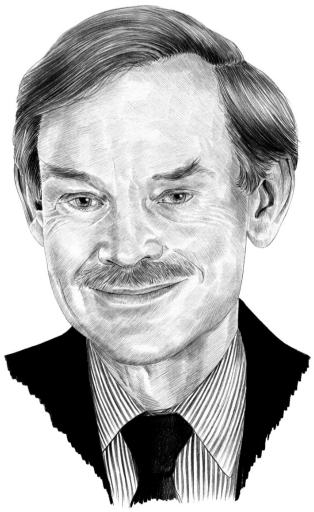
Q & A

Robert Zoellick on Accepting China as It Is

The former U.S. Trade Representative, diplomat and World Bank president talks about his 40-year relationship with China, including refreshing the WTO deal; the danger of fortress economies; why engagement hasn't failed; and what he thinks about Xi Jinping.

BY BOB DAVIS — AUGUST 5, 2022

Robert B. Zoellick has long played an important role in Republican security and economic policy-making circles, including policy towards China. During the George H. W. Bush administration he was a senior aide to Secretary of State James Baker and was eventually named under secretary for economic and agricultural affairs. Under George W. Bush, he was initially appointed U.S. Trade Representative when China was about to join the World Trade Organization. Later he became deputy secretary of state, where he notably urged China to become a "responsible stakeholder," igniting a debate about whether China was living up to its international obligations. In 2007, he was named president of the World Bank and, along with a Chinese government think tank, produced "China 2030," a roadmap for Chinese economic reform. A prominent critic of former President Donald Trump, Zoellick is author of "America in the World: A History of U.S. Diplomacy and Foreign Policy." This interview is part of ***Rules of Engagement****, a new series by Bob Davis, who covered the U.S.-China relationship at The Wall Street Journal starting in the 1990s. In these interviews, Davis asks current and former U.S. officials and policymakers what went right, what went wrong and what comes next.*



Robert Zoellick.
Illustration by Lauren Crow

Q: In "America in the World" you say the U.S. has long tried to convert China, whether to Christianity or capitalism or republicanism. That approach has failed. What's the best way to deal with China?

A: I find there are three themes [to U.S.-China relations]. One is China as a great commercial opportunity. That starts before we even have a constitution. Robert Morris, the financier of the American Revolution, sent the ship, the Empress of China, with ginseng from the Appalachian Mountains, and made a huge profit. China's always the shining possibility, slightly over the horizon.

The second is how China can be a power. This goes back to the 'Open Door' where the United States wanted to avoid the carve-up of China unlike the Europeans, Japanese and Russians. [The Open Door policy refers to U.S. statements in 1899 and 1900 calling for equal privileges for countries trading with China; the U.S. also backed Chinese territorial integrity.] Elihu Root, who was secretary of state [under Theodore Roosevelt] and secretary of war [under William McKinley] said that breaking up China would be like the end of the Roman Empire.

Then you've got Roosevelt during World War II thinking about China's potential, and you've got Nixon, Kissinger and triangular diplomacy in the 1970s.

The third is the missionary theme. It's quite unusual. The children of missionaries or the missionaries themselves wrote [popular books that shaped U.S. perceptions of China], like Pearl Buck. They become interpreters of China for the American public.

This missionary impulse — whether it's for capitalism, republicanism or Christianity — means you want to convert the other person. When that person rejects your conversion, there's a greater sense of hostility than just having a difference of opinion.

The conclusion I draw from all this that we need to accept China as it is, not as we wish it to be.

During the Tiananmen Square crisis, you were counselor to Secretary of State James Baker. Can you take us through the thinking that led to the initial sanctions, and then the decision to send National Security Adviser Brent Scowcroft to China quickly afterwards to assure Beijing that relations weren't shattered.

Let's go back one step further. My first visit to China was in 1980. My wife and I lived in Hong Kong on a fellowship for about half a year. We went to Macau and into China. It was only a day, but it gave me a wonderful reference point in future decades.

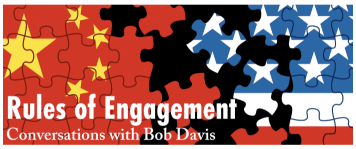


Illustration by Sam Ward.

More in this series:

Charlene Barshefsky on Why Engagement with China is More Important Than Ever

Matthew Pottinger on Flipping the U.S.-China Paradigm on its Head

Lawrence Summers on the Principles of a Multipolar System

In February 1989, I was with President George H. W. Bush and Secretary of State James Baker when Bush visited China before Tiananmen Square. This was the moment where Bush was trying to establish his policy towards Gorbachev in the Soviet Union. Part of his discussions, including with Deng Xiaoping, were about Chinese attitudes towards the Soviet Union.

I was at the end of a long U–[shaped arrangement] of tables and Deng started to talk about the mulberry. I'm thinking, 'Oh, a mulberry leaf.' I was so jetlagged. And then he held up his hand and he said, 'Historically, China is shaped like a mulberry leaf. But Russia and then the Soviet Union have eaten into the mulberry leaf along the edges. Until that is rectified, we will always be wary of the Soviet Union.'

Deng was one of the great historical figures. I remember him sitting in the chair and his legs were too short and so he was swinging them to hit the floor.

BIO AT A GLANCE	
AGE	68
BIRTHPLACE	Evergreen Park, Illinois, USA
CURRENT POSITIONS	Senior Fellow at the Belfer Center at Harvard and Senior Counsellor at the Brunswick Group.
MARITAL STATUS	Married, with two cats and two birds.

With Tiananmen Square, given President Bush's experience with China, he was, as Baker used to say, the China desk office. He was the one guiding the policies. [George H. W. Bush was U.S. envoy to China in 1974–1975 before the U.S. formally recognized China.]

When people look at the end of the Cold War, they tend to look at Europe or they look at Asia. When you're in office you're looking at things happening at the same time. Tiananmen Square happened right after we

returned from a very important NATO summit with a conventional forces proposal [that would] help solidify NATO.

> **I suppose some people will say after Tiananmen Square, we should have isolated China as best we could for the rest of perpetuity. That was not the Bush administration's approach.**

It was very much President Bush's view that he wanted to try to maintain ties with China while recognizing the public outrage. He was the one behind Scowcroft going there. Because Baker was always of the view that the NSC [National Security Council] shouldn't be conducting diplomacy [Deputy Secretary of State] Larry Eagleburger went with them. Frankly, I was not informed about those decisions. When I later saw the pictures, and the toast, my heart sort of sank. [Photos of Scowcroft exchanging toasts with Chinese Foreign Minister Qian Qichen appeared worldwide.]

NEW YORK, SUNDAY, DECEMBER 10, 1989 $1.50 beyond 75 miles from New York City, except on Long Island. $1.25

Brent Scowcroft, right, the national security adviser, toasting Prime Minister Qian Qichen of China yesterday at a state banquet, part of a previously unannounced visit by American officials to Beijing. Reuters

TOP AIDES TO BUSH ARE VISITING CHINA TO MEND RELATIONS

SEEK COMMON INTERESTS

In Unexpected Policy Shift, Scowcroft Announces End to Beijing Quarantine

By STEVEN ERLANGER
Special to The New York Times

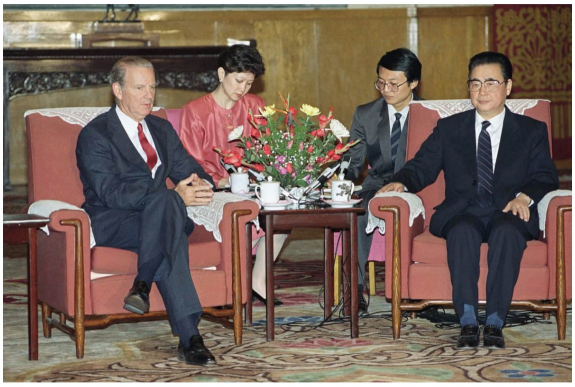
BEIJING, Dec. 9 — The White House national security adviser, Brent Scowcroft, made a surprise visit to Beijing today and said he had come as an emissary of President Bush "to bring new impetus and vigor" into United States-Chinese relations.

Ending a suspension of high-level contacts with China imposed after soldiers in Beijing killed hundreds of democracy demonstrators in June, Mr. Scowcroft said it was time for the United States and China to find areas where agreement is possible and "to isolate for another time those areas of disagreement."

A New York Times article covering Brent Scowcroft's visit to China, featuring an image of Scowcroft toasting Qian Qichen. *Credit: The New York Times*

But from a strategic point of view, one could see the rationality. A couple of years later, we had the Gulf War. Baker and Bush were trying to put together a UN Security Council resolution. Baker, who had a shrewd political mind, believed we would have a hard time getting the votes in the Senate for the war, absent such a resolution.

Baker wanted a positive Chinese vote. We got an abstention. Based on that, Baker went to Beijing in late 1991. This was really the first open diplomatic engagement [after Tiananmen Square]. It was a very tough trip. For a couple of days, the Chinese were basically stonewalling on everything. We had a conversation outside, figuring they would know what we were thinking anyway — which was that Baker was going to leave.



James Baker, left, meeting with the then Chinese Premier Li Peng, right, in Beijing. 16th November, 1991. *Credit: AP Photo/Greg Baker*

After that, we got movement on nuclear proliferation issues. China had been the main problem with nuclear and missile proliferation. After this meeting, they fell in line with norms for proliferation.

There was also the renewal of economic discussions. We had started APEC [the Asia-Pacific Economic Cooperation forum] '89 in Australia. The South Koreans hosted the third meeting in 1991, but Korea didn't have diplomatic relations with China. So my office intermediated and we brought Taiwan, Hong Kong, and Beijing into APEC. That restarted the nature of the relationship with China. [Zoellick was then Undersecretary of State for Economic and Agricultural Affairs.]

I suppose some people will say after Tiananmen Square, we should have isolated China as best we could for the rest of perpetuity. That was not the Bush administration's approach and as we have seen in later periods, whether it's on security or economics issues, that was to the U.S.'s advantage.

Was it difficult to get China to agree to Taiwan becoming a member of APEC?

MISCELLANEA	
BOOK REC	*The Road Less Traveled: The Secret Battle to End the Great War, 1916-1917* by Philip Zelikow
FAVORITE MUSIC	Classical and Country & Western
FAVORITE FILMS	Casablanca and Zulu
PERSONAL HERO	Abraham Lincoln

No. We had a precedent that Taiwan was a participant, as an economy, in the Asian Development Bank. Later, [as U.S. Trade Representative] when I completed the negotiations for China to come into the WTO, [World Trade Organization] we brought in Taiwan as well.

With the response to Tiananmen Square, did the Bush administration set a pattern where China rightly thinks that human rights concerns will never outweigh commercial concerns for the U.S.?

Bush's statements, combined with Congressional reaction and the sanctions were pretty strong medicine and had an effect on China.

At times, the United States will have common interests with China that it should try to pursue. At other times, we'll have differences, and we should be forthright about those.

While Bush was a realist, even on that first visit I mentioned, we went to his small Christian Church, which was sort of a hole-in-the-wall operation. That was a way of symbolizing to that community our support for freedom of religion. So I don't think it's an either/or. The reality is governments have to balance things.

In the George W. Bush administration, you started as U.S. Trade Representative when China was about to join the WTO. What was your responsibility regarding that?

I also worked with then Governor Bush on his 2000 campaign, and we discussed China during that process. The term 'strategic competitor,' which has now come back into common usage, was one that Bush 43 used during his campaign. At the same time as we were thinking about the strategic relationship with China, this was also the start of our strategic relationship with India. There was a geopolitical perspective of China from President Bush. It's a combination of a hedging and balancing — with an integration.

When President Hu visited President Bush, one of the more striking recollections that Bush took away [from the visit] was when he asked Hu, 'What keeps you up at night?' and Hu said, 'Finding jobs for 20 million people a year.'

> **Chinese commitments for its WTO accession were much deeper than other developing country commitments.**

On the trade issue, [U.S. Trade Representative] Charlene Barshefsky and the Clinton administration had made the bilateral accord with China to join the WTO. But they hadn't finished multilateral terms. I started on that quite early in 2001. I checked with the president after the [dispute with China over the EP-3A spy plane which made a forced landing on Hainan Island after colliding with a Chinese fighter jet]. I said, 'You want me to slow this down? You want me to stop this? And the President said, 'Look, this is a relationship we need to continue. You should go ahead with the process.' I think he recognized the benefits to both sides and that the United States alone was not going to stop China's economic development.

Not long after that you have 9/11. China was a cooperative partner trying to deal with terrorism.

To be more specific on the WTO, by the time I took this over, the question was, 'What would be some of the multilateral rules? How best can we push China towards openness and rules, while also adding Taiwan [to the WTO]?'

Chinese commitments for its WTO accession were much deeper than other developing country commitments. I think they're probably better on agriculture than the U.S. has with the European Union. In the multilateral area, I negotiated some reductions in their ability to use agricultural subsidies. There were also some particular corporate issues related to insurance, licensing, and other issues.

It was an enjoyable negotiation. Early in 2001, around April or May, I was attending an APEC ministerial, this time held in Shanghai. I was under no time pressure. I was going to get what I wanted to get. The Chinese were feeling the time pressure because they wanted to complete this by the time of the December 2001 WTO ministerial.

There is a view now that China's WTO accession was a lousy deal for the U.S. and that China basically cheated its way to prosperity. What do you think?

Chinese trade minister Shi Guangsheng claps on the second day of meetings of the World Trade Organization in Doha, Qatar, Saturday, 10th of November, 2001, as China formally becomes a member of the WTO. *Credit: AP Photo*

When people make this charge, they never address the fact that the U.S. did not agree to reduce any barrier. China made all the commitments.

There is an economic argument that by bringing them into the WTO and having Congress voting for what was called permanent normal trade relations, that gave more comfort to investors to make investments.

The Chinese commitments are pretty extensive, and the facts are indisputable. China was the fastest growing U.S export market for 15 years.

> **…did it create huge openings in the China market? Yes. Is there also a need to continue to refresh [the WTO deal] as time goes on and as you learn about different problems? Yes.**

A lot of the complaints about China today involve areas where there aren't WTO rules, like with state-owned enterprises. If the United States wants to press those issues, it needs to negotiate additional rules, or create organizations like the Trans-Pacific Partnership [a trade pact rejected by President Trump] to establish broader rules.

There's no doubt that there has been an ongoing problem with violation of intellectual property rights. But it's become less of a problem because Chinese companies now have greater interest in intellectual property. A few years ago, China created intellectual property rights courts in response to complaints, and they were finding for foreigners about 85% to 90% of the time. But the penalties aren't high. If I were negotiating, I'd be negotiating higher penalties.

Another area that has bothered companies is forced technology transfer. This is prohibited under [WTO rules]. It's very hard to get the evidence from U.S. companies to bring cases because they're afraid of retaliation. I would probably focus China on removing joint venture requirements because the joint ventures create the temptation for this.

I don't mean to suggest that everything is always great and fine with China. The question is, did it create huge openings in the China market? The evidence is quite strong: Yes. Is there also a need to continue to refresh [the WTO deal] as time goes on and as you learn about different problems? Yes.

Charlene Barshefsky criticizes the Bush administration mostly and the Obama administration for not using a provision that made it easier to bar Chinese imports if they were surging and hurting a particular industry. Bush didn't use them at all. Obama used them only once. If you had used the provision, would that have allowed American communities and industries to adapt more easily?

I have a lot of respect for Charlene. I think she negotiated a good deal. I've seen her argument on the safeguards, and frankly, I think it's a rationalization to try to deal with some of her critics.

As you mentioned, the Obama administration used it once. Well, why was that? They were pressed by the unions to initiate a case for tires. As it turned out, the economic analysis showed that probably cost about $700,000 or $800,000 [to save one] job in the tire industry. Plus, the Chinese retaliated so we lost the benefit of exports. [Editor's Note. Peterson Institute for International Economics actually estimated the cost at $900,000.]

> **American hostility to China would not be removed by a few tiny safeguard cases.**

It's not that we ignored [the import surge provision]. There were three cases. The first one was for pedestal actuators, which are parts in chairs that disabled people use to allow the seat to move up and down. It turned out there was only one other producer and that wasn't even in the United States. And I don't think it's such a good idea to raise prices for disabled people's mobility.

A second case was hangers. I remember thinking about all the Korean dry cleaners across America that work on very small margins. How does it really help America to increase the cost of wire hangers?

And the third one involved a firm that was under some labor law violations and maybe even criminal violations. Is this a firm that we want to try to help protect versus others?

But the bigger picture is that American hostility to China would not be removed by a few tiny safeguard cases.

Would it have made a difference if the cases involved important industries ?

Well, we had steel tariffs [under President Bush and other administrations]. Did that satisfy the steel industry? Did that remove their antagonism towards China?

I was a big believer that we needed to hold China to its commitments. Did you want to use the safeguard mechanism to block some of their exports and increase costs, or did you want to try to open their markets? The real danger of the international system today is we're going to create fortress economies trying to produce everything on their own. It won't work and it'll be costly.

In 2005, when you were deputy Secretary of State, you called on China to become a 'responsible stakeholder' in global affairs, and you described actions they could take, including helping with North Korea, nuclear proliferation global terrorism, and by allowing village and grassroots elections. What is your assessment about how well they have acted?

A still from a C-SPAN video of the House International Relations Committee hearing on the topic "A Resurgent China: Responsible Stakeholder or Robust Rival?". 10th May, 2006. *Credit: C-SPAN*

Around this time, in 2005, a man named Zheng Bijian, who was a policy thinker with some of the prior leaders, published an article in Foreign Affairs about China's peaceful rise. This prompted me to think about whether, as a matter of U.S. policy, we should have a response. So I pulled together people from across different offices in the State Department and a number of outsiders for some seminar discussions.

The key observation we had was that by 2005, seven Presidents had sought to integrate China into the international system. China was in the WTO, the IMF, the World Bank, the UN Security Council, and they had a series of international agreements from nonproliferation to environmental issues. The question was, 'What should be the next thing?' The logic of 'responsible stakeholder' was to focus on norms, not just structure and to say, 'Look, this system has served China pretty well. You have a responsibility to work with the United States to try to help the system.' I didn't say China was a responsible stakeholder. I was urging it to be one.

I was a diplomat, and this was a diplomatic strategy. I find it odd that people would complain about an idea that says to the Chinese, 'Look, we want you to bear more responsibilities, and we, the U.S., will be the judge.'

The *Wall Street Journal* ran an article that people in China had a hard time finding the meaning of 'stakeholder'. This is a speech writer's dream. You've got everybody talking about your concept and what it means. I later ran into a younger Chinese diplomat, who said to me that he stayed up all night writing cables to Beijing trying to explain why he thought this was a positive opportunity for China.

Robert Zoellick and Wen Jiabao. *Credit: World Bank/Wu Zhiyi*

After I gave the speech, I was sent to China. I saw Premier Wen Jiabao. It was kind of poignant. He really wanted to discuss my speech. But I wanted to discuss the preparation for President Hu's visit [to Washington]. He had this long, thoughtful comment about my speech. How often does that happen in diplomacy? I kept emphasizing that we need you to step up on Iran and North Korea and other areas.

As I got in the car, a Chinese vice minister said 'Don't worry. We get the message on Iran. But, of course, we can't do exactly what you do. We have to be a little different.' And, number two he said we have interests that we have to watch out for. And, three, he said the Iranians are a little crazy, we're not sure what they'll do.

I stopped the car and I said, 'Look, this is exactly the sort of dialogue I want to have. Set aside trying to please the United States, which I'm glad you're seeking to do. Let's think about China's interest if Iran develops a nuclear weapon, and it denies the Holocaust and Israel's existence in the prime energy-producing region of the world. What do you think it's going to do to China's energy security?'

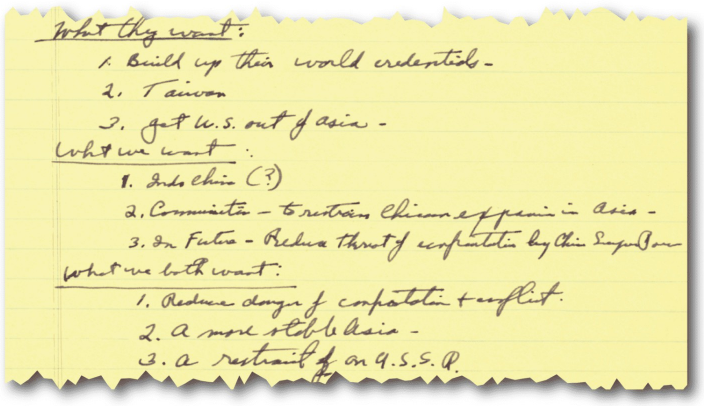
This is a larger point. I think it was Fareed Zakaria who said between 2000 to 2018 he looked at 190 UN Security Council resolutions on sanctions and things the U.S. wanted, and China went along with 182. Sometimes they required adjustment of language and watering it down a little bit. If you want to get cooperation with China on Iran, or for that matter, Russia and Ukraine or North Korea, you're going to have to have some sort of dialogue where you can find mutual interests.

So you think it's worked out? How would you grade them on becoming a responsible stakeholder?

At least during the Trump administration, I'm not sure that either country was really acting as a responsible stakeholder in the system.

I think China's had a two-track approach in foreign policy. One is to work within the system, try to promote its norms, its values, and put its people in places [to promote China]. The problem in the Trump years was that the United States was pulling away from these institutions that we had created.

But there is another strand or Chinese strategy, which is based on the tributary state concept. I think the Belt-and-Road is the best example. You can benefit from a relationship with China as long as you pay tribute and recognize who's in charge and you don't challenge the role of the Communist Party.



A note written by Richard Nixon before his flight to China in 1972. There are three headings, "What they want", "What we want" and "What we both want". *Credit: The Richard Nixon Foundation*

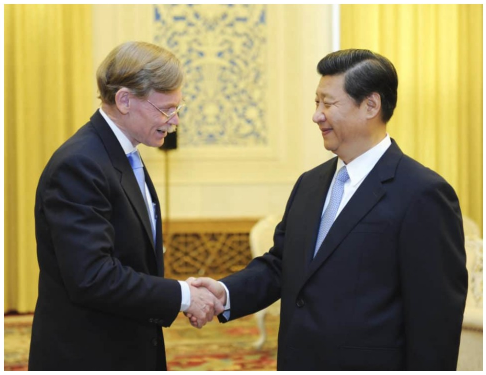
I'm in adamant disagreement with some of the people now in the Biden administration who, for political reasons, have come up with the argument that engagement has failed. Remember, 50 years ago, when Nixon and Kissinger started this relationship, China was an outright enemy of the United States. It wanted a worldwide revolution. It was a partner of North Korea. It was supplying North Vietnam. We certainly transformed the nature of the strategic relationship. If you look at the '70s and '80s, a lot of the proliferation programs, nuclear weapons and missiles in North Korea, Pakistan and elsewhere that we're troubled by today came out of China. That has totally changed.

I was also president of the World Bank during the time of the global financial crisis. China had the biggest global stimulus program — much more than Germany and others. It was the largest source of global growth.

It's not that everything is hunky dory with China. Diplomacy is an ongoing activity. Now and then you'll have differences that you have to manage.

You knew Xi Jinping for some time before he became leader. What's your take on him?

I have known Xi Jinping since my State Department days. There's no doubt that Xi has moved things in a party and state-sector direction. There has been more bullying, and the United States needs to work with its allies to respond to that.



Robert Zoellick and Xi Jinping, September 2011. *Credit: World Bank/Wu Zhiyi*

Xi visited the United States in 2006 [as party secretary of Zhejiang province]. I was deputy Secretary of State and was one of the people he met. I visited him in Hangzhou as a private citizen before I joined the World Bank [also in 2007] and we had about a two-hour lunch and a wide-ranging discussion. Then when he was vice president, I would often have private sessions with him. I saw him a couple of times when he became president.

One time, I was in a small session with him and had a chance to ask a couple questions. I was trying to get a sense of his development priorities. His answer was very telling. He started by saying, 'The 86.68 million members of the Communist Party…' I had been dealing with lots of prime ministers and chancellors and presidents by then. If I'd asked any one of them about their economic development strategy, they wouldn't have given me their party membership. I think that was

a rather strong indicator [of the direction Xi would take].

> **With [Premier] Li Keqiang, you could have some good discussions about their economic ideas. For Xi, it was about reforming the party.**

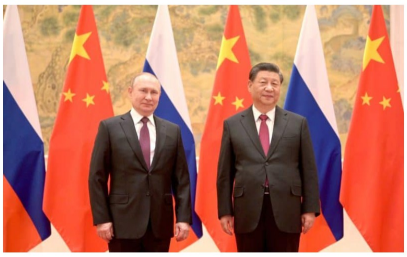
Another indicator is that he commissioned a documentary film about the end of the Soviet Union and he ordered all the party cadres to see the film. If such a film were made in Europe, Gorbachev would be the hero that helped in the Cold War. The Chinese version is a little different. Gorbachev is the fool that abandoned the Communist Party, which leads to the destruction of his country and economic collapse. The not-so-subtle message is that it's not going to happen here.

To bring it back to the personal contact, at least during the time that I knew him, unlike Putin, who I also met over the years, Xi has a more affable exterior. As I would try, in almost a journalistic way, to learn a little bit more about him, I would ask questions. I learned about his swimming and some of his personal experience but there was a wall you couldn't penetrate. I think one has to recognize that if you lived in a cave for ten years during the Cultural Revolution, and then climbed up the greasy pole and are now at the top of the Chinese power system, you're not going to give too much away.

I also got to know Bo Xilai [Xi's main rival Communist Party leadership before he was jailed for corruption in 2012] quite well. I visited him when I was at the World Bank. I think part of what we're dealing with Xi is that [the Bo Xilai affair] was a frightening moment. [As Bo clung to power] you had one of his security officials [Wang Lijun] come to the U.S. Consulate. There are so many stories at a depth that we don't understand about the politics of the system.

I also found Xi to be less interested in economics. With [Premier] Li Keqiang, you could have some good discussions about their economic ideas. For Xi, it was about reforming the party. As you know, he felt that the Hu-Wen years were kind of a lost decade. His reform of the party was partly as a Leninist and partly because that was a way he strengthened his hold on power.

I think today, Xi has a little bit of the Putin problem. With COVID [and other issues], he's been cut off from other discussions and leaders. I personally think a lot of the Chinese developments of state capitalism, economically are not going to work out well for them.



Putin and Xi meeting before the Beijing Winter Olympics, 4th February, 2022. *Credit: Presidential Executive Office of Russia via Wikimedia Commons*

Take the war with Ukraine. Clearly Putin has a relationship with Xi. Xi wants to back the 'no limits' partnership [referring to a Feb. 4, 2022, China-Russia declaration]. But I think they misread the effect of Russia's attack on Ukraine on European opinion. I think this has been a real body shock to the European sense of security, and it's led to more anxiety about China in the process. Who knows what will happen on the ground [in Ukraine]: But if you ask yourself, if there's one power in the world that might, at the appropriate point, tell Putin, 'Look, it's time to reach a settlement,' the only candidate would be Xi. Now, I don't think he'd be disposed to do that. But I do think as a matter of diplomacy, we should try to keep that door open and urge China to differentiate itself from Russia.

Xi has reaffirmed that no-limits alliance. What could the U.S. do to try to influence Xi to help bring about an end to the war?

The fundamental problem is that after four years of Trump and a year of Biden, the Chinese have decided, with some logic, that the U.S. will not accept China's rise. When they see sanctions and other actions against Russia, they think, 'We're next.' So first you would have to reestablish some dialogue about possible mutual interests. It will take a while to rebuild trust. It's not just going to happen with words. It's going to have to happen with sort of small actions over time.

I would look for an opportunity, for example, with reconstruction in Ukraine. I've been doing some work on how we're now in a war of attrition, where economic support for Ukraine is going to be vitally important, not only for survival, but for long term reconstruction. I'm urging the G-7 to make a statement on this. I would open the door to China and say, 'Look, why don't you support us with the reconstruction of Ukraine, which is a way of digging yourself out of the hole with Russia without embarrassing yourself along the way.'

I'm hoping that some of [National Security Adviser] Jake Sullivan's meetings with [Chinese foreign policy chief] Yang Jiechi start something. But I think there's another problem. Yang Jiechi is very experienced but he's likely going to retire. What political risks is he going to take to sort of move this forward? Probably not too many.

National Security Advisor Jake Sullivan speaking at a meeting with CCP Director of the Office of the Central Commission for Foreign Affairs, Yang Jiechi, in Anchorage, Alaska. 18th of March 2021. *Credit: State Department photo by Ron Przysucha/Public Domain via Wikimedia Commons*

So I'm watching to see the [membership of the] next standing committee of the Politburo to see if there will be somebody that you could have a quiet dialogue with. Then you have to find out who's going to do it on the U.S. side, as well. President Biden has recognized this. He could see the spiral downward and he called Xi and they had a phone conversation. But then there's nothing to pick it up afterwards.

Is there someone in the Chinese system you think the U.S. can negotiate with and would be interested in that kind of dialogue?

I hesitate because you asked for a name. I don't want to hurt the person. But I would say that [Politburo Standing Committee member] Wang Yang, who's sort of number three in the hierarchy now. I met him when he was [Party Secretary] in Guangdong. He's very savvy and he's very smart, and he's done a good job with economic reform.

He comes from the [Communist] Youth League as opposed to the red princelings network [which Xi hails from]. If he became Premier, might he be such a person? One would hope so. The fact that he would be moved to that position would signal that some of the forces that I've described are at work, as opposed to somebody who comes from the security system and the dark side.

I visited Wang after [he dealt with protests as party secretary in Guangzhou in 2011]. I kind of indirectly said, 'You seem to deal with the protest in a different sort of fashion.' He had a very good answer. There were a number of people around him, so I didn't know how frank he would be. He said, 'You know, the Party is there to serve the people and the Party wasn't serving them.' He brought it right back to their lexicon, but in a more effective way.

From left to right, Secretaries Jack Lew and John Kerry, President Xi Jinping, Vice Premiers Liu Yandong and Wang Yang, and State Councilor Yang Jiechi, at the Opening Session of the U.S.-China Strategic Dialogue in Beijing. 6th June, 2016. *Credit: U.S. Department of State via Flickr*

With Xi you have another way of looking at it. To a degree, this is the issue with Putin too. These guys have seen — as frankly most American officials haven't — how far you can fall and how bad it is when you hit the bottom of the pit. Some of the intellectuals [in China or Russia] might have hoped for a more open and reformist system, but I think with these guys, they don't want any risks to their power.

What do you think of the paradigm that the Biden administration uses — that it's democracy versus autocracy?

I understand the political motivation, and I believe the United States should stand for values and democracy. I wouldn't use it the way the administration is using it.

I'll give you a present example. The Biden administration has worked well with the EU and U.K. and others in putting together a coalition with sanctions in dealing with Russia's attack on Ukraine. But look at what I call the abstainers. Look at the number of countries [voting to abstain on resolutions condemning Russia] in Africa, Asia, the Middle East, and Latin America. Why is this?

Some of them are sympathetic to Ukraine because of territorial borders. But they're also concerned about food and energy prices, and higher interest rates and debt. Are all those countries democracies? No. But do we want to try to bring them into a system that respects what we'll call the prevention of impunity of action against international law? Yes, we do. That is an example of where you can still encourage people and support principles of democracy.

At the end of the Trump administration, Deputy National Security Adviser Matt Pottinger tried to form what he called an economic NATO. If China squeezed a country, economically, a quasi-alliance of countries would buy the imports that China barred. It would be a way of dealing with economic aggression. Do you think that is a good idea?

As a general principle, should we try to assist countries that are being bullied economically? Yes, I think so. But I get a little weary of [proposals where] where we're going to rule in and rule out countries. If you take that too far, again, it's a rationalization for trying to contain the Chinese economy. I don't think you're going to get many takers in the region for that.

I would ask Mr. Pottinger, would you support a Trans-Pacific Partnership, where we have higher standards and rules with all these countries? Would that be a mechanism we try to have? That's the way to create a more incentive-based system as opposed to a 'how-do-we-

strike-back' sort of system.

You have called for the IMF to have its SDR members — which includes the U.S,. China, U.K., EU, and Japan — work together to review the global economic situation. [The SDR, or Special Drawing Rights, is an IMF-created reserve asset. Some see it as a proto-currency.] Is that a way to revive a more positive relationship with China?

Robert Zoellick visiting a panda conservation center in Sichuan. 25th of January, 2006. *Credit: AP Photo/Elizabeth Dalziel*

Well, just to give you a little context, China and the World Bank had always had a very constructive relationship dating back to [World Bank President Robert] McNamara and Deng Xiaoping in the 1980s. In one of my first trips [as World Bank president] I went to Sichuan province and brought some memorial of the McNamara-Deng relationship which the Chinese appreciated.

The reason I emphasize this is that the United States can be skillful in using these multilateral institutions in testing ideas. If the U.S. told China today, you must do X, Y and Z for your economy, you know the likelihood of success. But if you do it in a multilateral forum with experts and others, I think there might be a moment.

With the IMF, I was thinking about the cooperation with China during the global financial crisis and the eurozone crisis. It was pretty good and pretty effective. [Bush Treasury Secretary] Hank Paulson notes in his book ["Dealing with China"] that the Russians said, 'Oh, this is the time to show the United States is a paper tiger. Let's dump all the dollars.' And the Chinese said, 'Well, we don't think that's a very good idea.'

If we had a similar financial crisis today, we wouldn't have anywhere near the same degree of cooperation and coordination. The SDR group is a convenient group.

> **… economics is the coin of the realm. If you want to be influential in an Indo-Pacific strategy, you better be there economically.**

Given the low level of cooperation, if the head of the IMF convened their finance ministers and the central bankers once a quarter and said, 'Well, how do we look at the world? What are the challenges with developing debt? What about agriculture, and the food crisis for poor countries? —You would start to get a sense of how they view things.

Building on that you can start to come up with some ideas. Should we try to do something about food prices? Export bans for food? Getting food through the Black Sea? Then you're also better positioned when a crisis strikes to act in some cooperative fashion.

The G-20 is there but the G-20 is big and sort of stalled. This would be a core group. You're not giving anything away to the Chinese or others in doing this. You're just trying to build a spirit of cooperation and common interest.

What do you think of the Biden administration's proposed Indo-Pacific Economic Framework?

The positive is that they recognize, as anybody who spent five minutes in East Asia will recognize, that economics is the coin of the realm. If you want to be influential in an Indo-Pacific strategy, you better be there economically.

The minus is, what's really there? Is it just posturing and statements? From what I've seen, [Commerce] Secretary [Gina] Raimondo has been trying to make something more of this. [U.S. Trade Representative] Katherine Tai is the anti-Trade Representative.

Katherine Tai and Gina Raimondo at the 2021 US-EU Summit in Brussels. 16th June, 2021. *Credit: Office of U.S. Trade Representative via Wikimedia Commons*

As a practical person, I try to say what area could develop? There's important work to be done on climate and some health aspects. But I think the biggest one is digital and data treatment. Katherine Tai says, 'Oh this would be helping the tech industry,' and the progressives don't like the tech industry. I mean, whether it's American agriculture or machinery, everything requires data. I think you can find a balance where you get to allow data flows, while also respecting a country's ability to set their own rules on privacy.

I've been spending a little bit more time with some members of Congress in both parties. I know the cognoscenti of politics here think trade is a dead issue and that we all have to be protectionist. But you can start to see the ice break. With inflation, people start to realize, [protectionism is] costly. Number two, the steel industry got its protection, but there are a lot of steel users in the system. People feel we're falling behind China, in East Asia. [A push for trade] won't work unless you've got the executive branch pulling this together.

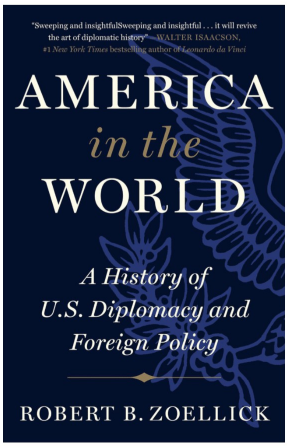
Why do you call Tai the anti-Trade Representative?

She's protectionist. She doesn't want to open markets. If you listen to her in interviews and people ask, 'What about market access?' That's not on her agenda. She'll talk about labor rights or some environmental issues.

I believe it's not such a bad thing for a trade representative to try to promote more open trade.

The Biden administration is considering dropping tariffs. You were saying, they should get something for it. Is this an opportunity to interest the Chinese in talking?

It's a little hard to do these piecemeal. You have to at least start to rebuild trust. If the U.S. is full of news stories about the pressure to remove our tariffs, and then we rush and say, 'Let's do a deal,' your hand isn't as good, right?



America in the World: A History of U.S. Diplomacy and Foreign Policy, by Robert

Katherine [Tai] would always say 'I need these [tariffs] for leverage.' I didn't object to that concept, but at some point, you have to move.

Having said that, I think if the administration tried to signal that they wanted to defuse some of the tensions and you could find mutual interests, I think you could find some receptivity on the Chinese side. Until you get through the Party Congress [in the fall which is expected to confirm Xi Jinping's third term as president] all this is filtered through the lens of Xi's set of needs. But even in that context, to try to be seen as letting some of the steam out of the relationship, reducing some of the barriers — I think you could probably do that.

Anything you miss about your times in China?

Zoellick. Published on the 4th of August, 2020, by Twelve Books.

When I was at the World Bank, I made a real effort to try to get beyond Beijing and Shanghai. I visited lots of places in the middle of nowhere in China. Of course, the Chinese authorities appreciated that because I got to see that its economic development is varied.

I had some fantastic morning runs in a number of these places. I was once in a kind of classic Chinese town where they were building high rises and there were lots of open blocks. It was after the summer , so I was in probably better shape. One of my security guards was about the same height as me — a tall *gwailo.* He was a former [Army] Ranger. The Chinese police runners stayed with him because they assumed it was me, even though I was running ahead.

Bob Davis, a former correspondent at *The Wall Street Journal,* covered U.S.-China relations beginning in the 1990s. He co-authored "Superpower Showdown," with Lingling Wei, which chronicles the two nations' economic and trade rivalry.

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