships that – now to get to the second part of your question. Sorry to make the first part so long. But, yes, I do believe that it is no longer business that’s the ballast but that it’s the people-to-people relationships that keep things going. As sort of the nation-to-nation relationship gets worse, it’s the people-to-people relationship that I think must get better.

As you said, Scott, sort of the extreme downward vicious cycle of the relationship between our two governments has made engagement more difficult. But from my perspective, it’s made it all the more important.

So people ask me a lot, how is it that I’ve had the same job for 51 years? It’s an easy answer for me. It’s because my primary interests are in people. I’m not a policy wonk like Elizabeth or John or you, Scott, or lots of other people I work with. I’m more about – what energizes me and what motivates me is bringing people together. People, I think, will learn from one another, will like one another. And I think that at this point in our relationship it’s the people-to-people aspect that’s keeping us going.

That’s true, I think, subnational level, but certainly not at the national level. But subnational level there’s a surprising amount going on. We just ran a conference in conjunction with the University of Michigan’s Lieberthal-Rogel China Center and the Michigan-China Innovation Center. That was a very lively, active drawing together of about 30 people who work on various aspects of China at the state and city and regional levels. It’s the – at least prior to Covid, it was the educational level, with millions of PRC students had come to the United States to school, primarily colleges and universities, but also middle school and private schools and public schools all around the country.

Unfortunately, the exodus of China scholars from the United States has diminished recently, clearly because of Covid, but also probably equally so because of things that we’ve done in the United States, the China initiative, the anti-Chinese racism, the – I was going to say perceived, but also real threats of violence that people from abroad see here in the United States, but also due to the nationalism in both countries, and in China the increased access to high-quality education at home.

It’s also – this web of people-to-people relationships, there’s another interesting – not as many people talk about, and I don’t know why. And I
don’t even know the numbers on this, but the huge number of intermarriages that we’ve had in this country, the relationships that have been forged among families. So those are just key aspects —

Dr. Kennedy: Thank you.

Ms. Berris: – of people-to-people relationship that go way beyond the business. And the business isn’t just about business. It’s also – there’s people-to-people relationships in math as well, with training programs, et cetera.

So I can hear your voice trying to interrupt me, so I will stop. (Laughs.) I apologize.

Dr. Kennedy: (Laughs.) I’m just – no, I would listen for hours if I could. And I think everything that you said is on the mark. And I appreciate not only your larger perspective, but very tangible examples of how people-to-people diplomacy functions. I think a lot of people aren’t aware of these specific things. So I really appreciate it. But I do want to bring Liz into the conversation as well.

And so, Liz, you’ve, just like Jan, John, and myself, spent much of your career as an outsider, as a scholar. But you’re temporarily serving in the Biden administration. I know today your role is as a Hoover Institution expert, but I still want to ask you this question about – and I want to ask you about how – excuse me; sorry about that – about how the change in perspective has affected your view about the challenges facing the U.S.-China relationship and the prospects of building guardrails.

Are you more impressed by the challenges presented by the U.S. having such a huge government with lots of actors and the pressures to focus on the day to day, or by the efforts for people within the government to engage in long-range planning and coordination and to make –

Elizabeth Economy: So thanks – is that the end of the question, Scott? (Laughs.)

Dr. Kennedy: Yes.

Dr. Economy: OK. (Laughs.)

Dr. Kennedy: All right.

Dr. Economy: No, no. No worries. So it is great to be here.

You know, I actually don’t think that the challenge of building guardrails between the United States and China is one of – is a human-resource issue. The U.S. government, as I’ve, you know, come to find in the past 15 months
or so, really does have a pretty good mix of people both whose job it is to think long term and strategically, you know, and others who focus on the day to day and others who really are mostly focused on implementation.

I do think there are challenges around this notion of guardrails, though, of guardrails. So maybe I’ll just say a couple of words about that.

You know, first, I think, is just defining what a guardrail is, because I think, you know, one definition is that it’s really just about preventing the relationship from spiraling down into kinetic conflict. And if that’s the way that you conceive of it, I think the temptation is to think that it is focused primarily on, you know, State Department diplomacy or, you know, Defense Department mil-to-mil relations.

But I think what came out of the meeting between President Biden and President Xi was really a broader notion of, you know, channels of communication across a wider array of issue areas, so that if problems arise that there are a lot of cross-cutting connections that could be drawn upon to stabilize the relationship.

So you saw coming out of the Xi-Biden summit discussions of food security and public health and climate change, macroeconomic-stability issues, you know, as areas where not only, you know, mil to mil, but areas where we really want to develop these guardrails.

I think it’s also true that the relationship is, you know, so multifaceted that there are clearly elements of competition and cooperation, and sometimes it can appear as though, you know, these are competing priorities that cannot be reconciled. So I’ll just say, you know, at the Department of Commerce, where I work, we have a very robust ongoing dialogue on intellectual-property rights between our Patent and Trademark Office and a couple of different counterparts, actually, in China.

We also have an export-promotion strategy that we started around personal-care products, right. We want our companies to compete and do business and win business in China. And at the same time, as you certainly know, and

I think probably everybody watching this knows, you know, Commerce is at the epicenter of export controls through our Bureau of Industry standards. And so, you know, how do you reconcile those? I mean, export controls are generally considered to be things that are going to provoke conflict, right, between the United States and China, contribute to conflict.

But I think you can change the dynamic in a couple of ways, you know, what I’ve observed. You know, first is by articulating a broader strategy for the relationship that makes sense of these competing priorities, right. And that’s
the kind of longer-term strategic thinking that you raised. And I think Secretary Blinken did this very much in his, you know, outline of the U.S.’s sort of diplomatic strategy; you know, invest, align, compete. And I think the secretary of commerce, Secretary Raimondo, my boss, also did it in her speech at the end of November, where she sort of laid out how things like export controls, you know, fit together with a range of other priorities that we have in our economic relationship with China.

So I think, you know, that’s part of how you can, you know, reconcile these competing priorities. And I think the other part is to turn something like export controls into an area of conversation with the Chinese. And I think that’s what has happened with intellectual-property-rights protection, because one could imagine and has been in the past a very conflictual area between the United States and China, right. You know, China, we know, is a significant appropriator, illegally, of U.S. IP. And so it’s a source of, you know, ongoing contention in our relationship.

But at the same time, we do have this, you know, really excellent and, as I said, robust dialogue. And that contributes to, you know, sort of capacity-building in China, where China has developed stronger IP laws. It’s developed IP courts. And, of course, you know, the U.S. can’t, you know, take credit for all of that. But I’m confident that that kind of interaction has contributed to sort of the PRC’s development of these laws and better enforcement, albeit certainly not the level that we would want to see.

So I think, again, you have this mix of different people doing different kinds of jobs, people focused on the day to day, people focused on strategic thinking, and they kind of come together to sort of make, I think, for a good policy around, you know, guardrails.

But let me just also point out – and I think we also just saw this – that, you know, it does take two to tango. And while the U.S. has, you know, repeatedly stated that it wants guardrails, to establish guardrails, to work with China to establish guardrails in the relationship, we saw in the wake of Speaker Pelosi’s visit to Taiwan that China basically shut down all the big dialogues; like our PTO, our Patent & Trademark Office, dialogue continued, actually, a little bit, I guess, below the radar. But, you know, they shut down, for example, the mil-to-mil dialogue.

And, you know, so that – you know, what does that suggest about the level of PRC commitment to developing guardrails if they use it as punishment, right, for something, for a front that they think the United States has somehow paid to China? So I think that’s just another challenge that we have to address. You know, it just does depend on both sides being willing to talk and work together constructively.
But overall, I think I’ve been pretty positively impressed by the degree to which, you know, our policies can come together in smart ways, given the sort of different kinds of roles that people play in the U.S. government.

Dr. Kennedy: Well, that – well, I’m glad that you found that, because you have very high standards. And if people that you’re working with impress you, then they ought to impress the rest of us. And I know that you’re making a positive contribution on a number of fronts.

I guess when I think of guardrails – because we’ve not fully defined what guardrails are – but I kind of think of them as both sides understand that the other’s goal is not to eliminate the other absolutely, but that some amount of coexistence is going to continue, and that there – if we are going to compete, there’s going to be common rules of how to compete.

And so if you can accept that the other is going to be there and you’re going to compete according to some rules, then to me that’s the guardrails. And sometimes those guardrails are made through an agreement consciously. Sometimes it’s how we react and socialize each other in the wake of problems or crises, in the case of what happened in the summer with regard to the Taiwan visit and how China responded. It looks like, from what I hear from you and John and Jan, we are still building those kinds of guardrails, that common understanding that would let us compete in a way that wouldn’t feel like we were spiraling out of control.

I was curious sort of – you know, China seems to be richer, more powerful, healthier, safer, than just about ever. I know there’s something going on right now with Zero-Covid, and I’m going to come back to that with the next question. But broadly speaking, compare China today to where China was 150 years ago, even 15 years ago. It’s doing much, much better.

So why the anxiety in China about its relationship with the rest of the world? Why does it – why do they feel like they are under siege, which is leading to them to push back in the way that you all have? What is it that we don’t understand about China that is generating such a critical response when they seem to be, in all objective measures, being so successful?

Any of the three of you welcome to take that on. Liz.

Dr. Economy: I just spoke, but I’ll just say I think I probably would challenge your premise, you know, at the outset, Scott. I guess I don’t see necessarily that China is, you know, a better place across the board than it was 15 years ago, let’s call it. I mean, richer, probably technically that is the case; healthier, probably not right at this moment; you know, just better off.
You know, I don’t – I think, given the level of oppression, given the level of polarization – I mean, look at what’s gone on with, you know, women in China over the past 10 years, you know, women’s access to, you know, healthcare, the educational system, the political system, the economy. You know, World Economic Forum does a ranking every year of 140 countries, and China has fallen over this decade from 69th to 113th, right; not one woman in the politburo, 4 percent in the central committee.

So I think, to me, I look at the tensions with ethnic minorities. I look at the gap between the rich and the poor. I look at, you know, the gap between what we would call the creative class and the bureaucratic class. And I see a lot of problems. And then there are just those, like, you know, technical problems like the property sector, right; longer-term demographic issues.

I mean, if I were sitting in Xi Jinping’s shoes, I’d be concerned, right. So I think domestically there are a lot of problems that China needs to address. And I think, on the global front, on the international front, I think, you know, China has been its own worst enemy. And I’ll be quick here, because, you know, I want to hear what Jan and John have to say.

But I do think, you know, Xi Jinping had a giant opportunity during the Trump era to step up and demonstrate that China could be really a constructive leader, you know, on the global stage. But we saw virtually none of that, right. And we didn’t see China step up to forge a new agreement on climate change or take leadership or ownership in any significant positive way. Instead, we ended up with, you know, wolf-warrior diplomacy; you know, how it – the economic coercion against, you know, a range of countries, from Korea through to, you know, Australia and Zero-Covid.

China proved to be relatively, albeit not completely, so I don’t want to overstate the case, but a much more unattractive, you know, force in the global system, I think, than many people would have anticipated. Even when it had a positive initiative like the Belt and Road, you know, you saw that, you know, it created a back reaction because of, you know, weak labor and environmental standards, the lack of transparency. So even as it, you know, was promoting something that, I think, on the face of it was quite constructive, right, helping to fill the global infrastructure gap, the way that it pursued the policy, you know, ultimately led to, I would say, as many challenges as successes.

So for me, I’m not surprised that it’s in a challenging situation, that it feels under siege. I think both domestically, any country, right, that’s got to use a couple of hundred million surveillance cameras to keep, you know, its population, you know, under control, I think, is one that is actually quite brittle, quite fragile.
Dr. Kennedy: Sure. Sure.

Mr. Holden: If I could –

Dr. Kennedy: Go ahead, John.

Mr. Holden: – just add to that. I think Liz has done a great job of outlining the domestic challenges that China has been facing. This has been going on for a long time; antedates Xi Jinping, certainly. But it’s been accelerated under his rule.

There’s one way to think about this. It’s an imperfect analogy, but think for a moment that the CCP and the standing committee as, you know, the CEO and the top executives of a corporation. They don’t have a board of directors in China, right. There’s no board of directors saying that it’s going to fire the CEO. However, the world, leading countries around the world, have opinions and they pipe up and they criticize China. And this is uncomfortable, and it’s led to this action-reaction, this prickliness and hypersensitivity that does seem to be counterproductive for China.

Bilahari Kausikan, you may all know, was recently quoted as talking about China’s own narrative of its century of humiliation and its revanchist notions that come out of that, in a sense, are – they bind China to certain actions that are ultimately not good for itself. So I think this is worth a lot of thought. And the guardrails that you were talking about earlier, if we’re talking about channels of communication and understanding of strategic imperatives in both countries, this is important, because we have areas where you could have kinetic conflict. And we need to understand where things stand.

And I would add to the – a different way of thinking about guardrails is there is an element of deterrence involved. So certainly the one flashpoint we have is Taiwan. And if one side feels that it is emboldened to kind of change the – abruptly change the status quo one way or the other, you could have a problem. And I think – so there’s a deterrence element in all of this that Kevin Rudd has written eloquently about and that our strategic thinkers are engaged in very much.

One final quick comment about people to people. You know, we have a $750 billion trade relationship. That involves an awful lot of people, businesspeople, talking to each other. And so I agree with Jan that people to people is important. But let’s not forget that some of those exchanges are, in fact, occurring by business folks as well. So I’d just add that to the mix.

Ms. Berris: I was just getting started on that, but that’s when Scott rightfully told me I was talking too long. (Laughs.)
Dr. Kennedy: I actually agree with both of you. I just think, in material terms, China has done a lot better. It is that sense of victimization which gets them to see the world, I think, in a frame that makes them feel more under siege than they ought to. And I think they’re a creator of a lot of their own domestic problems in terms of governance and surveillance and things like that. If they lightened up and liberalized at home and were more collaborative, I think they’d actually be in a way better place. And Xi Jinping, when he spoke at Davos in January of 2017, if he’d implemented half of the stuff in that speech or even a tenth of it, they would have done much better than they’ve done now.

Let’s turn to Zero-Covid. And I’m curious how Zero-Covid intersects with U.S.-China relations, either as an opportunity or as a risk or as a window into how China is operating, that the U.S. is going to have to figure out how to deal with. Speed bump? Problem short term, or a sign of long-term challenges that we face? I have to tell you, even having been there and seeing that people were upset, that they were – that I did not expect the level of protests. And I don’t think anybody expected them to drop Zero-Covid in 10 minutes the way they have.

And so I really feel confused about what’s going on in China and where they’re going; supposedly this strongman that people have described, yet we’re seeing a very reactive policy process, not a lot of communication clarity. And so where are things going to be going? Just take any part of that out there to react to, if you would. Maybe Jan?

Ms. Berris: Yeah, well, I think we should try to use this as a way to point out that everybody was so surprised. Now, partially that’s because none of us have been there for the past two, two and a half years, with the exception of you, Scott, and one or two other folks who’ve figured out ways to make that work. And I think that’s a huge danger for us.

The fact that we no longer have this large numbers of students in both countries, large numbers of businessmen going forth, large numbers of Chinese businesses come here to train – coming here to be trained, but particularly in the academic sphere, in the way in which academics can talk with one another and help understand things better.

A lot of what Ken was talking about in what I thought was really a wonderful opening talk, the importance of having the ability to sit down and talk with a friend that’s become at least somewhat trusted over years or several decades of going to the same conferences together and having those walks in the woods or meals together in a coffee shop, that’s really important for helping us to understand the other side. And I think the fact that everyone is so surprised at the way China has reacted to Covid – especially, you know, two
weeks ago it was our surprise that they were acting one way, and today it’s our surprise that that’s just suddenly turned into, poof, nothingness, and it’s a whole new world.

And we really need the interaction that a strong, stable relationship with guardrails, so that we can feel that it’s a trustworthy endeavor that we’re engaged in. But we need that interaction in order to figure out what each other is doing and in order to figure out each other’s mentality. So I hope we take this as an example that we need to do a whole lot more of that and do it much better than we did in the past.

Dr. Kennedy: John or Liz?

Dr. Economy: I would just say – yeah, I would just say I think – I don’t disagree with Jan’s point on the necessity of, you know, ramping up again in terms of, you know, scholarly exchanges and definitely getting more U.S. students into China. I think, you know, there are still hundreds of thousands of Chinese students studying in the United States, and the other side is just pitiful, I think, at this point. So I saw some number like 11,000. I don’t know. Jan would know much better. But I think that was pre-Covid even.

So I think that –

Mr. Holden: It’s 300 – 300.

Dr. Economy: Yeah. Pre-Covid?

Mr. Holden: No. Today it’s 300.

Dr. Economy: Yeah, yeah, yeah. I meant pre-Covid, though, I think, if we were to come back. But in any case, but I probably disagree a little bit that even if we did have very high levels of academic exchange and student exchange, et cetera, that we would have predicted what just happened in China. I mean, I think the Chinese were caught off guard. I don’t even just think it’s us. (Laughs.) I think everyone around the world has been shocked by the 180-degree, you know, change in Beijing’s policy on Covid.

I think the protests, you know, are less surprising in some respects. We saw something similar around the death of Dr. Li Wenliang. And, you know, anybody who knows China knows that dissent is always percolating, right. China didn’t go from 180,000 documented protests in 2010 to, like, zero now simply because nobody disagrees with the government and is unhappy with the direction in which things are going. It’s simply because the repressive apparatus has been so great. So it’s always there. That potential always exists.
But I have to say, for me, I would never have predicted, I certainly did not predict, this shift in, you know, Xi Jinping's approach. What I do think it enables, Scott, is, you know, an approach from the United States, you know, to offer assistance, because we know, you know, there are shortages of, you know, fever medication and other things. As the, you know, hospitalizations ramp up and perhaps even deaths, you know, ramp up, we are in a position, I think, to offer assistance. And so I think there is that opportunity to engage in a positive way around this issue. So that's what I would say it provides at this moment.

Dr. Kennedy: Sure.

Ms. Berris: The question is whether China's pride will let it accept that kind of assistance. We offered that during the – during Covid initially, as well as more recently. And for a variety of reasons it wasn't accepted.

Dr. Economy: Yeah. I mean, they did take the drug Paxlovid.

Ms. Berris: Paxlovid.

Dr. Economy: Yeah. They did accept that.

Mr. Holden: A small number of doses.

Dr. Economy: You never – you never know. If things really move to a dark space, it's hard for me to believe that they're going to accept. I mean, even taking the really dark side of the argument, which would be that simply because Xi Jinping’s legitimacy in the Covid space has rested on basically no deaths in China, right, I mean, if you really started to see deaths ramp up, I think he would be hard pressed, other than going back to significant lockdowns, not to accept some assistance from the rest of the world.

Mr. Holden: Well, if I read correctly, Zhong Nanshan was saying that this version of Covid will have a morbidity level of 0.1 percent, which, if you do the math, that's 1.4 million deaths in China. That's what he'd be expecting now. I don't know that the - the Chinese say that.

But I think that Covid has really done a lot of damage to U.S.-China relations. It’s prevented us from interacting with one another. And I think, from a public perception, most Americans will look at the China and say, my God, what are they doing? First of all, they've not been very forthcoming on what actually happened to begin with. There's that narrative. And then there's this massive hyper-totalitarian control of the population, which they've all of a sudden reversed and said it's not that important. It's baffling. And it's not – doesn't contribute to a positive narrative about China in any way.
Dr. Kennedy: I think it –

Ms. Berris: But maybe a less threatening one, John; maybe seen that people will step back and say what Scott was saying – what someone was saying before, that they don’t necessarily – they may have a plan that’s followed, but it isn’t always necessarily the right one.

Dr. Kennedy: Yeah.

Mr. Holden: Yeah.

Dr. Kennedy: I guess, just to give my own two cents on this, I think, yes, it opens some opportunities for aid and for more people-to-people exchanges; 11,000 American students pre-Covid, 300 there, 400 there on the ground now. So we could resume that. And perhaps they’re signaling more responsiveness to the public, and that may be some practicality, which suggests maybe they’ll be more practical on other things.

But I think we’re also seeing, you know, continued sense of uncertainty and unpredictability about where they’re going and about how decisions are made. And I think that will affect how they negotiate and what they’re willing to negotiate on a whole range of issues.

I think it’s also going to be unsettling for certain – for foreign businesses that are in China, because, again, it’s – what they’ve wanted is certainty and predictability. And ending Zero-Covid in general provides a little bit more. But the way you end it also affects the sense of predictability and certainty. And so companies that have been doing modest – you know, shifting supply chains or going to China plus one, two or three, I don’t know if what we’re seeing now make them want to reverse that. I think actually it leads them in the direction they were already going, which I think is toward some further amount of decoupling in a variety of different areas. So I think it’s – again, a lot of our issues with China is about how they do things as opposed to what they do. And the how now, I think, is concerning.

So if we look forward towards 2023, intensified tensions? More stability with better guardrails? Some sort of breakthrough? Where do you all put your money on where we’ll be in a year from now, when we have you back for the second annual Big Data China conference?

Mr. Holden: I’ll offer bookends here for us. One is the Biden-Xi visit, meeting, in Bali. The next would be Xi Jinping’s visit to San Francisco in November next year, right. So this is a period where there’s an opportunity for diplomacy. We’ve seen Kritenbrink and others preparing for Blinken’s visit. The Chinese are
clearly – they clearly want to engage. Can you get any action and results from these conversations? I don’t know. But that’s going to be clear.

I hope that – I would be cautiously optimistic that there will be fewer fireworks in the next year and some maybe progress in a few areas.

Ms. Berris: But John, can that happen, given the hardening of political attitudes in the United States? You talked before about, you know, blaming a lot of things on cable television and social media where you can just listen to the person who agrees with you all the time. I just see an atmosphere that is so very hawkish that an inability for people to speak even to the slightest thing about China that’s positive without being labeled naïve at best or an enabler and agent of the CCP at worst. So I think that it’s going to be very tricky.

I would hope that things will get better, but I think the mood in this country is just – and in China. In both countries, they’re very nationalistic. And most political parties, as we’ve seen, don’t see any electoral benefit in taking a more conciliatory approach with China. So I’m usually the optimistic one, but I’m not so –

Mr. Holden: Yeah, but progress – yeah, but progress doesn’t need conciliation.

Dr. Economy: Right. Right, exactly. I think we can – we can find common ground on the kinds of issues that Presidents Xi and Biden outlined or President Biden really outlined – (laughs) – in the, you know, Bali meeting without actually, Jan, having to, you know, sort of take, you know, some kind of or change the way that we frame China. We can still say these are global challenges that necessitate the two largest economies, you know, working together in order to solve. And I think as President Biden has said, you know, it’s not only to our own benefit, but it’s also what the rest of the world wants from us. And so I think that will be the frame. That will be the argument more than, you know, necessarily we’re looking to, you know, bridge the divide, you know, of friendship, you know, with Xi Jinping and mainland – and the Chinese Communist Party. But I don’t think working together constructively necessitates, you know, changing the way we think about the challenges and the downside of what’s going on in China today.

Dr. Kennedy: Sure.

Ms. Berris: But as we all know, China can sometimes be its own worst enemy. And as you mentioned before, Liz, your concern about the Chinese sort of picking up their marbles and going home on a number of issues where one would have hoped they would have stayed and worked constructively. And so I’m not so – I would hope that you’re right that we can find – whether it’s climate issues or health issues or a whole variety of things that we all need to be concerned about; and the mantra that it takes the world’s two largest economies and,
right, just superpowers to resolve the problems of the world – I just hope that both governments and both peoples can keep an open enough mind to keep your vision on target and going forward without saying, OK, that’s it, we don’t like what you did, we’re going home.

Dr. Kennedy: Yeah.

Ms. Berris: And we don’t play very well in the same sandbox, unfortunately.

Dr. Kennedy: Well, as Mao said to Hua Guofeng, Liz, with you there I’m at ease. So I want to thank you, Liz. I know that you’ve got to run off. Can you stay around a little bit longer or do you need to go to a meeting?

Dr. Economy: Wait, wait. No, I do have to go, but can I just say, Scott, that’s, like, a terrible – (laughs) –

Dr. Kennedy: No, no.

Dr. Economy: A terrible predictor –

Dr. Kennedy: That’s a curse.

Dr. Economy: – of what is likely to come. (Laughs.)

Dr. Kennedy: No, we ended up with –

Dr. Economy: If I’m Hua Guofeng in this, you know. (Laughs.) I mean, I guess that means I’m out but Deng Xiaoping will rise. (Laughter.) So, on that note – (laughs) – thank you. I do have to go, but thanks so much again for the opportunity to participate.

Dr. Kennedy: OK. Cheers.

Dr. Economy: See you later.


Dr. Kennedy: Let me – I meant it as a compliment, not –

Ms. Berris: (Laughs.) We know.

Dr. Kennedy: And maybe there’s things about Hua Guofeng that he did write that people don’t know. So, no, Liz is – I was grateful to have her with us and she contributed a lot to this discussion, and I know she is working hard every day in a – in a positive way.
Let me ask two questions to wind things up to both of you, going up a level and then down a level.

Up a level, I want to talk about the U.S. and its relationship with allies and others. There’s been – I think this administration has highlighted that coordinating China policy with allies is extremely important, and they’ve expended a lot of energy in interacting with colleagues in Asia – in Japan, Korea, Southeast Asia – as well as in Europe. What do you think’s missing from the conversation that the U.S. is having with its allies about China? What would you recommend that we do to adjust that conversation, whether it’s about government to government or people to people? What should be done?

Mr. Holden: If I could take that on, Scott, I think we’re doing an awful lot and it didn’t start with this administration. These conversations have led to some significant deepening of understanding between us and allies.

The one thing that is central to all of this that’s really focused minds this year has been the military exercises about Taiwan when Pelosi visited the island. And this is the single issue that I spend more time on than anything else. Business leaders are worried that there’s going to be a war over Taiwan or some other coercive activity that will lead to sanctions and a deterioration of security and economics in the region. And what we’re seeing now is we’re seeing European and Japanese and Korean business leaders in conversations with the Chinese saying: You’ve got a war where global supply chains of ships will be destroyed. The world will plummet into a massive depression. Be careful here. And I think if we can somehow make progress on this issue, set guardrails so that there’s a little bit less worry that a war is imminent, that would be the single most important thing that could be done. It’s also the single most difficult.

Dr. Kennedy: Jan?

Ms. Berris: Well, I – John is the expert in this. I am not a maven when it comes to these things. But just from what I read, it seems that, yes, the Biden – and I know the Biden administration feels very strongly about bringing its allies in, and they look at what happened in the past administration and saw the dangers of not doing that. But sometimes I wonder just how productively they are doing it. I mean, some of the recent export-control issues and other – some may call them guardrails; the Chinese may look at them in very different ways, or the things that are – that the Chinese perceive as holding them back and our desires to contain them – I’m not so sure we had really deep talks with some of our European or other allies about just how far those were going to go and how much those could affect them as well. It just seems to
me that there was a different reaction than maybe I would have expected if I’d been talking to my allies openly and honestly about all this.

Dr. Kennedy: We really are down to just a final few minutes, but I wanted – there’s a question that I think is really important for us to talk about briefly, which is about localities in the United States and their relationships with China, sub-state U.S.-China relations. I was just out in Indianapolis and the – I had been a professor at Indiana University for 15 years and was talking to my colleagues and meeting businesses, and the conversation that I heard in Indianapolis didn’t sound like the conversation I heard in 2014 and ‘15. There are – states are thinking about all different kinds of restrictions related to China now that they hadn’t ever thought of before, and trying to figure out to what extent this is a top-down effort where the federal government and the leadership of the political parties are pushing their initiatives onto state governments and to what extent this is bottom up where we’re seeing localities generate restrictions because of the worries about competition with China economically or their own views about the direction that China is going. And so maybe we’re seeing a little top down, a little bottom up.

But anyway, what do you think – what is – broadly speaking, where do you see, you know, local relationships going between parts of the United States and China? What should we be looking for? What should we be worried about? Maybe what can we do? Jan, this is right in the middle of your wheelhouse.

Ms. Berris: I think it depends on where you are in the United States because it definitely varies by region, varies by sector. I’ve had several local experiences lately where we’ve been doing a 50th anniversary ping-pong diplomacy tour and it’s taken me to Raleigh and to San Jose and to Houston and other places. And we just, as I mentioned very briefly before, the National Committee along with the University of Michigan’s Lieberthal-Rogel China Center and the – and Michigan-China Innovation Center ran our second symposium on subnational – U.S.-China subnational relations. And we found when we were – so we held our first one back in April of 2019. The second was supposed to have been in April 2020. That finally happened a month ago. And we found some states said, look, we just – when we went to invite the same people we’d invited the year before, they said, we just can’t come. Our governor says absolutely not, we’re not working with China. Or, you know, the mayor of our city is opposed to it.

But on the other hand, we found a lot of interest in other states and in other regions – the Bay Area, around Philadelphia area, JobsOhio. There are people at the local level who still see working with China, John, primarily on the business level – but now a lot of the state governments are very upset about the huge reduction of Chinese students coming into the public
universities because they provided – their tuition provided much-needed funding for a whole variety of things. So I think it really is mixed, and it depends where you go, and it depends what you’re talking about.

But I was surprised at the amount of enthusiasm we had, but also concerned. You know, what is the – am I taking – is it dangerous for me to be going and doing X, Y, Z with China? Is the U.S. government going to come down on me and squash all of this? Am I going to get my mayor into trouble? Et cetera.

Mr. Holden: Jan, I agree with everything you said. I got to – I have to run. I’m late for another meeting. Scott, I’m sorry. (Laughs.)

Dr. Kennedy: That’s OK. I appreciate it.

Ms. Berris: I’ll stay with you, Scott.

Dr. Kennedy: Yeah, stay there. OK.

So I’m read to wrap it up now, a whole day’s first annual Big Data China Conference, where we’ve looked at China domestically and also globally. I want to thank Jan, John, and Liz for joining this panel for a discussion about whether or not we can build guardrails in the U.S.-China relationship, and it looks like we may be able to but we’re also facing some significant challenges.

I want to thank the panelists who joined the first discussion on China’s economy and then on Covid. I want to thank Stanford University and the Center for China’s Economy and Institutions and their co-director, Scott Rozelle, and his team. I want to thank CSIS broadcasting for helping us technically run today’s event seamlessly; for my team in the Trustee Chair who has worked diligently not only for this conference, but all year long, including Ilaria Mazzocco, who has just done a tremendous role with each of the features that we have produced over the past year.

I hope folks will continue to follow our work through Big Data China. You can do so by looking – going to Twitter and following the Trustee Chair’s handle, as well as Stanford University’s Center for China’s Economy and Institutions. And you can go to CSIS.org and subscribe to follow us and receive all the stuff that we produce as it comes out.

Again, thank you all for joining and look forward to future conversations, future features. And wherever you are, hope you have a very good day. Thanks so much.

(END)