

Elizabeth Economy Xi Jinping's Third Revolution and the Future of U.S.-China Relations

China Program Winter Colloquium | Shorenstein Asia-Pacific Research Center | Stanford
January 30, 2019

Thanks so much, Jean, for truly that lovely introduction. It's really a great pleasure to be here. I will say that on the political list, I was sandwiched between Henry Kissinger and Peter Navarro, neither whose views on China I particularly subscribe to. But in any case, it really is great to be here and have the opportunity to speak with such a really expert and distinguished group to share my thoughts on China, but also to hear your views. So I'm really looking forward to the Q&A and also just your comments and your thoughts about what's going on in China today.

I thought what I'd do is begin by talking about how I see Xi Jinping transforming Chinese domestic and foreign policy, in large part because I agree with one of the preeminent Chinese scholars, Wang Jisi, who has said just about six months ago that the reason that U.S. policy has changed is because China's policy has changed. And I think that's just something important to bear in mind. And, hopefully, as I talk about the changes underway in China, that you would begin to understand, if you don't already, what Wang is referring to. And then I will talk about the U.S.-China relationship towards the end.

So let me begin just by taking you back, but not too far back, just to October of 2017 and the 19th party congress, when Xi Jinping was re-elected as general secretary of the Communist Party for his second five-year term. And in his acceptance speech, which ran three and a half hours, about halfway through, he uttered the phrase, "China has stood up, grown rich, become strong." And then a little bit later, he said, "And is moving towards center stage."

And that phrase, better than almost anything else that I've encountered, really encapsulates, I think, China's political development and ambitions, as well as how Xi Jinping views his own tenure within the context of contemporary Chinese political history. And the way that I have come to understand this is in a set of three revolutions. The first revolution is China standing up, as he put it. And this is, of course, Mao Zedong, 1949.

China has stood up against—the Chinese Communists have stood up against the ruling party at the time, the Kuomintang, as well as the Japanese invaders, to create the contemporary Chinese Communist Party-State. Fast-forward 30 years, and you have, well, Deng Xiaoping, himself, turned the second revolution in 1979. And this is China becoming rich. This is Deng Xiaoping introducing the market into the Chinese economy, allowing civil society to blossom, establishing Chinese nongovernmental organizations, welcoming foreign influence, both in terms of foreign capital but also foreign ideas.

Deng Xiaoping often said that China had a lot to learn from the outside world. He also moved away from the one-man authoritarian rule of Mao Zedong to a far more consensus or collective-based decision-making process. And he very famously said that China should

maintain a low-profile policy. He wanted not to be distracted by external events and challenges but to focus on improving the living standards of the Chinese people.

And then in 2012, just a bit more than 30 years, again, we have the advent of Xi Jinping, and this is the period of China growing strong and moving towards center stage, or Xi Jinping's great rejuvenation of the Chinese nation.

And I argue that in the process of realizing or moving to realize this Chinese dream, Xi Jinping has really upended much of Deng Xiaoping's second revolution and has put in motion four significant strategic shifts in Chinese domestic and foreign policy. So what I'd like to do is lay out those shifts for you and then talk a little bit about how I think the U.S. should respond.

So the first big shift under Xi Jinping is the shift away from Deng's consensus- and collective-based decision-making process back toward a more single-man authoritarian role. And I should say that collective consensus space, decision-making process is still within the context of an authoritative political structure but back toward a really one-man rule.

How has he done this? First, he had amassed an enormous amount of institutional power on his own hands. He sits on top of at least eight of the most important commissions and committees that oversee broad swaths of Chinese domestic and foreign policy, cyber policy, economic reform, national security. Typically, more of these commissions might be shared among other members of the standing committee of Politburo, but Xi has really taken a hold of the top position in many of these most important ones.

He also, of course, has launched a very significant anti-corruption campaign. There is nothing new about anti-corruption campaigns in China. They date back centuries. They are really a staple of Chinese political life. Mao launched his first anti-corruption campaign within the first two years of assuming power in early 1950s.

But I think what has distinguished Xi's anti-corruption campaign is both the duration of it—it's now in its sixth year—but also its robustness, if that's a word. Because every year, more Chinese officials have been detained and punished than the year before. So this past year, in 2018, some 620-odd-thousand Chinese officials were detained, and in some form or another, punished. The year before that, it was 500 to 1,000-some. So we're now over two million Chinese officials who have been caught up in this anti-corruption net.

Many people will ask, "So is the anti-corruption campaign real or is it simply a function of Xi Jinping's effort to eliminate his political enemies?" The answer, of course, is it's both. Certainly he doesn't have two-and-a-half-million political enemies down to the local people's congress in Hubei or something. But there was a study that was done—and I'm not sure whether it's been published or not, I haven't seen it come out yet—by a professor at Harvard, who looked at the first, probably, I guess, three to four years of Xi's anti-corruption campaign and found that at the level of vice minister and above, that roughly 40 percent of the officials who were targeted were, in some way, connected to factions or political groupings that were viewed as competitive to Xi Jinping. And others have noted that in places where Xi Jinping has

spent a lot of time, as he rose up through the party ranks, fewer officials have been arrested or detained than in some other places.

So I would say the anti-corruption campaign is real. It is something that he talked about all the way up his political trajectory. He often talked about how officials should not use their positions for personal economic gain when he first came into power. It was the very first thing he targeted saying that corruption, if not addressed, could be the death of the Chinese communist Party, even the death of the Chinese state. So I don't think this is something that he's manufactured as a mechanism to just eliminate his enemies. It's real. But that's not to say that he hasn't used it, right, because there is no actual rhyme or reason or method that we can determine for why certain officials are targeted and others are not.

The third element of Xi's institutional power grab was his undermining of what had become some formalized and not quite formalized norms of political succession. So we saw back, again, at the 19th party congress that he failed to signal a successor for 2022. That was something that had become a tradition in the past probably two decades. And then, of course, most famously in this past spring, he, in 2018, he managed to get the two-term limit on the presidency eliminated.

And this is something, for those of you who maybe don't spend a lot of time in China, I can say that many, many people in China, especially among the liberal political elite and entrepreneurial class, were extremely unhappy with this move because, to some extent, they were proud of the fact that there was some mechanism for an orderly political succession process. And Xi Jinping has now removed that.

So that's the first shift, right, that move from collective- consensus-based decision-making process to assuming a lot more power in his own hands.

The second is what I would call a reassertion of the Chinese Communist Party more deeply back into the everyday political and economic lives of the Chinese people. I think one of the hallmarks of the Deng era was an effort, to some extent, to withdraw the party. He wanted the market to begin to play a stronger role, to flourish. Again, he launched the beginnings of civil society and legalization of a nongovernmental organizations in China.

I think that with Xi Jinping we've seen a much heavier hand of the party and much more repressive political system coming into play. So some of the examples of that certainly would be the massive surveillance system that is being put in place in China. It's roughly 200-million cameras that are capable of facial recognition. Now they're doing recognition of one's gait, so how you walk, your body shape, and how you move. Voice recognition: they want to be able to listen in on any phone call and identify which two people are speaking to each other. Apparently—and I don't know if this is true, but I read it—they have a technology now to be able to identify a face from 12 miles away. So it's pretty extraordinary.

If you want to understand the extent to which this fusion of technology and political repression might be taken, you look to Xinjiang—right, the Xinjiang autonomist region—and what's going on there then it's really extraordinary, actually, what's happening: taking

people's phones away and putting apps on them so that everything that they do is then sent to a remote server and downloaded; putting QR codes outside of people's homes so that an official can come by and know exactly who's supposed to be in the house, who's there, who's not supposed to be there, perhaps. Obviously, retinal scans, biometrics, DNA samples. It is, I think, as close to a true police state as we've seen in contemporary times. And that's on top of other more traditional methods, such as sending Chinese officials, some 10,000 Chinese officials to live for periods of time in people's homes in order to make sure that they're not observing any extremist or religious practices such as not drinking alcohol.

The reported reason for this, of course, is that Xinjiang has been the source of some ethnic separatism, of significant violence and ethnic strife, right, against the Han Chinese. So there is no doubt that there is need for some concern and caution. But I think most people would agree that this is a degree of overkill in this regard. No pun intended. And, of course, reports are that as many as ten percent of the adult population of Uyghur in Xinjiang are in these reeducation camps.

Another big initiatives that is underway now in China is the social credit system—it's gotten a lot of play in the media as an innovative marriage again of technology and some more traditional mechanisms for trying to develop a system of social trustworthiness among Chinese citizens. So everybody will have a score, a social credit score that will be determined by a set of metrics.

And as it stands now, there is somewhere between 30 and 40 pilot projects underway in the country. By 2020, there's going to be a national program. But even with the national program, it won't be unified. It will just mean that everybody will have an ID and everybody will have a social credit score. But some of the things they're looking at, it could be everything from jaywalking to participating in a protest, to if a friend of yours participates in a protest, actually. So there's an element of trying to bring in social pressure to affect one's behavior. If you play too many hours of videogames, what products are you buying, etc. Many different places are experimenting with different kinds of metrics.

So we'll have to wait to see how it all turns out. The score is then going to be used to punish and reward. So punishment, for example, if you haven't repaid your debts, people are not being allowed to board a train, a high-speed rail, or a plane. And, in fact, one of the interesting things—I just read an article on this—is that foreigners, some foreigners, who have been found, for example, brought something illegal on a plane, are no longer allowed to board a plane. So this social credit score, even though not necessarily technically, will you have a social credit score, some of these same things may be applied in the future to foreigners. But so there are punishments like not being able to board a plane or a train, perhaps not being able to put your child into the best school.

Advantages are that you might be able to rent a bike without having to put a down payment. You can jump to the front of the line for a restaurant. Apparently, the punitive side is better developed at this point than the reward side. But, again, this is influx. It's evolving. So we'll have to wait to see how it all pans out.

I will say that, when I was doing the research for the last bit of the book back in the summer of 2017, I was in a 3Q, which is like a Chinese equivalent of a WeWork. And so I just randomly interviewed 15 young Chinese, in their late twenties-early thirties, and asked them what they thought of this system. And with the exception of two who didn't know what it was, hadn't heard of it, and one who didn't like it, most of them were actually quite favorably inclined. And one of the young people said, "you know, there's not a lot of trust among Chinese citizens outside of the family. And so this is a good way of knowing whom you can trust." And I don't know whether that's representative—certainly 15 people is not a very big sample—but it did just serve to remind me that political culture plays an important role. And we shouldn't be too quick to assign our own political values and understandings to China, because there will be people who may appreciate this type of government observation and intrusion.

And then, finally, I'd say in the economic front, Xi Jinping has moved to enhance the role of party committees, not only in state-owned enterprises but also in private enterprises and joint ventures. And party committees traditionally made up of party members in any firm might meet to discuss a recent speech or a party directive, or might become the leading part of some undertaking of social good, like a tree planting campaign. But Xi had a different notion in mind, and that was that these party committees would become far more actively involved in the actual governance of firms, and making investment decisions.

So, for example, the head of a major German multinational—the head of a China operations of a major German multinational—told me that the party committee had come to him and said that they wanted the firm to invest in a certain city, and, for economic reasons, to help develop that location. This is a big energy company, and they pushed back and didn't have to do it. But this sense that somehow the party is going to become more involved in the decisions, actual decision making, the investment decisions of firms, particularly private enterprises and multinationals, I think, is something quite new, and I think of great concern, certainly to the international community.

So, again, the second shift that we see under Xi Jinping is a greater role for the party down in terms of its intrusion into political and economic life.

The third is what I call a creation of a virtual wall of restrictions and regulations that allows Xi Jinping and the rest of the Chinese leadership to control more closely what comes into the country and what goes out. So just a couple of quick examples. I mean, the Internet, obviously, is the most obvious and Xi and the Chinese leadership have put in a number of new restrictions and regulations around the Internet. But I think some other examples are even more interesting.

For example, the law and the management of foreign NGOs, which came into force in January of 2017. And this was a law – well, let me say, before the law came into force, there were upwards of 7,000 foreign NGOs that worked in China. Some were formally registered, some were registered as businesses, some weren't registered at all. But by and large, they were there to work on issues related to the social development of China, could be rule of law programs, or the environment, or public health, poverty alleviation, educating migrant children—really the whole range of social issues.

And an area that I am particularly familiar with is the environment. I can say there was a point at which foreign NGOs and foundations were responsible for about 90 percent of the funding of domestic Chinese environmental NGOs. So these foreign NGOs played an enormously role in developing the capacity of Chinese civil society and partnering. Mike Lampton is sitting here, and, in a previous life, he was the head of the National Committee on U.S.-China Relations, which—and I think this was under your tenure, Mike, you had a program that brought some Chinese environmental activists—young, right at the start when these organizations were first being set up in the mid-1990s, brought them to the United States to tour and to meet with American environmental NGO heads, and even to spend six weeks or a couple of months being embedded in these NGOs so that they could learn how you manage an NGO. Because a lot of these environmental activists were journalists, some of them were former Tiananmen dissidents and they didn't really have an experience in running an NGO. So this kind of capacity-building was really very, very important.

In the wake of the law on the management of foreign NGOs, which moved management of foreign NGOs from the ministry of civil society to the ministry of public security, which I think gives you a sense for the shift in how these NGOs were being viewed by the Xi Government, the number of formally-registered NGOs in China has dropped to somewhere between 400 and 500 at this point, some two years.

You may be familiar with the case of Michael Kovrig, the Canadian who's now being detained in China in response to the Meng Wanzhou Canadian Huawei situation. So he was a representative for the International Crisis Group. Recently, the Chinese government has come out now and said, well, that's a group that's not registered. It's not formally-registered. They long had an office in Beijing but it's not formally-registered under the new law. It's a very onerous process to get registered and so that is one reason that they could have detained him if he were undertaking business without formal registration.

Another way to look at this effort to control what comes in and goes out is something like a Made in China 2025 program, which is basically China's effort, the Xi Government's effort to ensure that Chinese companies control up to about 80 percent of the Chinese domestic market in manufacturing in ten critical cutting-edge areas of technology. Everything from new materials to electric vehicles, AI, medical devices. So not making progress towards making a level playing field, but, in fact, moving in the opposite direction and making it more difficult for foreign firms to compete.

How might they do this? I'll give you one example. So in Fujian Province, they passed a law—I think it was about a year and a half ago—where they said that hospitals could only be reimbursed for medical devices, for about 15 different kinds of medical devices, for the operations that were used with these medical devices, if, in fact, they were Chinese-made. So that's a kind of a very clever way of obviously making it really not competitive for foreign manufacturers of the medical devices. So that's the type of thing that I think we can see with Made in China 2025.

I will note that the Chinese government has formally moved Made in China 2025 as a program moniker, but the Made in China 2015 effort, I believe, it still continuing. They've just taken away the name because they know that it has set a lot of alarm bells in the United States and elsewhere, but still, one of the priorities they've announced is industrial upgrading and technology. So I'm fairly confident it's going to continue. I don't see that they've backed away from it, but time will tell.

And then, finally, the fourth final shift is from Deng Xiaoping's low-profile foreign policy to a far more ambitious foreign policy. And I think this is what's really most evident to people outside China. And I'll just talk of three areas where I think it's especially noteworthy.

The first is in terms of moving from staking claims around Chinese sovereignty to realizing them. In this I would include the South China Sea, Taiwan, Hong Kong. Xi Jinping has said that an essential element of the great rejuvenation of the Chinese nation is unification of China. So we've seen that China has made progress in terms of militarizing seven artificial features in the South China Sea despite the fact that he promised President Obama in 2015 that he wouldn't do that. I think with regards to Taiwan, Xi has put in motion a number of both coercive measures, highly coercive measures to try and limit Taiwan's international space, particularly since Tsai In-wen became president.

Or, for example, going after multinationals and saying that they're not gonna be able to do business in China if they recognize Taiwan as a separate entity on their websites, or purposively dropping the number of tourists that go from China to Taiwan, undertaking many more military exercises, threatening military exercises. But at the same time, offering inducements to Taiwanese businessmen, saying that they will be given national treatment on the mainland, be eligible for subsidies or to participate in government procurement.

So trying to win the hearts and minds of some, while constraining the freedom of action for those that might have ideas about, if not permanent separation, at least expanding Taiwan's room to maneuver.

The second is China's Belt and Road Initiative. There's been a lot of ink spilled on this in the past few years and I think there will be many books. There already are a couple, but many more to come. So let me just be brief.

Xi Jinping first laid out the Belt and Road as One Belt One Road in 2013 in a set of two speeches. The first one in Kazakhstan, the second in Indonesia. It has, at its heart, it brings to mind the old maritime spice routes and the silk road. But basically it was an effort, first, to export Chinese over capacity, production capacity. China had done a lot of infrastructure development at home and had a lot of capacity to share abroad, whether it's building coal-fired powerplants, or roads, or highways, or ports.

It also was an effort to develop parts of interior of the country, some of the less well-developed parts of the country, to connect them to markets outside the country, and to connect China through to some 60-odd countries through Asia, the Middle East, parts of the Middle East, Europe, and Africa.

Since then, it has evolved. There's a polar belt that will run through the Arctic to connect China to Europe more quickly. There's a digital belt and road so that's fiberoptic cables and e-commerce and satellite systems. There is an element of security that accompanies the Belt and Road now. So China has established its first base in Djibouti, its first military logistics space in Djibouti. Tom Fingar and I were just at a conference in Beijing, and I asked a couple of the senior military scholars who were participating, "Do you expect that there will be more bases?" And one of them said, "Yes, there will be hundreds." And the other one said, "Yes, at least a hundred."

So I think that that notion of China not establishing bases—this has been the long part of China's sovereignty mantra—I think that is over and done with. And I think we're going to be seeing bases slowly. I don't think it's gonna be a hundred in the next three years or something like that. But I think one-by-one, we will begin to see them. And, frankly, Chinese scholars have been writing about bases for a number of years. Not just military officials have been talking about it.

I remember in 2011, a friend of mine, who is a scholar at Fudan, wrote a piece saying, "Why shouldn't China have bases?" And it's a good question. Why shouldn't China have bases? So I think all of this, the idea that China needs the military capacity to protect its people who are living overseas and its supply chains, I think that's all part of the great rejuvenation in this idea that China is an expanding power.

There is also—and I think, here, in the China community—there's more of a debate about whether or not China is exporting its political model. And I think most China scholars would say it's not exporting its political model. I fall on the side that says it's exporting elements of its political model. And I think if you look at countries in Africa, from Zimbabwe to Tanzania, Kenya, Peru, Bolivia, all these countries are, are adopting things like the Chinese surveillance system. Or Chinese officials are training officials in Tanzania on how to manage the internet, how to manage political decent. I think it's very attractive for leaders, especially authoritarian leaders, in other countries to believe that they can also follow the China model.

And Xi Jinping has said that China does offer an alternative for other countries in the way that they might want to develop, that includes an emphasis on infrastructure, sovereignty, and political stability. And I think that political model element comes in in the political stability part. But, again, this is a source of some debate among China scholars.

We've read a lot about the pushback on Belt and Road around issues of debt sustainability, the fact that, oftentimes, the people in the countries where investment is made don't benefit because 80 percent of the infrastructure projects that are undertaken are done by Chinese construction firms, so here's very little leftover, in many cases, for local construction firms. You compare that to the projects that are supported by the multilateral development banks, like the rural bank or the Asian Development Bank, and the percentage of Chinese participation is down to about 20-21 percent. So you can see the very significant difference between these Belt and Road projects and other infrastructure development projects. There are environmental concerns, governance concerns. Transparency issues in the way that the

deals are struck. Are the local leaders getting kickbacks? I mean, all of this is coming to play in country after country.

Still China is out there and it is the largest and most active source of infrastructure funding at this point in time. So if there aren't any other alternatives, I think it will continue to make headway through the Belt and Road project.

And then the last element of Xi's more ambitious foreign policy is an effort to become more active in reforming the norms and institutions around global governance. And in 2014, Xi gave a speech where he said China should not only help to write the rules of the game but should also help to construct the playgrounds on which the games are played. And more recently, he talked about the need for China to lead in the reform of global governance.

And I think in areas like human rights, or management of the internet on a global stage, internet sovereignty issues, even in terms of getting Belt and Road language written into UN development mandates, I think Xi is really pushing very hard to begin to have the institutions and norms reflect Chinese values and principles more closely. And, again, it is the second largest economy. It's the world's largest trading power, second largest military in the world. And one might argue it should be having this role. It has a right to work to shape these international institutions in ways that support its norms and values.

But I think it's incumbent on us to understand what that means and what that future suggests. One of the things that Chinese security analysts have been talking about now for a number of years is this—and Xi Jinping has certainly touted—is the idea of a community of shared destiny. It sounds very innocuous, very benign, but I participated in this video dialogue with some Chinese scholars on global norms, and I just said what does this actually mean? And what it means is the end of the U.S.-led alliance system.

And if you go to any conference now on Chinese security in China, there will always be a push by a number of Chinese scholars who say there is no more need for U.S. alliances. This is a relic of the Cold War. It doesn't involve China. It's anachronistic. So this is, I think, is, again, something that we need to be aware of. It sounds like one thing, but what it means it really something quite different.

So the tagline, I would say, for the changes that I see under Xi Jinping is really a China that is far more authoritarian and repressive at home but much more ambitious and expansive abroad.

Let me just use my last five minutes to say a couple of words about U.S. policy. When I think about U.S. policy, I tend to think in very simplistic terms about the four Cs. That we should cooperate; we should coordinate; we should counter; and we should compete. And I think if you look at what's happening now in the Trump administration, in some areas it's doing very well, and in some areas it's not doing well at all.

If you start with cooperate, I think this is really an area where the Trump administration has fallen very short. So no matter that we have many issues, on which we disagree with China, I

think in order to keep the relationship from fraying beyond repair, we should always have at least one significant issue that we're working on together.

Under the Obama administration, I would say that issue was probably climate change, where you had that very successful effort by President Xi and President Obama. Even though it's not that we undertook parallel commitments, it wasn't actually a formal agreement between the two countries. But the mere fact that they both stood up together and said, "we need to do more to address climate change, here's what each of us individually had prepared to do"—it was enough to bring and breathe back life into the climate change negotiations and result in a climate change accord. We don't have anything like that underway today between our two countries. What could there be?

There could be something on infrastructure, certainly on the norms around infrastructure; standards of development. There could be something on drug trafficking. There could be something on the refugee crisis in the world. China faces issues in its own backyard in Myanmar. Public health: I had somebody tell me we should do something collectively on aging, research on aging. So there are many issues. It doesn't almost matter what the issue is, as much as you're beginning to produce an energy behind the relationship around cooperation.

The second area is coordination, and by this, I mean, coordination with our allies, and here, the Trump administration was very slow to get off the ground. Because as much as it was challenging China, it was also challenging all of its allies. It wasn't just tariffs on China, but steel and aluminum tariffs on all of our allies as well. Threatening to unwind the free trade agreement. Threatening, obviously withdrawing us from the final stage of negotiations on the Trans-Pacific Partnership.

So we were fighting battles on all fronts. I think in the past year or so, we've begun to identify China and Russia as the most significant threats in larger terms, North Korea and Iran, as well, and we've begun to work more closely with our allies in ways that sometimes, I think, are not quite appreciated in the US media. But if you travel through Asia, if you talk to officials in Southeast Asia or even in Europe, there is an enormous amount of energy coming out of this White House—not out of the President, necessarily—but below that, the National Security Council and the Defense Department working on areas of cooperation.

You saw, for example, that there was a joint statement among the trade representatives of the United States, the EU, and Japan that, not naming China, but criticizing China, basically. Europeans and Americans have stood up together in the United Nations on Chinese human rights issues. Certainly through the Free and Open Indo-Pacific Initiative, there is a lot of push for coordination, not only with Japan, Australia, and India, the original quad with the United States, but also more broadly with countries like Vietnam.

So cooperation on security issues, on trade issues. There's a partnership between the United States, Japan, Australia, and New Zealand to bring more electricity to Papua New Guinea. So some efforts to counter, for example, the Belt and Road Initiative. So I think more coordination with our allies than people often appreciate.

Third is countering China. And I think—Jean [O] mentioned at the outset that the end of constructive engagement seems to have come to an end. And I think that's right. I think there is an acknowledgement, at least for me, that this Xi government is fundamentally different and is not moving China in the direction that it had seemed to be going, that we had anticipated that it would go and that a new Chinese government necessitates a new U.S. policy and a new U.S. response. So what does that mean? It means that China is too big, its economy is too big. We can't allow it to continue to have intellectual property theft on the scale that it has, to not open its markets to U.S. firms.

I think, as long as we believed it was moving in the right direction, there was a lot of room in the U.S. government to forgive, to some extent, to say, "okay, they're moving in the right direction, they're not yet there, but we see the path forward." And I think the Xi government has put that notion to an end. And so that means that we need to push back. We need to push back in the South China Sea, we need to push back on trade. I think, sometimes, you can disagree with the methodology. But I think that, in intent and conception, this administration has the right idea.

And then, finally, just competing. And I think this is actually where we want to end up, and that is to say, that we focus on making ourselves stronger and more resilient at home, and a lot of people say this all the time. But, investing in our education, in our research and development, and it can sound pat, but, actually, it's fundamental and it's fundamental to what made our country great and fundamental to what will keep us a strong and vibrant country.

And then the hope is that China becomes another Germany, right, or another Japan. It's a normal country with which we do business and with which we compete. And so that's where I'd like us to end up. We're not there. I think this is a very difficult transition period, but hopefully we'll come out in a positive way at the other end. I'll stop there and welcome all your comments and questions on things that I talked about.

[Applause]

[End of audio]