



**Women's Foreign Policy Group
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***China, Fragile Superpower:
How China's Internal Politics Could Derail its Peaceful Rise***

Patricia Ellis: Good evening, everyone, and welcome to our members, guests and friends. I am pleased you could join us. This is our second Authors Series event this fall and we are lucky to have Dr. Susan Shirk with us this evening. She has a very long title so I'm going to say part of it now and part of it when I give her longer introduction. One of her titles is Director of the Institute on Global Conflict and Cooperation at UC-San Diego. She is a real expert on China and she is going to discuss her new book, *China, Fragile Superpower: How China's Internal Politics Could Derail its Peaceful Rise*. It was reviewed this Sunday in the Washington Post. It was a great review. It makes me think of when I was in the media, you always wanted to have a news peg and here we had a news peg. We didn't even know it was going to be reviewed the Sunday before our program.

For those of you who don't know me, I am Patricia Ellis, President of the Women's Foreign Policy Group. We promote global engagement, women's leadership and women's voices on pressing international issues of the day. Julia Chang Bloch, the co-founder of the Women's Foreign Policy Group, had to leave but we would like to welcome Ambassador Bold from Mongolia. Thank you so much for joining us tonight.

We are really excited about this program. There's so much interest in China in general. Name the issue and there is the China angle whether it is Iran, Sudan, Myanmar, climate change, product safety or succession. I think we have a lot to discuss tonight. After Dr. Shirk speaks, we will have plenty of time for Q & A and then she will sign her book. Before I introduce our speaker, I want to mention two very exciting upcoming events. We're going to have another Author Series event at the end of the month with the Senior Diplomatic Correspondent from USA Today, Barbara Slavin, who just wrote a very interesting book on Iran. The other event is part of our Embassy Series where we have ambassadors, foreign ministers and other dignitaries speak to the group. This time we are going to have the Foreign Minister of Iceland, who is a woman. It is going to be at the residence of the Ambassador of Iceland. That should be a lot of fun. We like to mix it up on all issues, all different kinds of speakers. We hope you'll be able to join us.

Now for the other part of Dr. Shirk's title. It is the Ho Miu Lam Chair of China and Pacific Relations at the Graduate School of International Relations and Pacific Studies also of UC-San Diego. She's well known though as the former Deputy Assistant Secretary of State in the Bureau of East Asia and Pacific Affairs. She was there from 1997-2000. She was also a member of U.S. Defense Policy Board. She's a professor, scholar and expert. She started going to China in 1971 and has been working on the issue, doing research and writing, ever since. She leads something called the Northeast Asia Cooperation Dialogue. She served on many boards, the East-West Center, the U.S.-Japan Foundation and the National Committee on U.S.-China Relations. She's been Senior Advisor to the Albright Group. She has written a number of other books. One was *How China Opened its Door* about the success of the People's Republic of China's foreign trade and investment reforms. Also written by Dr. Shirk are *The Political Logic of Economic Reform in China and Competitive Comrades*, *Career Incentives* and *Student Strategies in China*. I lump them all together in order to give you a sense of the breadth of all the issues she covers: political, economic, student, etc. She was educated at Mount Holyoke, University of California-Berkeley and MIT. Please join me in welcoming Dr. Susan Shirk.

Dr. Susan Shirk: Thank you, Pat, for the nice introduction. I really am pleased to be back here. I've spoken with this group in the past when I was in DC. I think it is a really important organization and network that encourages support of women and women's involvement in international policy. It's a pleasure to be with you in this nice setting with a nice small group. My plan is to try to speak briefly, which is tough. As you know, we professors speak in 50 minute chunks. I'll try to speak briefly so that we have lots of time for Q & A.

As Pat said, I'm an old China hand. I've been going to China for a long time and I had this wonderful opportunity to serve in government in 1997. When I came to Washington, I really had a great worry about the possibility of war between China and the United States. That's because just the previous year, 1996, China and America had an eyeball to eyeball confrontation over the island of Taiwan. As you know, Taiwan has ruled itself independently since 1949 but Beijing claims it as a part of China. The Chinese had launched massive military exercises and missile tests outside Taiwan's ports in order to demonstrate their fury at the fact that we had allowed Taiwan's President, Lee Teng-hui, to visit the United States and give a speech at his alma mater, Cornell. Beijing felt that indicated that the United States was recognizing Taiwan as a sovereign independent state. After the Chinese used military force to express their strong objection to this, we sent two carrier battle groups to the vicinity of Taiwan to show our resolve not to allow China to intimidate the island through the use of force. Beijing backed down.

I wondered, though, what would happen the next time. Wars can occur even if no one wants them to happen, and crisis escalation has a life all its own. I worked in government to try to prevent this kind of conflict and to improve U.S.-China relations. I kept noticing how focused China's leaders were on their own domestic politics and how insecure they seemed. Of course, we have domestic politics on China policy in the U.S. as well and I certainly experienced that with a vengeance during the Clinton administration. But in China there is so much more at stake than just winning the next election. In China it is the whole survival of Communist Party rule that is at stake.

When I told my American friends before the book was published that I was writing a book on Chinese domestic politics and foreign policy called *China, Fragile Superpower*, they typically would say, "What do you mean 'fragile'?" When I told my Chinese friends the title of the book, every single one of them said, "What do you mean 'superpower'?" Not one of them questioned the idea that China is fragile.

This fragility came through most clearly to me in my most traumatic experience while in government, by far. One evening in May 1999 on my way home from the State Department, I had a phone call informing me that the Chinese Embassy in Belgrade had been struck by bombs from a U.S. bomber flying as part of a U.S.-NATO mission in Yugoslavia. I assumed of course this must be collateral damage, a stray fragment. Then I learned that we had actually, by mistake, targeted this building believing that it was a Yugoslav military facility, when it was in fact the Chinese Embassy. We had struck it with a number of bombs, killed three Chinese journalists, and injured about 20 others. My approach as I went back to the State Department was that we had to apologize profusely from the President on down. If we didn't express how very sorry we were, the Chinese were never going to let us forget it, just as they have never let the Japanese forget their failure to apologize adequately for the atrocities they committed during their occupation of China in the 1930's and 1940's.

We had President Clinton try to call President Jiang Zemin. President Jiang wouldn't take the call. Secretary Madeleine Albright went to the Chinese Embassy that night to apologize. President Clinton went on television to apologize, he signed the condolence book for the Chinese Embassy, and we tried to send an envoy right away. The Chinese told us not to come. Finally, Jiang Zemin took the call and President Clinton apologized again. We paid compensation for the victims' losses and the loss of the building. But all these efforts were in vain. From the outset, the Chinese government publicly described it as a brazen and intentional act, not an accident. They provided buses for students to go to the U.S. Embassy and to consulates in other cities to protest. The police allowed them to throw bricks and rocks and Molotov cocktails but not to enter the buildings.

I tried to figure out what was going on. First of all, I think the timing was unfortunate. Less than a month before this terrible accident, the whole Chinese Communist Party elite had woken up one morning to find 10,000 adherents of a spiritual sect called the Falun Gong surrounding Zhongnanhai, which is the compound where Chinese leaders work and some of them live. President Jiang, especially, was completely freaked out, horrified by the fact that 10,000 people in China could organize this kind of demonstration using cell phones and the Internet with absolutely no forewarning. Several insiders have told me that, on the night of the Belgrade bombing, President Jiang stayed up late writing a long memo, not on how to handle the crisis created by the bombing, but instead on how to crush the Falun Gong. I speculate that in a kind of paranoid way these two threats blurred together in his mind.

It's also important to note that, in terms of timing, less than a month after the May 1999 bombing was going to be June 4, 1999. Many of you know the significance of that date. That's the 10th anniversary of Tiananmen Square. The pro-democracy protests erupted not just in Beijing's Tiananmen Square, but in more than 130 other cities throughout China. When the leadership spilt over how to handle the protests, the regime just barely survived because the military followed orders, remained loyal and stepped in to forcibly put down the demonstrations. The leaders were worried after the embassy bombing in Belgrade occurred that students--who they probably knew through their spies, were planning something for June 4th --might move up the demonstrations to have them occur in May. The students may turn on party leaders and blame them for the bombing of the Chinese Embassy because they must be so weak, so ineffective, so feckless that the Americans would feel that they could attack the Chinese Embassy because China was behaving in such a weak manner. That explains the buses. The buses were there to make sure the students went and attacked the American missions rather than attack the Chinese Communist Party leaders. In other words, China's decision-makers were willing to risk a confrontation with the United States in order to protect themselves from a domestic political challenge.

Based on this traumatic experience and other similar but not quite as traumatic experiences I had while I was in government, I started to see a pattern of a Chinese political leadership that felt a tremendous

sense of domestic political insecurity. To us on the outside, China's leaders look like giants because China has been such an economic success and it is so politically influential in the world today. We'll talk about some of those areas where it has a lot of influence. Also, of course, they have built up their military. I think in their own minds, though, they feel like weak children just struggling to stay on top of this society that has been turned upside down by market reforms and openings that have been introduced in China over the last 25 years. The argument of my book is that this domestic insecurity drives all of Chinese policy, foreign policy as well as domestic policy.

I'll quickly summarize some of the reasons why I think China's leaders feel this insecurity. The most important instance, perhaps, goes back to 1989 at Tiananmen because in that year it was such a close call. The Berlin Wall fell and communism started to disintegrate in the Soviet Union and in the rest of the communist bloc. Naturally, they worried that their own days were numbered. Actually, in a lot of their public statements China's leaders make very clear that they have great anxieties about the survival of Communist Party rule in China. They don't believe that it's inevitable that it will last forever. China's leaders today also know very well that they don't have the personal charisma, prestige and following, that people like Mao Zedong did. Hu Jintao, the present leader of China, and Jiang Zemin, the previous leader, are ordinary men, pretty colorless. Well, I guess I wouldn't say Jiang Zemin is colorless. But they're not people with tremendous respect and personal support from the public or from Communist Party members. They recognize, as I mentioned before, that China is a dramatically transformed society, which I know very well as I have been going there for so long.

All this tumultuous social change has created latent political challenges to Communist Party rule. The party can no longer keep track of the population, much less control it. Between one and two million people have moved from the countryside to the cities. Three-quarters of the work force now work in non-state enterprises where there is only minimal political supervision. Millions of people are traveling abroad. People in China have so much more information about what's going on in the world and other parts of China than they used to. I wrote a whole chapter on the commercialization of the media and the growth of the Internet because I think that the fact that leaders can no longer keep secret what is going on in various parts of the country is significant. A demonstration in one part of the country is learned about in other parts of the country. Or insulting remarks made by politicians in Japan or provocative statements about independence by politicians in Taiwan are made available to the Chinese public because the market-driven media wants to attract audiences by publishing that kind of information. And there is a huge wealth gap in China today, larger than the one we have in the United States, which, for us, is the largest we've had in more than a century. This inequality is politically explosive because people in China believe that the wealthy people got rich not through dint of ingenuity and hard work, but through official corruption.

The current Chinese leaders are trying to stave off unrest by what I like to call a kind of "compassionate communism." I'm amused by the fact that communists in China--the Communist Party leaders--have to demonstrate that they care about the poor. It's a new thing. Premier Wen Jiabao, in particular, goes on television and very effectively tears up as he comforts a Chinese farmer who has been struck by some natural or manmade disaster. I think he's great on television. Looks a little bit like a Chinese Bill Clinton, a very good communicator. Despite all these efforts and talk about building "a harmonious society," this new kind of populism that this team of leaders is promoting is still not adequate to stem the increasing number of protests in China, nor the fact that social stability--which is the euphemism they use for keeping the Communist Party in power--is still something that seems problematic from the standpoint of the leaders.

The lesson of Tiananmen is that you have to worry not just about widespread protest, but also about maintaining a public appearance of unanimity within the party leadership. If people see that there are two centers, or that the leadership is split, then they will feel that it is safe to come out on the street without fear of punishment. You can see the tremendous effort that the Chinese leadership puts into keeping its internal leadership competition secret. Right now, we are in the lead-up to the 17th Party Congress at which point a number of members of the standing committee will retire because of age. The Communist Party should select a successor to Hu Jintao. Hu will serve for another five years, but by precedent they should select someone now to get them ready so that they will have a smooth transition in five years. The question I am fixated on now is “Will they be able to converge and agree on one successor?” I think it’s conceivable that they won’t be able to and that they’ll have to promote two or three successors and let them compete over the next five years. If that happens, I think the next five years will be very interesting because it raises the risk of this kind of competition for power spilling out of the elite into the sub-elite, or at least into the party membership and possibly the population as a whole.

The third lesson of Tiananmen after preventing large-scale protests and keeping the party elite unified — at least publicly — is to keep the military loyal. If the first two don’t happen, at least you want to backstop the party with the barrel of a gun. I think this really helps us understand why military budgets have increased so rapidly since Tiananmen. It’s not just about the desire for China to have international influence and it’s not just about Taiwan. It’s about the need to keep the military loyal in the domestic context.

Finally, the Chinese leaders feel insecure because of rising popular nationalism. This nationalism creates a kind of pressure on the leaders, especially when it comes to their policies on Japan and Taiwan, and to a somewhat lesser degree on the United States, too. They are very aware of the lessons of history. The previous two dynasties in China fell because of widespread opposition movements that combined different social groups with different discontents and complaints that were fused together by this powerful emotional force of nationalism. The people blamed the government for being too weak in the face of foreign pressure. That’s how the Qing dynasty fell and that’s how the Republic of China lost to the communists. Today’s leaders have to worry that perhaps the communist dynasty might meet the same fate in the future.

How does this insecurity affect China’s foreign policy? There are both good news and bad news. The good news is that in most of its foreign policy, China is taking an increasingly responsible, pragmatic approach because they want to avoid any international conflicts that would derail their domestic economic growth, which they need to keep at a certain level in order to create jobs, prevent massive unemployment and protests that would threaten them politically. One really does see the evolution of China’s approach and it is a very responsible power in handling the North Korean issues, taking leadership of the six-party talks, and adjusting its approach to Darfur so that it is working more in the same direction with the United States and the international community than it was even a year ago.

There’s no country in the world that is more self-conscious about its international reputation than China. This makes it very susceptible to international influence because the Chinese care about that reputation and because they want to head off an anti-China coalition. They want to head off any strong threat perceptions on the part of other countries that China is a threat, that China is dangerous. They want to persuade people that China is growing stronger but its intentions are to cooperate with other powers in a responsible way, not to upset the apple cart and cause war. But the bad news about this insecurity is that when it comes to Japan and Taiwan--those hot button issues--the Chinese may feel they have to make threats and that they can’t back down from those threats because their own domestic survival depends on

looking tough on those issues to the Chinese public. That's what I argue in the end — the most dangerous thing about the rise of China from the standpoint of the rest of the world, and Americans in particular, is not its military strength or even its economic strength, but it is its internal weakness and fragility that could drive its leaders to act out internationally. I end the book with some recommendations to the U.S. government on what kind of policy approach to take in light of this kind of analysis. I am also quite free with my advice to China's leaders about how they might do things better in order to prevent conflict with the United States.

We can talk about that or anything else you might like to talk about in the discussion.

Ms. Ellis: I am going to open up the Q & A. I would like to take the framework and what you were suggesting in terms of the Chinese foreign policy and apply it to Myanmar and talk about the whole issue of pressure on China and how that works and does not work because China has close ties and is heavily invested in the country. They have clout in Myanmar. The Europeans and Americans are pressuring China to cut ties. Given what is at stake for China economically and also politically, because China discusses non-interference in internal affairs and they have used it in more than one case whether it was Sudan or Iran. What impact will pressure have and could the same kind of pressure that was used vis-à-vis Darfur, i.e. the Olympics, have an impact in this case?

Dr. Shirk: I think there is a danger in overestimating China's influence in all of these situations. There are a lot of other countries that invest. Thailand and Myanmar have a very close relationship, India too. When Congress rushes to immediately condemn China for all the bad things going on in countries with bad governments, it is not helpful if it confirms Chinese suspicions that there is kind of a hostile public opinion in the United States towards China and that no matter what China does the U.S. will blame China. On the other hand, I'm not too uncomfortable with different groups and different people going at this in their own way because, as I said, China is very susceptible to international influence. I think that you really see in Darfur a big change in the way the Chinese handle their relationship with the Sudan. They were helpful in trying to persuade Omar al-Bashir to accept the UN peacekeeping force. It looked terrible when Hu Jintao went to visit and gave al-Bashir a new palace, it's sort of nauseating. On the other hand, if you ask all the UN diplomats they will say that China has really been very helpful in working out that deal.

Ms. Ellis: Why do you think they became helpful?

Dr. Shirk: I think they became helpful because they care so much about their international reputation. They do not want to be viewed as a big rogue. They want to be respected as a responsible power and they want to avoid an international backlash. Myanmar, let's refer to it as Burma, is much tougher than Darfur for China because what is going on in Burma is a Buddhist Tiananmen. It's protests, it's potentially a split in the leadership and potentially a split in the military. From China's standpoint, they can't really stand with Aung San Suu Kyi and the opposition because that's sort of giving approval for the same sort of thing to happen in China. I wouldn't expect that much out of China with Burma.

I've been talking with folks since I've been here about what China is doing. It is working in concert, at the United Nations especially, with other countries. China is never going to take exactly the same position as we do. Some of the things China has said — they talked about democracy development in Burma — I found remarkable, and they called for reconciliation. I think China wishes that this government would go away and that there would be a different government that they could deal with in Burma, but they're never going to make public statements supporting the opposition.

Ms. Ellis: Just to follow-up on that, I wanted to talk about the relationship the Chinese have with many of these so-called “rogue nations” and how it relates to their need for energy, gas and oil. Could you talk a little bit about energy as a driving force in terms of foreign policy because China is everywhere, whether it’s Venezuela, Tehran, Sudan. It will also probably apply to India as well, but we’re talking about China today.

Dr. Shirk: I’m glad you asked that question because I think it’s very easy to misperceive the growth of Chinese influence all over the world as a kind of Cold War-style global competition for influence with the United States. I don’t think that that is the original motivation for it. As you point out, the original motivation is very much to go out there to get raw materials, energy, in order to fuel China’s rapidly growing economy. And also, of course, to seek markets for Chinese products. Once China is there, all the other things come along with it. If you want to get energy concessions, then you’ve got to cozy up to the government, you’ve got to give the nice aid packages. The military and industrial complex in China is right behind trying to sell weapons to those countries. Before you know it, you’ve got a real foothold. I remember the Cold War stories about the Soviet foothold in Africa. It starts to look the same in regards to China. But it is energy that is the motivating force. I think there are many people in China in the policy elite that are starting to worry about this because it appears to be Chinese imperialism. Chinese are becoming at risk. We have kidnappings, violence against Chinese in Pakistan, in Africa. Every time some Chinese are kidnapped or killed in another part of the world, the Chinese market-oriented media, the tabloids, go to town with big, front-page stories about it. There are a lot of Chinese who are starting to see this as a mixed blessing. I don’t think it’s going to stop, but I do think they are trying to tailor their policies and the way they behave in these countries, in order to avoid international criticism.

Question: Ronna Freiburg I haven’t read your recommendations, but I can guess from listening to you what some of them may be. I’m wondering, given where we are in our domestic political situation at the moment, what your thoughts are on how to bring our own politicians into a responsible position on China, not just at the Presidential level, but in Congress as well, where many of them have legitimate gripes about job losses and concerns about imported product safety. The tendency seems to be, as you said, to blame China for everything.

Dr. Shirk: I think we certainly do have our own domestic politics focused on China policy. A lot of this is just noise because a lot of action in Congress does not mean mandates — the resolutions are sent to Congress so people can go on record. I think the Chinese have gotten pretty sophisticated about it, and don’t get too upset about it anymore. I think in the Presidential campaign the pattern has been for seven administrations that people bash China during the campaign and then the new administration tries to show it’s tougher on China than the last one. For the next two years there’s a lot of friction, then they settle down to basically pursue what’s a bi-partisan engagement approach. I don’t have a lot of criticisms of the Bush policy toward China. I think the China bashing during campaigns will happen again. I think the structure of the primary contests might make it not quite as bad this time. Certainly Senator Clinton has more experience with this too. All we could really hope for is that such a period of disarray on China policy is shorter than it usually is.

Question: Suzanne Bennison. I have two questions. One, the Chinese military used to be in business and they were very happy. If the Communist Party is trying to keep the military captive, why did they move them out of business? The second question I have is Confucianism. How is China’s foreign policy impacted by this philosophy? Where does Confucianism fit in?

Dr. Shirk: Great questions. I actually don't think the military was happy being in business. I think the success of the movement to get the military out of business demonstrates that the military was really not opposed to that change. They really preferred to be a professional military. I think it was also a way of preventing corruption. Some of that military corruption had gotten really big and really bad. Of course, it is on the civilian side as well. The idea was to get the military out of politics, out of business and become a professional military. Give them the budgets to acquire the nice new technology, send them back to the barracks to learn how to operate it. I think that was the bigger end.

As for your second question on Confucianism in China today and foreign policy, secondary powers had to recognize the authority of the emperor and that was achieved not just through military force but also through foreign trade and this idea of benevolence. I don't think Confucianism is very important or has much sway in China, but I think when people think of China's relationship to the region, they do think about this kind of not using force--not bullying--but a benevolent way of increasing its influence in the region. Domestically, there are some ideas now that Hu Jintao is pushing the concept of a harmonious society that has echoes of Confucianism. That represents an attempt to introduce some moral basis for Chinese life, which was pretty much destroyed by the disaffection following the Cultural Revolution. What does China stand for past commercialism? There are some people who would like to revive Confucian ideals, but it's kind of something new instead of tapping into a vein of belief that is still very strong in China.

Question: Joanne Thornton. I want to follow-up on your comments on corruption. You touched on it vis-à-vis the military but you also said in China there's a perception that those who have gotten wealthy have done so via corruption. Isn't that belief pretty much justified? Isn't corruption a real problem? To what extent is it a problem and is it an impediment for further economic development, and how do the Chinese deal with this?

Dr. Shirk: China has a serious governance problem. They are trying to make a hierarchical, authoritarian machine effective at monitoring public officials, but without a free press, without elections, it's very difficult to monitor and control corruption top-down. You can't use ideological campaigns against corruption anymore and you can't have the party monitoring the government when the party itself is so corrupt. This is a problem that I think they're struggling with and I don't think they have an answer to it.

Question: Stanley Kober. I've been struck by the number of Chinese students that I've seen, something like 80,000 in the United States and 200,000 in various other Western countries. Those students are picking up Western ideas. I don't think there are graduates of MIT that would go back to China if they're going to be ruled by graduates of third grade engineering schools. They won't go back. The Communist Party must know this. I'm wondering if the Chinese looked at what happened in the Soviet Union and said, "Gorbachev moved [toward westernization] too quickly. We're going to do it by generational change. We're going to allow our young people to go abroad and study." Many of them will come back and gradually one generation will be succeeded by the next generation with this western training. It will happen so gradually it won't prompt the opposition and force them out of the country. I just toss that out as a hypothesis.

Dr. Shirk: Well, there are a lot of students going abroad to study. There's also a tremendous number of the best and the brightest in China joining the Communist Party. I think this is one of the greatest sources of resilience in the party. I talk about a fragile situation, but I also see elements of resilience as well. At Ching Yun University, among graduate students, something like 40 percent of them are joining the Chinese Communist Party. The party is becoming a party of the people who other people actually

respect. It's not a blue collar party or a party of farmers. Yes, all of these people will say, if you ask them about it, that they're just doing it because it's good for their career. It is interesting and of course those people's ideas are quite different, even if you have them study abroad. Chinese higher education has become a lot more cosmopolitan than it used to be. They have very different ideas, but I am just struck by gradual change on the political side; it is so gradual it is hard to see. They were talking about introducing township and district elections back in 1997 and then chickened out and didn't do it. I think it will be interesting to see if there are any steps taken even in intra-party democracy at the 17th Party Congress. Of course the party will change, the ideas are changing; but it's happening very slowly. The party leadership [is changing] with each generation, now we're into the fifth generation. People had hopes for Hu Jintao, but he's been very disappointing so far.

Ms. Ellis: I'm interested in the whole issue of the media. For so long the Chinese were able to control everything, like the issue of SARS, but there's such an increase in the use of cell phones, the Internet and now blogs. I'm wondering what impact this is having and how it has affected issues like product safety and food contamination. My other question is related, but different — climate change. When people talk about climate change they immediately talk about obstacles and mention India and China in the same breath. I'm wondering if you can address that in terms of their position and what you think they might or might not do.

Dr. Shirk: The press is censored, but because its market-oriented they do try to push the limits of that censorship and to report stories, exposés, and watchdog journalism that will attract readers, attract audiences. Some areas are open. The party doesn't censor them because they feel they need the media to get information about what's going on, they need that monitoring, that watchdog. Food and product safety is one area. Way before we started getting upset about it here, I assure you that people in China had been upset about it. There had been real media activism, reporting previous scandals about baby formula, about other tainted food. On the other hand, I think that the degree of censorship — for example, trying to keep secret all the internal deliberations of the party and the government — is really striking. In the lead-up to the Party Congress, for example, they've really cracked down on the media, including closing down some of the platforms for blogs. They've gone after the blogosphere as well as the print media and other Internet news sites. There's a veil of secrecy that's come down over the media right now.

Climate change; it's in China's own interest because local pollution of air and water problems are so acute in China they are becoming political threats to the government. When you have large numbers of people mad about the same thing at the same time, it doesn't have to be well organized, [dissent] could just happen. Of course, trying to get a handle on those problems also will have positive affects on the climate side. From the time I went into government, I've been putting talking points in every meeting about this because I think eventually there's a lot of potential for U.S.-China cooperation here. I think it can happen. It hasn't happened yet, but I really think if we're smart about it and we gave to China and we're willing to do some things about it ourselves, then we can work together on this.

Question: Laurindo Santos. I would like you to comment on China's presence in Africa. As you know, our country [Angola] ended the war five years ago. There was a certain moment when we needed others, the western world, to help us but we couldn't get this help from anyone but China. They are there rebuilding roads, working with our borders, just training us and they are doing a lot.

Dr. Shirk: I think that by and large the reaction of Africans to the Chinese presence in Africa — from what I've read and learned — is quite positive just as you described. Yet, it's not uniformly positive. There are areas where there is a lot of resentment on the part of local traders and commercial folks who

now have to compete with Chinese merchants who are coming [into African markets] and they are unhappy about it. There is resentment in some places of Chinese operations where the labor is segregated from the rest of the population. The Chinese don't seem to integrate very well with local folks. They keep very much to themselves. There is some resentment. I believe that China is not investing in local factories that employ African labor. It looks like they're not really helping development and industrialize cities in Africa. I've heard complaints and there have been a few tussles, and some politicians, in Zambia for example, are attacking the Chinese presence. I think that, so far at least, that's the minority of cases and that China has helped Africa. It has been very much appreciated because a lot of it is infrastructure development, which is very much needed.

Ms. Ellis: The Chinese have more embassies in Africa than any other country.

Dr. Shirk: One interesting question is if China's presence then causes the United States and other Western countries to pay more attention to Africa, that is probably a good thing. Let's say it's done in the competitive way — is that good or bad for economic development in Africa? Should we look back, for example, to the U.S.-Soviet Cold War era and was that competition beneficial or was it to the detriment of economic development in Africa? I don't know enough to say.

Question: Yun Tang. Dr. Shirk, can you talk about the recent China, Taiwan and U.S. relations by starting with ...

Dr. Shirk: Well, Taiwan is a very knotty and difficult issue in Sino-U.S. relations. With democratization in Taiwan, Taiwan's politicians have responded to their own domestic public spy, promoting a kind of Taiwanese nationalism, I think is fair to say, and advocating moving step by step toward formal independence for the island. This, of course, is the biggest nightmare for China because it is widely believed in China that if the Communist Party allows Taiwan to become independent that the party will fall. This issue is so strongly felt by people in China, that the survival of the party's leaders really depends on demonstrating to the public that they take a strong stand and are not about to let Taiwan go independent.

Right now, Chen Shui-bian [President of Taiwan] is a lame duck. He's going to be out of office in March of next year. He's pushing a referendum for Taiwan to join the United Nations, but it's purely symbolic. I understand referenda to get people out to vote because I'm from California. This is a game, a great game. You have gun control and then you get the gun lobby to all come out and vote and that's really good for Republican candidates. So Chen Shui-bian is putting this referendum on the ballot as a way of getting pro-Democratic Progressive Party (DPP) voters to the polls [thereby] increasing the turnout so they will vote for DPP candidates. It will have no real world effect because the rest of the world, the United States and others, is not going to be guided by this referendum and admit Taiwan to the United Nations under whatever name.

But it infuriates the folks in Beijing. They can't ignore it because now the public has the information [and] they can't hide it from people. There's a lot of pressure on [China's leaders] to react. They also have the problem of demonstrating that their threat to use force in the event of Taiwan's independence is still credible. [China has not] used force for quite some time, basically since 1996. They have a law now, an anti-succession law was passed [that is] basically a substitute to using force by [appearing] forceful. [China] has a law that says "We will use force in the event of three eventualities," one of which is a major event, major incident, toward independence. I can just hear the debate, people saying "Well if this is not a major event, what is? Why did we pass this law? Why are we helping modernize our military now if we don't use it?"

Of course, there is all this political correctness; [China's leaders] can't be seen as being soft on Taiwan. I don't think that there is going to be war, but things can happen. The Bush administration has taken a much tougher position on chastising Chen Shui-bian and Taiwanese politicians for provocative steps than the Clinton administration ever did. The hope is that by criticizing this referendum as a provocative step to change the status quo, which the United States does not support, Beijing will cool off. They will say, "Well, the U.S. doesn't support it so that's okay." You can see how much influence the United States has over its punitive friend, not formal ally, but ally-like government, and Taiwan, they don't listen. I argue in the book that we need to be even more muscular in trying to work this problem on both sides because it is a tremendous uncertainty and risk from the standpoint of U.S. national security because we might have to be involved there.

Ambassador Ravdan Bold: Recently an announcement was made in Beijing with respect to the incarnation of the succession of his Holiness the Dalai Lama because the succession should not be solved without the permission of the Chinese authorities. But most of the Buddhists in the world consider his Holiness their spiritual leader, including in the United States. There are seven million Buddhists in the country. Could you give us some small comments on this issue?

Dr. Shirk: The Tibet issue is one that we worked on very hard when I was in government and had some hope that there might be the beginnings of a dialogue with the Dalai Lama, which certainly Beijing should undertake because it is only going to get harder after the Dalai Lama. We thought maybe Jiang Zemin flirted with the idea, but then in the end it looked too risky to him. The insistence that Tibetan Buddhist leaders be gratified by the Chinese government is very similar to the position with the Catholic Church. It's a matter of the authority. China doesn't want to give any powerful organization with huge numbers of people supporting it, like the Catholic Church or Buddhism, the [idea] that the Pope or the Dalai Lama has as much or more authority than China's leaders. It is a sovereignty question. Even the Qing [Dynasty] insisted that the Dalai Lama be approved in Beijing. So it is not a new idea. I think they will continue to insist on it. With the Catholic Church, I was reading recently that there may have been some kind of informal way of working this so that they identified bishops who were acceptable both to Rome and to the Chinese. There was an informal consultation, a way of dealing with this problem. Maybe, conceivably, something similar could happen with Tibetan Buddhists.

Question: Monica Dorhoi. In light of the latest subprime mortgage and fear of global recession, what impact do you think it might have on the Chinese economy?

Ms. Thornton: I wondered if you could look out fifty years or even twenty years, what do you think the relationship will be between Taiwan and China?

Dr. Shirk: On subprime mortgages: I've read somewhere that China had about a \$10 billion exposure. Not trivial, but not huge. I think it's just another warning to China's technocratic, economic leaders who now are responsible for what to do with China's reserves and how to invest them of the dangers. Blackstone also sank after [China] bought a big chunk. I feel for these guys, for [China's economic advisors], who are in charge of investing China's government reserves. They want to get better return than just buying treasuries, but they must worry are they up to it, do they really know how to do this? In China, it's all so public. People are paying attention to this, there is a lot of publicity. [China's leaders] are going to get a lot of flak if they make bad investments. Of course they will make some good ones and they will make some bad ones. I think they will be quite conservative in their investments.

With China-Taiwan relations, the interesting thing is more than a million of Taiwan's population of 20 million live and work on the mainland. The two economies have become very integrated. If there was a way to keep all the political noise down, I think that that integration would be a force for real, possibly political, integration eventually. On the other hand, Taiwanese nationalism, Chinese nationalism, drives their [respective] politicians to take tough stands. What I hope happens is that there are negotiations to either stabilize the status quo with some kind of temporary agreement, or to devise some process of political integration that is called reunification but is extremely loose, a confederation that is more European Union-like, than the relationship between Hong Kong and the PRC. It can't be like Hong Kong, it has to be much looser.

Ms. Ellis: We have come to the end of an absolutely wonderful event. I think we have all learned so much and we're so lucky to have Susan Shirk with us tonight. Please make sure to get your books because she's going to sign them now. Thank you all for coming and see you next time.

Dr. Shirk: Thanks for the great questions.