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China's Domestic Evolution: From Mao Zedong to Deng Xiaoping to the 21st Century

Introduction by David Sanger, New York Times

Moderated by Dr. David M. Lampton, Dean of Faculty, Professor of China Studies; Director of the China Studies Program, Johns Hopkins University

- Dr. Kenneth Lieberthal, Director, John L. Thornton China Center, Brookings Institution
- Dr. Susan Shirk, Director, University of California Institute on Global Conflict and Cooperation
- Dr. Ezra Vogel, Henry Ford II Professor of the Social Sciences Emeritus, Harvard University

DAVID SANGER: I'm David Sanger from The New York Times and welcome to this great session on China's Domestic Evolution from Mao to Deng Xiaoping to the 21st Century. It's going to be a terrific panel. David Lampton is the dean of the faculty and professor of China studies at Johns Hopkins. We'll give you more about each of our panelists, but you can see who they are.

Ken Lieberthal who, of course, is the director of the Thornton Center at the Brookings Institution has been in and out of governments at various moments and has to dodge questions from me at good moments, but answered more than he dodged, which is always my sign of a fabulous government official.

Susan Shirk who's done the same, but is now at the University of California Institute of Conflict and Cooperation.

And Ezra Vogel, who taught me everything that I know about Japan and China when I was an undergraduate. So if you have any complaints about my coverage from Asia go check with Ezra. And don't miss his book, which is terrific. It's this incredible biography of Deng Xiaoping. It's long. Bring it with you when you're going on a long vacation, but it's worth it. So, there we go.

You know, listening to Henry Kissinger out at the luncheon, it struck me we forget two things in most dealings with domestic politics' role as we interchange with countries, which is in most countries the United States tends to forget about what the domestic politics is in the other state because we assume that everything is just, sort of, centrally decided. Fortunately in China we haven't had that problem because we have all been so aware at various moments of the kind of – the pace of change. But the thing that really struck me from Dr. Kissinger's explanation was this description of sending messages and waiting ten days for the answer. And we're now in a world where a small uprising in a village in China is on the Time's website probably within four hours of the time that it started. And where the Chinese, to their horror, are having to worry about the domestic politics in a place like Tehran to try to figure out how they're going to keep oil supplies

going on and that information moving at the same speed. And, in fact, you could argue that in 40 years we have gone from having interchanges that were way too slow to be useful to interchanges that are happening at such an incredible pace that we can make misjudgments just from the fact that they're happening so quickly. And that's how attuned we are now to each other's domestic politics, as well. So with that I will leave this to Dr. Lampton and look forward to the talk.

DAVID LAMPTON: Thank you. Well, good afternoon everybody. Welcome; as was stated I'm David Lampton at Johns Hopkins SAIS and glad to be here. I do want to thank USIP and the Richard Nixon Foundation for sponsoring this. And I do want to mention one person who's very central to this institution, but has also been central to the evolution of U.S.-China relations and that's Richard Solomon the president of this institution, worked on Dr. Kissinger's staff; played a central role in the events we're discussing today. And I just wanted to recall that. He's not only built a wonderful institution here in this gorgeous building under his direction and tutelage, but he's also constructed a very productive relationship, I believe, with China, as well. So those are two great legacies for Dick and I'm sure you all join me in those sentiments.

I also just want to note what was stated earlier because we're talking about domestic politics and its linkage to U.S.-China relations is that this has, since the Nixon trip, been a remarkably bipartisan undertaking through eight administrations. And often us Americans, I think, sort of – probably most of the time in justified fashion – berate ourselves for our, sort of, responsiveness to the politics du jour. But I think it's an interesting question how we have maintained such really, sort of, strategic direction, some tacking back and forth, but basically for eight administrations we have a record of a fairly consistent relationship. So I think that is certainly something to take into account.

In this segment we're going to be addressing the linkage between domestic politics, foreign policy, in general, but, particularly, U.S.-China relations. And I suppose – we're going to try and bracket the period we'll say from Mao to now and we'll start our discussion back at the – actually preceding President Nixon's visit to China.

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And then, of course, we can, sort of, move to the present and talk about how domestic politics, as well, maybe, influencing our relationship now. So we'll span quite a long period of time. My plan – and we'll certainly adjust as we see things evolve, but basically half I'm going to just ask some questions of my colleagues here on the podium and then my intention is to have about half the time for Q&A but we'll see how things move. We're very fortunate to have with us today what I will say are three scholars and practitioners that, at least, in parts of their principally academic careers have had forays and productive forays at that into our own government.

Susan Shirk in the center is Lam chair of China studies at the University of California San Diego and is director of their system-wide Institute on Global Conflict and Cooperation. She was, as David mentioned, assistant secretary of state. She had responsibility for China, Taiwan, Hong Kong and Mongolia in part of the second Clinton Administration. Among her many books and

works the most recent and well reviewed was certainly "China: Fragile Superpower." And I'll have a little question about that for Susan as the afternoon goes on.

To my immediate left my old friend, Ken Lieberthal, is director of the John Thornton China Center at Brookings and Ken was a professor at the University of Michigan from '83 to 2009. He's authored many books, 18 at least, and much else mostly dealing with China. He served as special assistant to the president for national security affairs and senior director for Asia on the National Security Council. Certainly many books are well known, but, at least, I use in my class is quite frequently "Governing China."

And to my far left, not necessarily politically, but situationally, is Ezra Vogel is Henry Ford, II Professor Emeritus at Harvard. He succeeded John King Fairbank as the second director of the East Asian Research Center at Harvard, in the mid-'90s he was national intelligence officer for East Asia. He's had numerous stellar books and I'll just identify three that particularly came to mind as I was thinking about this, "Canton Under Communism" in 1969, "Japan As Number One" in 1979 and then, of course, the book that's been mentioned and I'll ask Ezra several questions about that, "Deng Xiaoping and The Transformation of China" came out with Harvard University Press in 2011.

Now what I'd like to do is just, sort of, start chronologically when people, sort of, had their first major encounter with China and ask Susan – I believe, Susan, you arrived in China shortly after Henry Kissinger in his secret trip. And, therefore, was the first to go to the PRC here on this panel. During the trip you met with Zhou Enlai – incidentally, I'm doing a book on – that's based on interviews and I dug up a transcript of Susan and a group she was with meeting in July of 1971 that included Zhou Enlai. Also interestingly at that meeting there were two members of the Gang of Four, at least, that the record recounts, Yao Wenyuan and Zhang Chunqiao. And Zhou, I think, sort of, had a very interesting statement, picked out Susan in the group and said if Susan Shirk was president of the United States then matters referring to normalization would be easy to solve. But, in any case, beyond that I wanted to ask Susan – that was a very unique moment in U.S.-China relations – can you, sort of, describe for us, Susan, the social and political baseline that that moment in Chinese history represented. And I've always wondered how you interpreted Premier Zhou's behavior in those meetings with the Gang of Four members present and what was the, sort of, political atmosphere both on the wide angle in China and in that room.

SUSAN SHIRK: Well, I'm having a wonderful time this year celebrating the 40th anniversary because there are a number of occasions like this one and not only does this give me the opportunity to replay what probably the high point of my life,

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Zhou Enlai saying that I should be president of the United States, but also on February 20, 1972 my husband and I got married. So we're celebrating our 40th anniversary and also celebrating the anniversary of this historic event. Of course, we spent our honeymoon in Bermuda watching – I was just glued to the television set. I couldn't leave because I was so excited about what was happening.

Well, back in July of 1971 when our group visited China – we were the second group of Americans to go – right after the ping pong team. And we had this four-hour meeting with Zhou Enlai – we were there actually the same time as Henry Kissinger and so Zhou's people said bring your tape recorders because I have something I want to communicate to the world, but actually it was equally important for him to communicate to the Chinese people why there'd been this 180-degree change in China's stance toward the United States. And that transcript was translated into Chinese and became a study document which also I dined out on that in China for a long time because a lot of Chinese had heard my name in that context.

The interactions between Zhou Enlai and Yao Wenyuan and Zhang Chunqiao were very, very interesting. I think it's fair to say they – it was just so obvious that they were not on the same team. Zhou – there was a lot of tension in the room and Zhou Enlai, of course, was very suave, humorous, you know, all the qualities that people have noted certainly came through very clearly to us. And Yao Wenyuan and Zhang Chunqiao sat there these two, kind of, political posers, in a sense, who had become part of Mao's palace click, the Gang of Four, and were known as ultra-leftists. And they sat there not saying very much and looking kind of contemptuous and Zhou – they were clearly there to watch Zhou Enlai. And Zhou Enlai didn't seem terribly constrained by them, but he also hardly recognized them in the interaction except once when there was some question by someone in the group that had something to do with, I think, Marxism Leninist philosophy or something. Then he turned to Yao Wenyuan and he said well, you'll want that question to be answered by the philosophy expert, Mr. Yao, and, you know, and so it was an interesting interaction. And it was pretty obvious that the two of them were watching Zhou so that he couldn't get beyond the lines that he had been delegated by Mao in this interaction.

I mean I have a lot of other thoughts about the kind of China that we saw in 1971. May I just mention a couple?

DAVID LAMPTON: Sure.

SUSAN SHIRK: I mean I'll just very briefly mention three areas in which China of 1971 that I saw and the China of today are almost like two different countries or two different planets. And so before I mention them I want to say that I think that's why I'm such a skeptical of Chinese cultural explanations, which is, you know, China is China is China – Chinese culture – this great unchanging thing. But what I've seen is Chinese social and political economic behavior changed so dramatically when you changed the structure of the system – the structure of incentives – that people lived within. So I see Chinese culture as, sort of, infinitely malleable because of that.

The three things I just want to flag and maybe we can talk about them more is the politicization of social life. We visited China in '71 during the Cultural Revolution. You know, ideology, the state was just penetrated –

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every aspect of people's everyday lives. And ideology was used as a weapon in interpersonal rivalries, jealousies right from the neighborhoods and schools and factories up to the top. And it

was really – it was a totalitarian system and a very oppressive system to live in and China is a much freer place today; thank goodness.

Second, China was a personalistic dictatorship. Mao ruled with an iron hand. People were afraid of Mao. And it, you know, it was a dictatorship. Nowadays we have a post-dictatorship, collectively ruled communist party system with a collective leadership, the standing committee of the Politburo, that makes decisions by consensus or sometimes doesn't make them at all and so nowadays sometimes people yearn for another strong leader. But actually the system has been structured to prevent the rise of another Mao who can go off half cocked with crazy campaigns like the great leap forward or the Cultural Revolution.

And then, third, of course, is the how backward China was at that time. How poor and backward, drab with – so nowadays I go to North Korea frequently and I often compare the contrasts between Hong Kong where our group had been living crossing over to China with now when I go from Beijing to Pyongyang it feels much the same. I'll stop there.

DAVID LAMPTON: Well, thank you. Ken, I wanted to ask you you were in China in July, 1976. There was a congressional staff delegation you were on it and among the people you met was Mao's grandniece, Wang Hairong. This meeting was the morning after the earthquake that hit Tangshan, devastated that city, and had substantial impact in Beijing. It appeared looking at the transcript and notes of the meeting you were in that even people in Beijing, 15 miles out of town or, at least, a short distance were really quite unaware of the full magnitude of what had happened and so forth. It's kind of revealing in terms of the kind of communications level in China from that. With that perspective what was the physical and political state of China at – not only at that moment, but that era which was not long before Mao Tse-tung's death and what were the conflicting kinds of impulses in that society? We hadn't moved along to normalization as far as some might have expected after Nixon's trip. And what were, sort of, the countercurrents going on in China in the period '76 there and what was that – what impressions did you come away from with that moment in 1976?

KEN LIEBERTHAL: You want me to give – you want me to give the entire course on China I used to teach at the University of Michigan, I think.

DAVID LAMPTON: Well, tuition.

KEN LIEBERTHAL: First of all, let me join with the others in thanking the USIP for putting this on. It is for people of the generation up in front of you here a trip down memory lane. Much of our careers we saw in that auditorium this morning and it was really kind of nice. Susan has answered in her remarks one of the to date unanswered historical questions that even Henry Kissinger did not know the answer to as revealed at lunch today which is why he was kept waiting four hours when he got there is because Zhou Enlai was meeting with Susan Shirk. Anyway, there's another aspect of Susan's meeting that I want to mention because it does begin to – it segues into what Mike was raising. And that is we knew very little about China in those days. What we especially did not know was what people really thought, right. We knew about the mass campaigns. We knew the propaganda. We knew all of this kind stuff, but we really didn't know how much people took this on board, right, and how much it really motivated people

as versus scaring them into acting the way they did. And among westerners, therefore, we knew so little, even among China specialists, that there – you had the ability to kind of fill in the blanks as you wished. And a lot of people filled in the blanks among western scholars with an

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idealistic view of the China they wished existed and argued passionately that that was what was there. What we didn't know must be good news. I always worked, frankly, in the assumption that when the Chinese had good news they didn't hesitate to tell you so that probably the reality was much more mixed than that. But I recall in, Susan, in your delegation – I read the transcript not too long after you were there. And I thought to myself the only one here who asked a serious question was you. And you asked a question about Taiwan that was very intelligent and tough. And the rest were asking about, basically, what are the different ways you can describe nirvana to us and it was, you know, it was kind of – I think Zhou Enlai was sitting there struggling trying to say something serious given the questions that were asked, you know, so, anyway, just kind of recollections.

As Mike mentioned I got there – the first night I was there, actually 2:40 the following morning the Tangshan earthquake hit. That earthquake was severe enough that it, frankly, I knew it had hit because I found myself on the floor next to my bed in my hotel room. Immediately knew I was in the middle of a catastrophic earthquake; tried to roll under the bed. You learn all kinds of things in this kind of situation. The first thing I learned was you can't roll under a bed in the Peking Hotel. The kind of beds they had there then they had, kind of, boards underneath and you couldn't get under it.

We learned about the real magnitude of what occurred because Don Keiser from the U.S. Embassy had a short wave radio. And he managed to pick up reports on it from the United States and it was, basically, our earthquake measurement systems that began to feed back information on the magnitude of what had occurred. In Beijing this was a very severe earthquake. I've lived in Asia quite a bit. I've experienced a lot of earthquakes out there. You know, anyone who's lived in Taiwan and stuff knows you get these kinds of rattlers all the time. This was extraordinary. In Tangshan it was utterly catastrophic and there is no way you would have known that in Beijing.

With Wang Hairong what I remember is not the meeting – the formal meeting that you read the transcript of, but, rather, the day before – the afternoon of the quake we had a meeting at the U.S. Liaison Office – a reception there and she showed up for it as did, you know, all of us. And in the middle of the reception the earth started going – I mean one of these aftershocks. It was a very significant aftershock. You know, the lamp started to move across the tables and stuff and everyone fled out into the terrace outside of that, except for Wang Hairong and she just sat there on the couch the entire time and then everyone else came back in. And I thought to myself well, she's just demonstrating – I'm sure she feels that she was someone of great courage, right, doesn't rattle easily. The alternative possibility would that she would have ended up demonstrating that she was the stupidest person in the room if that ceiling had come down, you know. So she kind of lucked out on that.

In terms of the politics of that period remember this is a couple of months before Mao died. In fact, I will tell you, frankly, when I hit the floor and woke up I thought to my – my first thought was, oh, my God, the Russians have decided to attack and I'm one mile from Chairman Mao. I was actually relieved to realize I was in the middle of an earthquake. I thought my chances of survival had just increased considerably. No, things were very, very tense in those days.

The night before a couple of us had gone out walking on the streets of Beijing – I've forgotten the exact time, something like eight o'clock or nine o'clock that night. Suddenly on every corner there were soldiers with fixed bayonets, right. So, you know, I kind of thought to myself, well, everything may be calm here, but someone is expecting a lot of trouble, right. Walked down to Tiananmen Square and there was a big pool of blood in – you know, just on some of the stones on Tiananmen Square that was fresh. You know, this was before the earthquake so things were really quite – that was a very, very bad time in Chinese politics. You know, lead politics and it was felt down through the system.

I had a couple of experiences very early on on that trip and then on another trip a year later where I had a chance – I mean just anecdotally to kind of try to get some sense of what people really thought as versus what they said, you know. And to give you an example, I was out in the countryside in Hyundai Province and went out for a stroll and, of course, you know, they got very nervous when any westerner who could speak Chinese went out for a stroll anywhere. And so they had a guy running after me kind of like – but I walked over to a peasant – and this was not far from Beijing. He spoke Mandarin that I could understand.

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And he, you know, I engaged him and he said why are you here because he had no idea what to say. I mean I was from Mars, right. And I said well, I want to learn about China and as Chairman Mao said and I used a Mao phrase, you know, without investigation you have no right to speak [CHINESE], right. And he looked at me and he said, oh, he said, you know Mao Tse-tung font. And I said, yes. And he turned around and walked away immediately. And I am sure – I mean maybe I misinterpreted him, but I felt very confident that he walked away immediately because the fact that I knew Mao Tse-tung, you know, knew the politics, knew the catechism, if you will, made me a very dangerous person because if he misspoke somehow or other, you know, I represented an unpredictable force. And I had other occasions in those first few years to have conversations like that and that was typically what you ran into unless you were talking to, you know, [INDISCERNIBLE], you know, one of these guys up there who played with these kinds of ideas and vocabulary all the time. For average people this was very scary stuff and he just stayed as far away from it as you could stay. So it was kind of interesting. But why don't I stop there.

DAVID LAMPTON: OK, Ezra, I want to bring you to right around 1978 and join others in saying what a terrific book you've written on Deng Xiaoping. And I guess my question is why in 1978 was he so anxious, if that is a description you agree with, to normalize with the U.S.? And how did domestic politics and his own objective shape the way in which the normalization process unfolded?

EZRA VOGEL: First of all, let me say how pleased I am to be on this panel with so many old friends, both on the panel and in the audience. I think that when Deng came back in 1977 he already was thinking modernization and how it died the previous September. And he was clearly in charge of foreign policy and when I asked Li Wanyu about his contacts with Deng he said that when Deng came it wasn't that the foreign ministry people gave him advice or teaching. They followed him. He had had more experience and knowledge and I think at that time, 1977, he came back he was not yet the top political figure.

He was in charge of two areas; one was foreign policy, one was science technology education. And I think he thought of both of them in terms of what he had to do for modernization. And he wanted to – he already had pretty good contacts – pretty good relations with Europe that they could draw on. He felt the two big countries they needed to make advance on were Japan and the United States. And he, therefore, set out to develop better relations with those two countries. So within days after he came back to work there were two important things he – meetings he had. One was with the education department advisors about what they needed to do to reopen universities and started entrance examinations that fall. The other was Cy Vance because Cy Vance was the secretary of state. He wanted to get on with it.

Unfortunately, as I alluded to this morning, Carter was not yet ready to have negotiations because of the Panama Canal Treaty. But he realized he needed good relations with the United States. Wanyu Deng had had five years in France from '20 to '25. He had had a year in the Soviet Union '25 to – add '26, '27 and he had accompanied Mao on the trip to the Soviet Union in 1957. Mao had tutored him on foreign policy within the communist countries and from '73, '74, '75 he was, in effect, tutored by Zhou Enlai on foreign relations because he replaced Zhou in meeting foreign visitors. So he was intent on forming good relations with the United States in order to pave the way for modernization.

I think as Henry Kissinger said this morning, only Deng could have done all the things he did. He had the revolutionary history, 12 years as a commander, something close to a war hero because of his role in the Huaihai campaign. He had been pragmatic, he'd been in charge of the southwest area with 100 million people from '49 to '52. He had been general secretary for over a decade. He had extraordinary knowledge and was well prepared. One of the things that impresses me

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is how good he was at getting along with a lot of different kinds of Americans. And not only did he get along both with Kissinger and Zbig Brezinski, but he got along with Ford in December, 1975 when he saw him. He hit it off very well with Carter in negotiations and when he came here in January, '79 he hit it off very well, even with Reagan, who started out as part of the Taiwan lobby. But he realized, as Kissinger said, that he had to work with China. And the key, I think, to better relations with Reagan was his relationship with George Bush, Sr., which, I think, maybe deserves even more attention that we give to it. Because in 1975 when the United States had the liaison office in Beijing the head of that office was George Bush, Sr. and that was the year Deng was really in charge of running things in Beijing just at the time that George Bush, Sr. was there. So they hit it off and melded so that when the 1989 event hit George Bush, Sr. was

president, I think the personal relationship with George Bush, Sr. played a very key role in getting over that.

He also hit it off in January of '79 with Tip O'Neil and the Congress. And he later got along with Nixon when he met Nixon, first at the White House in January, '79 then later when Nixon came to China. So here's a guy who had extraordinary ability to work with a wide variety of Americans and, I think, not only did he see the strategic importance of working with the United States for China's modernization – it's access to science and technology around the world – but that you had – Deng was, I think, brilliant in his managing the transition to a more open economy.

There were a lot of other Chinese who wanted to open up but managing that transition was an extraordinarily difficult process. And, I think, his management of the communist party, but also the changing within the communist party to manage that transition and the handling of the conservative opposition without leading it to disruptions that really harm the country. I think he really was an extraordinary man and China was lucky and I think we were lucky to have Deng. In 1989 after Tiananmen he said maybe we should be patient. The foreigners don't have a very long view of history. Before long the businessman will be going to the governments and say we need access to the market. We need to improve relations with China and he said, you know, despite all those sanctions we should not close our doors. We should open our doors wider. And I think that determination in, sort of, the toughness and commitment and clarity of the vision, I think the United States and China are both lucky that he was in charge.

DAVID LAMPTON: Maybe just let me follow up. You said toughness and, of course, on many dimensions that's obvious enough, but I was just reading through materials from that period and was struck by accounts of the meeting with Frank Press in mid-1978 where it was decided to bring in essential exchange of students even before normalization. And then he met with Robert McNamara, I believe, in 1980 to talk about the World Bank coming back to China. And what struck me is this tough nationalistic, proud Chinese actually minced no words on how badly China needed assistance whether it was intellectual and I've just always been interested how you interpret that – that kind of personality and what it took to ask for that kind of fundamental help.

EZRA VOGEL: Well, I have two main interpretations how he got that pragmatic. One is that when he was under Mao Mao was the big philosopher behind the scenes and he was essentially the executive who had to administer things. And in a sense the buck stopped there. I mean as general secretary of the party that's what he had to do. Second, you know, he was a wartime military political officer. For 12 years they were under constant battles and he didn't have time to go into philosophy and all that kind of – he had to get ready for the next battle. And after every battle he would try to regroup the troops and say – and he didn't want to have a single leader

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because something might happen to a single – he wanted team leaders who could work together if something happens to one and somebody else is ready to fill in. So I think that pragmatic

experience of trying to manage all those battles and plus the experience as general secretary on the front line whose job it is to make things work just put him in a very different situation than Mao was in.

DAVID LAMPTON: Susan, I wanted to turn attention to your book, but you can steer this in directions you would like. "Fragile Superpower" in one of the chapters and certainly a theme as you say China is strong abroad, but fragile at home. And I have a, kind of, two-part question is what do you think are the key domestic weaknesses China has in the current year and how's that shaping its policy. And I guess I have a more fundamental question and that is if you're weak at home can you, in fact, be strong abroad for a sustained period and what are the implications of that domestic weakness for this, sort of, juggernaut that some people seem to see on the horizon?

SUSAN SHIRK: Well, I think it's important to see China with clear eyes. And I think the reason that China is seen as such a superpower already is because of its dramatic economic growth, which is historically unprecedented to have per capita income growing, you know, at over six percent for 30 years. It's never happened before in human history and, you know, and it's been so rapid. So, of course, there is this perception most people don't really look inside of China. They just kind of see the image of the rapidly growing economy. An economy that recovered first from the global financial crisis when we caused the financial crisis, you might say, and are still struggling with it and the Europeans are, too. So I think there's a lot of misperceptions out there that China is already such a powerful country.

I mean the story I tell frequently – I'm sure some in the room have already heard it once. I apologize but when I was writing this book I wanted to give a heads up to my Chinese friends about the title because I didn't want them to be blindsided by what is a somewhat critical view of China. And I also told my American friends about the title. So when I told my American friends I'm writing a book about Chinese domestic politics and foreign policy called "China Fragile Superpower" they were very puzzled and said well, what do you mean fragile. But when I told my Chinese friends every single one of them said what do you mean superpower. And so what I find revealing about that is that they don't see China as all that strong yet, but also no one questioned the internal fragility of China.

So why is China fragile and why are its leaders so insecure is because, you know, they're trying to maintain Chinese communist party rule over a very vibrant open large market economy. It's not the same society or the same economy as Mao's China and yet the communist party is struggling to stay in power. And they feel very vulnerable. They see sort of latent political threats everywhere. So I think there are some dangers about that. I mean on the one hand the good news is that as many people said this morning because China's leaders are focused so much on domestic threats much more than international threats, they don't want to be in a cold war or, even worse, a hot war with the United States for sure or with their neighbors in other countries because they don't want to have any international conflicts that could destabilize the situation at home, slow down economic growth and create political problems at home. So I think their commitment to rise peacefully is very credible to me. I think they really want to do that.

But on the other hand there are risks when you have this kind of insecure leadership. Not so much of creating

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international crises in a wag the dog sort of way to distract people, but the risks that domestic nationalist public opinion as articulated on the internet, say, could kind of pressure the policymakers to make threats that they then feel they can't back down from without jeopardizing their standing at home. Or, increasingly, I also see that the – with this weak collective leadership that the foreign policy process is quite poorly coordinated and you've got these parochial interest groups that often drive the policy and go off on their own and they might really get China in trouble by over reaching even though it's not necessarily what the standing committee, if they actually sat down and thought about it, would want to do. So, you know, I think that that internal fragility does represent some serious international risks to us.

DAVID LAMPTON: Thank you. Ken, I'm not going to stay in 1976, although this list starts from that period, but it's really a current issue. In that 1976 meeting that I was reading about Wang Hairong I thought it was very interesting evinced a high degree of strategic mistrust and said the polar bear, meaning the USSR, is out to fix you. It's going to bite you. But this doesn't exclude the possibility of the – and she meant the United States directing it, meaning the USSR against us, meaning China. Fast forwarding to today like many others I think you believe that mutual strategic mistrust, and we heard that formulation several times this morning, is a key problem in our bilateral relationship. Why do you think this strategic mistrust is so enduring – such a persistent part of this even though China's radically changed. Our relationship has radically changed and yet in very different political times and global situation we have this strategic mistrust.

KEN LIEBERTHAL: Let me say for three reasons I'm a little worried I'm going to be like Governor Perry and forget the third one. This is in part structural in the international system. It's in part a matter of very different political systems ourselves and it's in part a matter of a kind of just uncertainty about how the other one is thinking. And those three are related. Structural in the international system clearly China now has become the second most significant player in the international system. And I think the narrative in trying very much at a popular level, at least, is we're number two, but we're headed for number one. The question is when we get there. The companion part of that narrative is – and, of course, the U.S. as number one doesn't want us to get there. And therefore we'll do everything it can to either slow or disrupt our ongoing rise. The U.S. is powerful enough that we can make a lot happen in the world even though we are tipping into somewhere between the peak of our power and actual decline, but the future is that we will – we will be tailing off as China rises, right.

So we're powerful enough to make things happen everywhere and we are strongly incentivized to make sure that China's rise becomes more complicated not less, all right. And there's this kind of notion of a U.S. that is strategic, disciplined, well coordinated internally and determined to disrupt China's rise. I would argue that every single one of those points is dead wrong, right, but one thing you cannot do very easily is to disprove a conspiracy theory because even when you point out to people that, you know, we've done this, that and the other thing that have all – it's hard to imagine we would have done that. If we were trying to slow down China's rise the answer is basically aren't you clever in how you conceal the fact that you're trying to disrupt

China's rise. I mean so it's all, you know, this kind of narrative. So I think the structural change in the balance of power in the global system has helped to foster a narrative that,

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I think, draws off of a lot of modern Chinese history where they had good reason to distrust the motives of – especially western countries out there, but, also, Japan, obviously – to have a very tough view of the international system. And now, given the way things are, we're the guys that must be after them, right.

On our side that also feeds in a fashion because when we see China – and, frankly, especially when, you know, you look at what China says publically and you also have access to some other discourse in China – especially when that nonpublic discourse comes across in more zero sum terms than the public discourse does – then you have to sit there and think to yourself, well, if they're thinking in terms that their advance has to come as direct cost to us maybe we ought to be a little tougher about that.

DAVID LAMPTON: Maybe they're right.

KEN LIEBERTHAL: Right, and so you get this kind of back and forth. So, I think, the structural change and the balance of power is a real problem.

The second problem is different political systems. I think it is simply a reality that Americans feel for analytical, as well as emotional reasons, that authoritarian political systems are not as trustworthy as our democratic political systems. They are not as transparent. They are subject potentially to stronger initiatives in the international arena as well as domestically because there aren't the checks and balances that you associate with more democratic systems. And there is an emotional component to that, too. We have, as a country, as Henry Kissinger has written so eloquently about, we've always had this kind of uneasy balance in our foreign policy between America as the proselytizer, you know, our role in the world is to spread democracy, versus America acting as – in terms of real politic, all right. During the cold war policy toward the Soviet Union – the two of those lined up completely. You could do anything on the values end because the need to overcome the evil empire was so morally correct that real politic and values lined up. But with the collapse of the Soviet Union all of that disappeared and, not surprisingly, very quickly all of this re-emerged. And China, whatever else it is, is not a democratic – liberal democratic system. So I think that that's a problem and it contributes to our distrust.

And now I'm going to have a Rick Perry moment. The third thing was...

DAVID LAMPTON: How people are thinking was your third – or – yeah. That was your code word for the third one.

KEN LIEBERTHAL: Well, I think the underlying reality is that on both sides we have not been able to get to the point where we have deep, very forward looking discussions about the future. We have more than 60 formal government-to-government dialogues annually. We have frequent contacts between our highest levels on both sides, but those discussions are about the

near term. Some long term aspirations construct a strategic partnership – this kind of verbiage, right. But the substance is about the near term. And so we have never had, to my knowledge, for example, Susan, you're deeply involved in issues with North Korea. I don't think at a government-to-government level we've actually sat down and been able to have a serious discussion about different potential contingencies in North Korea and how each of us would respond to that, right.

SUSAN SHIRK: We've tried.

KEN LIEBERTHAL: Yeah, we've tried but we haven't succeeded. We have talked a lot in various kinds of military-to-military talks about different aspects of our military relationship. We cannot to this point sit down and talk about our overall military postures in Asia, our respective military postures. And as Stapleton pointed out this morning, it is simply not the case that the U.S. military in the western Pacific is going to have the degrees of freedom that we have enjoyed for many decades now, right. It's just not the case. It is also not the case, by the way, that the Chinese PLA Navy is going to have real control over the seas out to the first island chain because we're too strong to let them do that. But each of us works on a kind of fiction that we can achieve those incompatible objectives, frankly, unrealizable objectives if we only invest properly and, you know, play it smart. We need to have a discussion as to how China can protect its vital interests, which it is rightly absolutely determined to do and how we, at the same time, can have a level of capability in the western Pacific

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that meets our obligations to friends and allies and serves our own major national interests. We aren't able to have that conversation with China, right.

You can go on to a number of other issues in cyber security and space and elsewhere where the same thing is the case. And so we need to get to a point where we can have the kinds of deep, prolonged discussions about the real topics that will shape the future if we're going to overcome mutual strategic distrust. Let me say, by the way, I interpret the term strategic distrust not as strictly military strategic, but rather as distrust about each other's long-term intentions toward the other, right. And despite our mature, candid, very pragmatic relationship where we really do know how to manage issues day to day very effectively on both sides I would argue that strategic distrust is growing. And that is sufficiently corrosive that it has to make you, at best, very consciously optimistic about the future.

DAVID LAMPTON: Thank you. Ezra.

KEN LIEBERTHAL: Can I just add one word to that which is there's a Chinese scholar who I know many of you know [PH] Wang Tse-tzu, who is arguably China's top American specialist. He and I will have a monograph coming out in about two weeks that is on strategic distrust between the U.S. and China and it's coming out simultaneously in English and Chinese and it is to articulate, him for the Chinese side, and me for the U.S. side, what is the narrative our own leaders have constructed that makes them doubt the long-term intentions of the other side, right.

And what are the actions that feed that narrative and then there are some recommendations as to kinds of things that might chip away at that narrative.

DAVID LAMPTON: Ezra, when you were doing your book you did spend some time with President Carter and at the Carter Library. And in his memoirs – the first set that came out – he talked a little about having been in the navy and having gone to Shandong and Qingdao, as I recall, and been impressed how – but, I guess, can you give us some insight into President Carter's thinking and the motivations he came in and wanted to do what became Camp David and then Panama Canal and then, ultimately, normalization with China. How did he think about prioritizing those issues? Why did he think that way? I remember being in Taiwan at that time and just before I was leaving Taiwan got called in and said will President Carter normalize relations with China. And I said, no, he won't do it until his second term. That was the common wisdom there – proved in error. So what was President Carter's thinking and calculus? He seemed to have a moral objective and he seemed to have a real politic objective.

EZRA VOGEL: I guess I would go back to his Sunday school teaching because, you know, he was a Sunday school teacher. And he said as a child he put a nickel each week in a box that was to help the missionaries in China. And one of the conversations he had with Deng at the White House in '79 when he visited was I think you should have – allow freedom of religion in China. And Deng said we don't need your missionaries, but we will open up, you know, and encourage and we will allow the Bible to be translated. So I think Carter from way back had a deep desire that this is the other side of the world. We ought to be working with these people. And I think that he relished the thought that he could play a major role in completing that. However, because of this Panama Canal and Congress he was really worried that he couldn't get congressional support for normalization. And I think there's no question that his appointment of Woodcock in the first place – Ken knows well – that Woodcock was a negotiator and was a tough negotiator, but a respected one. One that was respected by all sides and could be counted on. And I think he put him in charge of the liaison office in Beijing with the notion he would go ahead – and this is the guy who will negotiate relations with China.

In terms of Carter's global strategy I think he had a lot to learn when he became president. You know, remember in the Korean Peninsula he was going to pull out all our troops from Korea too quickly and he didn't have a very clear negotiation. I think our academic colleague whom all of us know well, Mike Oxenberg,

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really played a very critical role in going back and reading through those notes and the notes that he and Woodcock made is part of the recording after the events to try to get – set down the history. It's quite clear that Mike Oxenberg had a vision of how to get it through politically, too. I mean you send Senator Kennedy to Beijing because he'll come back and report, you know, some things and help get the issue and how to manage it politically as well as how to – and he was constantly on the lookout. Of course, there were, you know, human rivalries between some people at the State Department. And I think that Carter, in a way, was above those detailed considerations of strategy and so forth. And I think he really wanted to improve relations with China because it was good, it was the right thing to do, the world needed it. And I think the

Carter we see after the presidency that's so concerned, in a way, with social service around the world, you know, represents that kind of deeper idealism that underlay what he was doing during his term as president.

DAVID LAMPTON: Let me just end before throwing it open. You talked just in passing about Deng and Tiananmen and we've identified the enormous positive consequences for the Chinese people of reform and for the rest of the world and certainly the normalization with the U.S. and so forth. I guess I'd just be interested in your wisdom about how large should Tiananmen loom in the assessment of Deng? Is that an unfortunate bump along the road or what?

EZRA VOGEL: Stape Roy, you know, when I was talking to him about this reminded me that Jefferson and George Washington were holders of slaves. And that's a horrible inhumane thing to do. And one does not excuse that and one acknowledges that, but if you're writing the history of the era does that become the real central issue that describes Deng's role in history. I was one of the many who watched Tiananmen – the thing that happened and feeling how horrible it was and what an awful slaughter of people – innocent people – in the streets. So I think it was a horrible thing. I felt, as biographer, my role is to try to put all this in historical perspective and say what is the significance of that? What were the origins? What was his thinking in putting it down?

One of the things that I really believe and I wish I could get the smoking gun on this, I really believe he probably could have cleared the square without a big crackdown. But I think – because there were times when the numbers got pretty low and, you know, they did in 1986 – April 5 – they cleared the square under comparable circumstances.

DAVID LAMPTON: You mean '76.

DAVID SANGER: Seventy-six.

EZRA VOGEL: Seventy-six, I'm sorry, yeah, '76. They might have cleared it that time, but I think he felt that the discipline throughout society was getting too loose and that you needed a tighter discipline and you needed that kind of – some strong effort of the government crackdown to provide the kind of gluing – from his point of view if giving freedom is good if the political situation can stand it. But sometimes political freedom can be seen as softness and laxity and a lot of people take advantage of it and things get worse. And he was old. He was not as in touch with public opinion as when he was young. He may have made errors in judgment. I think it's hard to second guess and know. But I think the historical role is that he played the critical role in opening China.

DAVID LAMPTON: Ken, you said you'd like to say something and then Susan. You can if you will.

KEN LIEBERTHAL: Well, Susan may well, too. I actually have a harsher judgment of Deng then. And let me say my overall sense of Deng, and what I've always said about him and I mean very much, is he was a great man because he could manage to move China in a very significantly

different direction and manage the politics of doing so. So that it didn't just, you know, fly apart in some catastrophic fashion. I think that was a mark of genius of him.

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But I don't think that that means that he handled every major development in a reasonable way. I thought Tiananmen was in part a result of his own disastrous misjudgments. I was there, let me say, for the two weeks – I was there the first two weeks in May, left for a week and then came back and then left on June 5. I was on Tiananmen when that occurred and it was catastrophic. And it was needlessly catastrophic because he could have cleared the square before then. What was happening in the several weeks leading up to June 4 was the government was taking back control of place after place in Beijing. Most of the people in the square were no longer Beijingers. They had mostly given up and gone home. They were demoralized. The government was winning. And he sent in the troops. And I think to this day that the main reason he did that had nothing to do with Beijing. It had everything to do with the enormous array of Chinese cities, more than 80, that were having comparable demonstrations. And he felt that to regain control in the country as a whole he to act absolutely decisively in Beijing and that would alleviate him of the need to take back the country city by city, if you will, you know. And so I think that's why he did it.

You have to ask yourself – and by the way, it was, you know, after all it was his reaction to the initial demonstrations that hardened the views of the demonstrators. So I think he escalated this in a way that reflected his being somewhat out of touch with what was really going on. The question I've asked myself, and as all historical counterfactuals, there is no answer, all right. But there were reform currents in China in the late '70s that would have produced a very different trajectory from what we actually saw. And those currents had just under half the members of the standing committee at the Politburo on board. One swing vote would have changed – potentially changed history – if Deng allowed that to occur. So this is not radical leftism or radical conservatism or something like that. This was people at the top of the system who wanted to respond differently and in that response move the system forward and Deng set back dramatically.

Given that he had made that fundamental choice, then how he played it out, especially, you know, waiting for a few years and then in '92 coming back and moving things forward again is all very good. But, you know, that's recovering from what, to my mind, was a catastrophic set of decisions that he made at the time that cost a lot of lives and I think potentially cost China its ability to make the changes that it may now, in the coming decade, regret that it didn't make much earlier.

EZRA VOGEL: I think we agree more than you imply.

KEN LIEBERTHAL: Oh.

EZRA VOGEL: What I meant was by saying that he was concerned about the broader aspects of discipline, not just clearing the square. That's what I had in mind is precisely the other cities. And I think there is a good question is if the reforms had gone further – I mean there's several

key points where one might have made differences. At the time democracy wall in December, '78, Deng initially supported those, but then before long he decided to close down. Hu Yaobang we now know wanted to keep them open. Had he followed that at that time things might have been different. I think it's also clear that Deng was not entirely opposed to these reforms. Then in 1986 he gave Zhao Ziyang the freedom to have a very major discussion about political reform. So he was not as completely against all kinds of reforms as some people have said. He was willing to consider that. I think – I agree that he made some strategic errors. I think in 1988 he made a very strategic error about prices and decontrolling prices at a time that shouldn't have been. I think that editorial in the – it came out on April 26 that used the term [CHINESE], turmoil, scared the students and made the situation worse. I think those were bad errors of judgment that are not unrelated to the fact that he was isolated as a very older person from those situations. I think he felt that – you know, Hu Yaobang, as general secretary of the youth league tried to encourage people and give them optimism and hope and support. Deng as general secretary

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of the party, at the same time, Yaobang was secretary of the youth league. Well, the buck stopped there. And he was operating under a very tense situation and he felt that you had to clamp down and that could have been an error in judgment.

DAVID LAMPTON: Now it's time for you to be able to ask your questions. I'll try to move my selections around the room as I see hands. Yes, yes.

UNKNOWN MALE 1: Thank you. Thank you very much.

DAVID LAMPTON: Can you speak up a little?

UNKNOWN MALE 1: Yes, I just spent some time there and [INDISCERNIBLE] 21st Century. Would you mind speaking...

DAVID LAMPTON: There's a narrow topic for you.

UNKNOWN MALE 1: Would you mind speaking very briefly on what do you believe the legacy of [INDISCERNIBLE] what historians write about him.

DAVID LAMPTON: Well, Susan, do you want to take a stab and then everybody else?

SUSAN SHIRK: Well, Hu Jintao and Wen Jiabao came into office with the idea of doing what I think of as a kind of populist adjustment to the reform policies because marketization and opening had led to a tremendous spurt of economic dynamism and growth and in the initial period everyone had done better, including the people in the countryside. But income gaps had widened, the social welfare net had been destroyed by decollectivization and moving away from the Mao system so health and education and all these social goods, pensions, needed to be fixed. So the platform – the agenda – at the start of the Hu-Wen administration, I think, made a lot of sense because it was not anti-market. It was just to make these adjustments at the margin to

make market reform, kind of, more sustainable and more equitable. But in the process those things didn't happen and instead the elite just got a larger and larger share of the benefits of policy. And, you know, both of those two leaders appeared to have been reluctant to exert much personal authority. They admittedly are in a system that discourages that. It's, you know, collective rule – they're who is just first among equals. But, you know, so I don't think history will judge him too positively in terms of the actual accomplishment, so the intentions might have been good. One thing that he has tried to make a legacy about is Taiwan. And he really tried to reach out and take a different approach to Taiwan, especially after Ma Ying-jeou's election to win hearts and minds of the people of Taiwan to peacefully integrate Taiwan into the Chinese economy and to prevent independence in that way and to aim at eventual something you could call reunification. So I think his legacy there has been very positive. It's very interesting that he's protected Taiwan policy from the trends toward a, kind of, more provocative Chinese foreign policy in other areas. But Taiwan policy has been protected by Hu and, you know, that's been quite a good thing. And I think a substantial amount has been achieved in cross trade relations. So I'd say maybe that's his most positive legacy.

I think many people in China – many people outside of China had some hopes to see some gradual introduction of political

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reform none of which has really happened. I mean there are talk about governance normatively. They've embraced rule of law, transparency, a lot of ideas that have been accepted normatively and yet, again, have not really been realized on the ground.

DAVID LAMPTON: Before going to the lady in the rear I just – I thought maybe I'd add to that. I'd put in a little more system wide view. It seems to me that the Chinese systems selecting for what you might call transactional kind of leaders, system maintenance, more or less, not radical transformation, because China's becoming a more complicated society and more differentiated and even who is the leader becomes a bargain among many competing groups. And the real question for the future is whether the big changes – and I think China does require some big changes – are they selecting for the kind of leaders that can, in fact, produce big change. And in that sense I see what's going on as perfectly understandable, perfectly predictable. I would agree that Taiwan area's been a bright spot, but more fundamentally is China going to be producing the big think people at the top of that system. And I think China can't defer a lot of its big political changes indefinitely.

KEN LIEBERTHAL: This may be in the spirit of everything that's important to say has been said, but not everyone has said it. And so let me add a gloss if I could. First of all, on Taiwan I would give Hu even more credit than Susan has because in 2005 he really pushed change – a fundamental change – in the policy toward Taiwan that then laid the groundwork, arguably enhanced the prospects for Ma Ying-jeou to be elected in 2008 and certainly has been quite successful.

Secondly, there is this kind of dichotomy, if you will, or a contradiction, China's enjoyed unbelievably rapid economic growth during the entire Hu-Wen period including through the

financial crisis. And yet they have not made necessary reforms in the system. I would argue the growth over the last decade has been primarily the results of the reforms of their predecessors that were pushed through in the late '90s and 2001, 2002. And then they've enjoyed the benefits of those but have not kept reform going.

So, thirdly, as people look back historically – the question was how will historians view him? I think they will see this now as a critical change having occurred in China on the watch of the current administration in China. And that is the change from always asking what are the major constraints on China's development that this leadership has overcome to where there are such enormously powerful and well financed vested interests in China. Some are geographical, some are in the private sector, some are in the public – you know, major SOE's. I mean there are a variety of them. But they are so powerful now that the system is experiencing relative stasis and my guess is that we're only going to see China again engage in substantial reform if a crisis drives that reform because otherwise it's hard to see how you pull together enough authority to overcome these vested interests. So there's really a major change in the balance, if you will, within the system in the last decade that should be worrisome on the Chinese side and, certainly, as I look at China is worrisome to me.

DAVID LAMPTON: Ezra, just briefly and then we'll get a question.

EZRA VOGEL: Yes, it'll be briefly. The way I would put it basically consensus with my colleagues is that he's – his policies toward the new balance between the coast and the inner China has been well received and is appropriate. In the early days of reform everybody pushed coastal development and now the effort to build infrastructure, roads and railways to the inner – and to channel more resources to the village for welfare and reduced taxes I think that has been well received and is good policy. I think where he has been weak is in – two things. One is the corruption issue and I think that is one thing that need a much stronger, firmer hand. I think it's conceivable that they could do that by consensus even without a very powerful leader. I think my understanding is that the Politburo standing committee they're still quite strong. And if you get a strong consensus among that group about really doing something about corruption I think it's conceivable that they could really do something in the next group.

The other thing is I think in foreign relations

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is his direction was good but it was weak and instead of keeping down the military and others when they seemed to antagonize some of the countries around them, that he waited until his to the United States and then got that under control. But it took more time and more effort to get it under control and a strong leader might have been able to stop it sooner.

DAVID LAMPTON: Yeah, thank you. Yeah, the lady in the rear there.

UNKNOWN FEMALE 1: [INDISCERNIBLE].

DAVID LAMPTON: Oh, oh, OK.

UNKNOWN FEMALE 1: Ever since the Arab Spring [INDISCERNIBLE].

DAVID LAMPTON: Can you speak up?

UNKNOWN FEMALE 1: [INDISCERNIBLE].

KEN LIEBERTHAL: Can I make a quick response to that? The Arab Spring jolted China – jolted the leaders of China, I think, most fundamentally because it highlighted to them the unpredictable power of social media. The capacity to communicate digitally and how that can weaken an authoritarian leadership, even one that thinks it is well ensconced and in solid control. And I think there's a second aspect of this that is notable, especially given Ezra's extensive comments about how close Deng Xiaoping was to George H. W. Bush. Keep in mind it took George H. W. Bush about three weeks to side with the demonstrators in Tiananmen Square. I think Deng never forgot that. You would know better than I, but I suspect he never forgot it and saw it as a huge betrayal. And it took Barrack Obama only two weeks to tell our 30-year ally Hosni Mubarak that he must go. So I think this feeds a, kind of, narrative in China that the U.S. is perfectly prepared on short notice to side with disruptive folks in society who want to overthrow the system and to use social media, as we did in parts, at least, of our engagement with the Arab Spring, to further that disruption and further that instability.

SUSAN SHIRK: I agree with all that, but just one other point which is when we talk about the strong vested interest there are also strong vested interests in the security forces and in the propaganda agencies who benefit from hyping the threat. They get more money, they get more power, you know, they're more important in the system. And it doesn't take much to re-enforce the paranoia of an authoritarian leader which – I mean a lot of this is structural. It's not about personality. This is just, you know, the nature of being leader in a system where you don't have very good information about what people actually think about you, how strong the support is and, you know, it's never happened that you had a communist rule in this type of society that, you know – and especially since '89 Tiananmen, the fall of the Soviet Union. You know, I'm not at all surprised that they feel extremely nervous and insecure.

DAVID LAMPTON: I think what I'm going to have to do out of consideration of time is ask the three hands I see just to state your questions and then we'll go down from Ezra and let people pick and choose among what they feel most comfortable addressing. Yes, sir.

JERRY WARD: My name's Jerry Ward and I'm a retired newspaper editor [INDISCERNIBLE] and I was on that trip with Nixon.

SUSAN SHIRK: Press Secretary.

DAVID LAMPTON: Yeah.

JERRY WARD: And I saw the same China that you saw [INDISCERNIBLE]. We had every automobile in China to use on that [INDISCERNIBLE] every bus in China. [INDISCERNIBLE]. I went back in '86 – not '86 [INDISCERNIBLE] understand the change.

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And then we took a train from [INDISCERNIBLE] and – because it was snowing we were going to take a train; we took a bus. And I saw the countryside and I saw the people working in the [INDISCERNIBLE] and I saw people still walking [INDISCERNIBLE] my question is, and I'm going to get to it, is how much does the lack of understanding [INDISCERNIBLE] lead to this mistrust [INDISCERNIBLE]. I hear people on the street saying China is going to [INDISCERNIBLE] and then we're going to be an authoritarian country and yet they continue to invest in our lives. Why is that?

DAVID LAMPTON: Good question. Yes, sir, and then I'll wind up with Beverly and we'll then move down from Ezra.

UNKNOWN MALE 3: Well, my question is very different so I hope you remember Jerry's question. I teach foreign policy at Bellarmine University in Louisville, Kentucky and this has been a long time intellectual interest of mine. I think Zhou Enlai was one of the unsung heroes of this whole process. You know, we always look at everything from our viewpoint, rightfully so, and I don't think there's – I think there's an unlimited amount of credit that President Nixon and Dr. Kissinger and our side deserves, but I'm really fascinated and Dr. Shirk, you hit on this, you know, Zhou Enlai was in that room when you were visiting with that group and how did he get – and I've read a lot about Zhou Enlai, but how did he get to that position considering Mao's alter personality, considering Mao's wife clearly hated him, considering the Gang of Four. And my other simple question – I always [INDISCERNIBLE] when I teach about China to my graduate students that it is – there is such a thing as being a good person in a bad system. I'm a moderate so I am certainly not a fan of communism or making apologies for communism and I think Mao was one of the worst people to ever live, but I submit to my students at the end of classes that I think Zhou Enlai was a decent and honorable man who did the best he could given the hands he was dealt in a horrific system. Is that correct?

DAVID LAMPTON: Good question. Yes, Beverly.

BEVERLY: My name is Bev [INDISCERNIBLE] and I, too, also went to China and [INDISCERNIBLE] Washington Post was published two days before Nixon's trip so February 13, 1972 [INDISCERNIBLE]. But, anyway, I wasn't received by any of these notable people like Zhou Enlai and [INDISCERNIBLE] so my report was only about the common people's lives. Anyway, so I am posing a very common commoner's question. During that time – during the Cultural Revolution the most [INDISCERNIBLE] OK, and now people, you know, [INDISCERNIBLE] and Chinese, also, I mean the common Chinese – the commoners – the Chinese nowadays just thinks the, you know, China's problem [INDISCERNIBLE] all right. Ezra mentioned corruption. Recently there's an article about, you know, [INDISCERNIBLE] the Chinese congressmen's wealth – congress people's wealth and it's far, far below that of the Chinese – our congressmen – U. S. – so I would like – since this meeting is probably [INDISCERNIBLE] and all that and I would like you panelists to [INDISCERNIBLE] for China. How to, you know, would you likely propose how to solve [INDISCERNIBLE].

DAVID LAMPTON: There's an easy question, Ezra.

EZRA VOGEL: I'll try to be brief. The Chinese buy our bonds because they earn a lot of income from the sales and the trade imbalances. And they've learned that to try to dump them quickly would be costly to them because it would devalue all the wealth.

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But I think in the future you're going to find that they're going to increasingly buy energy sources and invest in around the world and in a much broader range of things and there'll probably be less new investment in bonds.

On Zhou Enlai he was a force even before Mao. He was a leader in France of the Chinese students there that included Deng Xiaoping and Lee Fuchun and [PH] Irum Jun and some other very – Chen Ye and some very important other leaders and so he was there before Mao. He was criticized in the [PH] Yinan period and he realized that his future depended on being a 150 percent behind everything that Mao wanted and he was there for a very weak person. And a lot of the critics of him feel that he didn't do enough during the Cultural Revolution that he by joining with Mao he made it possible for the regime to survive. He handled the details. So the view among intellectuals is somewhat mixed about his ultimate role.

Finally, on the third point was...

DAVID LAMPTON: You don't have to answer all.

EZRA VOGEL: No, oh, the – [INDISCERNIBLE] moving the mountains. You know, there's no easy answer, of course. But I think at the very least this new – Xi Jinping and the Politburo are going to have to take a much tougher stand on corruption. I think they're going to have to get a different system for financing the countryside that provides some taxation so that the local people don't go only to selling real estate to make money for the countryside, which fuels a lot of the corruption. I think some new structural way of financing local independent governments is going to be needed. So I think those are two very important basic issues that have to be confronted.

SUSAN SHIRK: I'll just be very brief. I really don't have too much to add. Zhou Enlai – actually there's criticism of him even during the great leap forward and there are moments in which if he had – there was one meeting at which people were starting to say well, we should all take the blame for the problems, which would have been a way of getting Mao into that. And then he stood up and defended Mao. So I think, you know, there are a lot of good people in China at the elite level not just Zhou Enlai. And I – the historical judgment on him, I think, will be very mixed.

On how to move forward in solving problems, I just want to note that it's really pretty amazing that the state council – China's cabinet – the Development Research Center joined with the World Bank to publicly – I mean to do a report on what needs to be done to revive the momentum of economic reform for the new administration that's going to be coming in in China,

unlike in the past where people in think tanks would do this quietly, they put them on the shelf then the leaders could take them or leave them. Now it's out there for everybody to see what's been proposed. So it's a very new way of doing things and, you know, it's kind of hopeful. It'll be interesting to see what they do.

DAVID LAMPTON: Ken?

KEN LIEBERTHAL: I going to raise two issues. One is kind of a rural poverty and urban wealth issue. The way I think about it is China is a place that you should think of as a series of islands with a total population of about 450 million people who have a, by global standards, a nearly middle class standard of living surrounded by a sea of a close to 900 million people who live in the third world. And the islands in that sea interact in every way all the time. You can't think of one without the other. No Chinese leader thinks of one without the other. That interaction shapes China. Very few foreigners think of the sea. Foreigners tend to come to China and see the islands and think they've seen China. And until we appreciate that you have both of those dimensions and they interact systematically always,

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you can't do a very good job of understanding either the way Chinese leaders think or where China is headed.

Secondly, China's development model that has produced the results that we all are aware of is exhausted. China realizes it's exhausted. The 12th Five-Year Plan lays out systematically a new development model. That new development model is very much in America's interest for China to effectively implement. The U.S. model to date is now in deep trouble. We, like the Chinese, need to rebalance our economy. Our major issue, obviously, is fiscal and is manageable now, but ten years from now isn't unless we rewrite, to some extent, our social contract and get our political act together. So both sides are now facing enormous challenges in getting the political wherewithal to do what each of us knows we have to do ourselves. I'll leave it to you to judge whether they're going to get there or not. I am not wildly optimistic on either side, frankly, but I would argue that to the extent that each of us does succeed not only will our own country be better off, but U.S.-China relations will be much smoother because what each of us needs to do is now profoundly in the economic interest of the other country, too. Thank you.

DAVID LAMPTON: Well, thank you very much. But I'd just underscore something that Dr. Kissinger said at lunch, which, I think, is a good segue off stage with respect to this connection between domestic politics and the U.S.-China relation. And that really is he enjoined us to say, you know, leadership is about managing your domestic politics so you can conduct a sensible power with the strategically most important country in the world to you. And you can either let that domestic politics drive you in a direction that's going to be very unproductive or you can manage and take leadership of this relationship and push it in, at least, marginally better directions. I think that's a good way to, sort of, sum up what our obligation is with respect to domestic politics and U.S.-China relations.

Thank all of you for coming. Thank my colleagues of long standing and...

