

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

**CHINA SINCE JUNE 4, 1989:
WHAT HAS CHANGED?
PANEL I**

WELCOME:
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JESSICA MATHEWS: Good afternoon. I'm Jessica Mathews, president of the Carnegie Endowment. And it's my great pleasure to welcome all of you, and our distinguished panelists, to – two great Americans – General Brent Scowcroft and Ted Koppel – to today's discussion.

Today is, of course, the 20th anniversary of the culminations of the student protests in China that led to the government actions – the violence and the deaths in Tiananmen Square. And all over the media today, and around this town, are events focusing on what happened on that day.

For those of you who haven't read it, and would like a firsthand account of what that day, and the days to come, were like from inside the U.S. government, you couldn't do better than to read the chapter called "Untying a Knot" in General Scowcroft and President Bush's memoir "A World Transformed. It's a wonderful firsthand account – a vivid one.

We have chosen to do something different than to focus principally on that day, because as important as June 4, 1989 was, the extraordinary transformation of China in the 20 short years since then is surely of much greater historical significance. Tiananmen Square was the low point, and it is the natural marker from which to consider this period of incredibly rapid change.

We could not do better than to begin this conversation with our two featured guests. Brent Scowcroft is one of the country's leading foreign-policy experts. After a distinguished career in the United States Air Force, he served as national security advisor to two U.S. presidents – Gerald Ford and George H.W. Bush. He is now president of the Scowcroft Group, providing strategic advice and assistance to his clients.

But, more than that, he is very nearly a one-man think tank, serving on, and generally chairing, literally dozens and dozens of high-level studies and commissions. And in that enormously important capacity – and with, really, tremendous generosity of his time, and his brain – he has been the embodiment of bipartisanship – constantly searching for, and often finding, the moderate, sensible middle ground. A few dozen more men and women in his mold, and I believe this country could find its way to a really wise foreign policy.

Ted Koppel's half-century career in radio and television includes every major professional recognition that journalism has to offer. I imagine that all of us think of him as the anchor and managing editor of ABC News' "Nightline" – which, for 25 years, defined excellence in television news reporting and analysis – but Mr. Koppel's international career began in Asia, covering the Vietnam War. Later, he deepened his knowledge of and his interest in China from the vantage point of Hong Kong bureau chief for ABC – covering, among other things, the Cultural Revolution in China.

He has won – well, I'll give you a sense of this – 21 Emmy Awards; eight George Foster Peabody Awards; 10 Overseas Press Club Awards. It's just an extraordinary record of achievement, and I won't burden you with the whole list.

Ted is going to lead a conversation with Brent Scowcroft, covering the political, strategic and other implications of these 20 years since June 4, '89, and, after that, we're going to turn to a discussion with a distinguished panel of China experts.

I've just very briefly introduced them to you. Ambassador Stapleton Roy, who was U.S. ambassador in Beijing in '91 to '95, and currently vice-chairman of Kissinger Associates and a trustee of the Carnegie Endowment. Douglas Paal is vice-president of studies here at Carnegie for Asia – formerly U.S. representative in Taiwan, and a member of the National Security Council staff, among many other things.

Minxin Pei – senior associate with Carnegie's China program, and one of the leading voices on Chinese politics in this country. Minxin tells me that, though Ted probably doesn't remember it, that 20 years ago he spent three consecutive nights on "Nightline" explaining what was happening in China. So what goes around comes around. And, finally, Evan Medeiros, senior political scientist at the RAND Corporation, who has recently served as a policy advisor in the Treasury Department with the Strategic Economic Dialogue with China.

So with that, and with great pleasure, I turn this over to Ted and to General Scowcroft. Thank you for being with us.

(Applause.)

TED KOPPEL: Jessica, thank you very much. I doubt that anyone – 20 years ago today, or 20 years ago six months from now or a year from now – in other words, during that first year after the events at Tiananmen – could have imagined that the introduction to this conversation would suggest that. Let's not spend too much time talking about the events at Tiananmen, because there are so many more important things in the U.S.-Chinese relationship that have occurred since then. And I found myself, General Scowcroft – and we were just reminiscing. We had known each other now 36 years. I knew him even before he was a national security advisor, when he was Henry Kissinger's deputy at the White House.

We were just talking about President Obama's speech in Cairo today, in which he is doing something that the U.S. government has had to do vis-à-vis China over these last 20 years also. And that is to find an accommodation between our natural inclination toward human rights and democracy, on the one hand, and the national interests of the United States on the other.

And so I would like, if you would, General Scowcroft, for you to reminisce just a little bit about those days 20 years ago – precisely 20 years ago – and the conversations that were going on at the White House then as you weighed those two interests.

LIEUTENANT GENERAL BRENT SCOWCROFT: I would be happy to, Ted. I have to tell you a story about Ted Koppel that even he doesn't know. (Chuckles.) He made me jog at midnight. When I was national security advisor, I'd routinely get home about 10 – eat dinner, and so on – and then, of course, watch the 11 news. I could not go to bed without watching Ted Koppel so I had to postpone my jogging until midnight, thanks to Ted Koppel.

I think one of the ways we need to think of the Tiananmen episode is one that is not talked about very much. And that is, it was a pretty fundamental watershed in not only the relationship,

but in the evolution of China – because in the days before Tiananmen, Nixon had established a relationship, and it was a good relationship and very profitable for both sides. But it was very narrow. It dealt with Soviet hegemony – things like that – nothing else. We had no trade. We didn't have any of the other things that go in international relations.

Suddenly, that was broken. The end of the Cold War meant that we had nothing to talk about, basically. And, at the same time, sort of, our ability to talk was destroyed at Tiananmen Square – or that was the danger. So when it happened, there were two things. First of all, we had to respond. We couldn't just ignore what had happened there, so we had to take action. We took the action basically against the Soviet army – against the relationship we had with the Soviet army – which was pretty good at that time.

MR. KOPPEL: You mean the Soviet, or the –

LT. GEN. SCOWCROFT: Excuse me.

MR. KOPPEL: – Communist Chinese?

LT. GEN. SCOWCROFT: Chinese – Chinese. But the president was adamant: This relationship is too important to sacrifice. So we tried to reach out, and I won't go through all of that.

Anyway, at the end we met, and we managed to rescue the dialogue part of the relationship. But now we had to build a whole new relationship from scratch, though, because anti-Sovietism was no longer relevant. And, at the same time, the Chinese had emerged from this almost hermit existence into being a participant in the real world, and being buffeted by some of the forces of the real world.

MR. KOPPEL: There was one other factor that took place, that really was, I think, in a sense, coincidental – although some of the demonstrators may have capitalized on it. And that was that Gorbachev was in Beijing on a visit.

LT. GEN. SCOWCROFT: Yes.

MR. KOPPEL: And because of that visit, many of us were over there, covering –

LT. GEN. SCOWCROFT: That did not make the Chinese happy.

MR. KOPPEL: That did not make the Chinese happy. But it cannot have made you and the White House happy, either, because if you had had any inclination to try – and I don't want to say “sweep this under the rug” – but minimize it, it was almost impossible to do so after the live, round-the-clock television coverage that those events at Tiananmen received.

LT. GEN. SCOWCROFT: And that was – the world was serendipitous. At the time, it was pretty catastrophic, because if this had happened at any other time, there would have been no television crews –

MR. KOPPEL: Right.

LT. GEN. SCOWCROFT: – in Beijing.

MR. KOPPEL: Right.

LT. GEN. SCOWCROFT: And there would have been a few press reports about what was going on. But you covered it every day.

MR. KOPPEL: Every day.

LT. GEN. SCOWCROFT: And that made the thing something that it wouldn't have been otherwise. Absolutely.

MR. KOPPEL: Now, it was right around the same time, though, that Deng Xiaoping said some of the things: You know, it doesn't matter if the cat's –

LT. GEN. SCOWCROFT: Yes.

MR. KOPPEL: – black or white, as long as she catches mice.

LT. GEN. SCOWCROFT: Yeah, as she catches mice.

MR. KOPPEL: Right? Capitalism is –

LT. GEN. SCOWCROFT: To get rich is glorious.

MR. KOPPEL: To get rich is glorious. It's not all together clear that he said that, but –

LT. GEN. SCOWCROFT: Yeah.

MR. KOPPEL: – the impression was that he had said it. So there was this movement toward capitalism – what I'm going to call a movement toward capitalism – that was severely distinct from any movement toward democracy. And I think that's something about which there has been a great deal of misunderstanding over – and, to this day, there continues to be a great deal of misunderstanding. Would you talk about that a little bit?

LT. GEN. SCOWCROFT: Well, I think that is quite clear. It was in '78 that Deng really said, you know, basically: How do we ensure stability? How do we ensure our own survival – that is, of the leadership? And the notion was: If we can increase the standard of living of the Chinese people gradually, year after year, then we will be fine. They will support us, and we can retain our position.

And so that's what they did, and they set out an economic program. I don't think they said: Let's move toward capitalism. I think they just focused: How can we do that? How can we increase our GDP each year, so that we can do that? And that's what they focused on, and they did it single-mindedly – and, boy, did they succeed.

MR. KOPPEL: Let me ask you –

LT. GEN. SCOWCROFT: But one of the things they, as a consequence, didn't really do is analyze the political system, and what the changes in the economic system might do to the political system. And they're still struggling with that.

MR. KOPPEL: Before we get to that, because that brings us a lot closer to the present than I want to let you go just yet, take me back to some of those conversations in the White House, at a time when, clearly, you and President Bush, and your senior policy team, understand that the relationship with China is an important one.

LT. GEN. SCOWCROFT: Yeah.

MR. KOPPEL: You don't want to rupture it. What was going through your heads, in terms of: How do you convey American displeasure, so that it, A, has some meaning, but doesn't fracture the relationship? What were you talking about?

LT. GEN. SCOWCROFT: Well, we started out with a whole list of possible sanctions – from the State Department, Defense Department, so on – a whole big list of what we could do. The President was clearly ill at ease with it. He knew we had to do something – but foremost in his mind was the importance of this relationship.

MR. KOPPEL: And this was a president, as almost everybody here knows, who had been ambassador to China.

LT. GEN. SCOWCROFT: Who had been ambassador to China – that's right. So he said: Yeah. And he picked the sanctions that he thought would do the least harm to the psychological relationship. And then he immediately said: Now, what can we do to offset this? His first instinct was always to pick up the phone and call Deng Xiaoping. So he did – he placed the call. And the word came back: We don't talk over the telephone. (Laughter.)

So what to do? So he sent me over to the Chinese Embassy and said: You know, the president wants to communicate. We can't do it by phone. Would he be willing to receive an emissary, who would speak for him? And the ambassador said: Well, who would that be? And I said: Well, that would be me.

So almost by the time we got from the embassy – and Doug, I think you went over with me. I'm not sure.

MR. : (Inaudible.)

LT. GEN. SCOWCROFT: By the time we got back to the White House, we had word: Yes, Deng Xiaoping would be delighted.

MR. KOPPEL: How many days after June 4th was this?

LT. GEN. SCOWCROFT: This is about the 15th of June, I think. I went over the end – the last week in June.

MR. KOPPEL: So public outrage is still –

LT. GEN. SCOWCROFT: Oh, yeah. Oh, very high – very high.

MR. KOPPEL: – very high.

LT. GEN. SCOWCROFT: Very high.

MR. KOPPEL: And you guys are already trying to smooth things over.

LT. GEN. SCOWCROFT: And we're already trying to smooth things over, and that was a big issue: Well, now, you know, we want to smooth things over, but Congress was in an uproar. Everybody was in an uproar.

MR. KOPPEL: Right.

LT. GEN. SCOWCROFT: How does it look to send an emissary, as if you're, you know –? So we said: Well, let's do it in secret. So I got on a transport airplane – a military aircraft. Had aerial refueling over there. They parked the aircraft behind the terminal building in Beijing, so nobody saw it, and we went over and back completely clandestinely.

MR. KOPPEL: And you met with Deng?

LT. GEN. SCOWCROFT: Oh, yes.

MR. KOPPEL: Can you tell us a little about that conversation?

LT. GEN. SCOWCROFT: Yes. He met me warmly and said: You know, I have really relinquished my official position. I'm meeting with you as an old friend. And so we went in and we sat down. And after the pleasantries he said: Well, it's wonderful to see you, but I don't know why you're here. He said: What we've done is our own business. It has nothing to do with you or anybody else. And why are you here interfering in our business?

And so I said: Well, you're absolutely right. What you did is completely your own business. But the consequences of what you did have great effect on the United States and U.S. policy, and that's why I'm here.

So we went through this. And, in the end, it became clear to both sides – we didn't do a lot of business then. Both sides know: We want to retain that ability to communicate.

MR. KOPPEL: So the main thrust of this meeting – and this is – have you written about this? Forgive me, I should have –

LT. GEN. SCOWCROFT: Part of that is in the book President Bush and I wrote.

MR. KOPPEL: Essentially, your concern, quite literally, less than two weeks after the events of Tiananmen, and the concern of the Chinese government, is: We can't let this relationship suffer.

LT. GEN. SCOWCROFT: Absolutely – yes.

MR. KOPPEL: So as you see that relationship now, and as you hear the musings of people who consider themselves to be China experts, who say: Don't worry about it. And I would argue that, these days, what the Chinese have – making the point that capitalism is not, after all, a political system – it's an economic means of doing business. I think the Chinese do have a capitalist system now, but still very much under the Chinese Communist Party. Let me just make a statement and get you to react to it: I don't think the Chinese are any closer to democracy today than they were 20 years ago.

LT. GEN. SCOWCROFT: Uh –

MR. KOPPEL: Not democracy as we understand it.

LT. GEN. SCOWCROFT: I don't think that's exactly right.

MR. KOPPEL: Okay.

LT. GEN. SCOWCROFT: The last elections to the Central Committee, I believe they had some 30 more candidates than there were seats. Okay? (Laughter.) That's a step.

MR. KOPPEL: Yes, that's a step. Yes.

LT. GEN. SCOWCROFT: But, no. But I think what they're running into is the understanding that this economic structure they've built can't be managed the way a rural society can be managed. And I think you can see not so much in actual movement, but in the discussion, and in some of the ferment that goes on at different places in China. How to adjust to that? I think the Chinese have an abiding fear, which was greatly emphasized by Tiananmen Square, of instability.

MR. KOPPEL: Exactly.

LT. GEN. SCOWCROFT: It's historical. But Tiananmen – and remember, the first troops they sent in to clear out the square were local militia. And instead of clearing out the square, they fraternized with the students. And my guess is, that was a real lesson. So then they went out and brought the regular army in from the provinces and said: Just go through that square – don't stop, don't talk. All of that. And so I think that is behind this fear of letting go, losing control – and instead of stability you have chaos. And they don't know exactly – they don't know exactly how to do that.

MR. KOPPEL: I think you're exactly right. I interviewed a well-known Chinese businessman – a multibillionaire by the name of Vincent Lo.

LT. GEN. SCOWCROFT: Oh, yeah.

MR. KOPPEL: Who made precisely that point – that he would not be investing – and he has offices, of course, in Shanghai and Hong Kong. And I assume he has money well-stashed away in other parts of the world, too. He would not be investing his billions in China today, if China was moving toward democracy, precisely because of what you say – this fear of instability; of chaos.

And it is precisely the predictability of the Chinese Communist Party that gives him the sense of reassurance that he needs.

My question now is: I guess America businessmen aren't all that different. Question mark.

LT. GEN. SCOWCROFT: You mean American business would like a little more dictatorship here? (Chuckles.)

MR. KOPPEL: I don't know about here. But we sure are not uncomfortable enough with it in China that anyone's going to complain about it. We like the predictability –

LT. GEN. SCOWCROFT: I was going to say, the term is “predictability.”

MR. KOPPEL: Yeah.

LT. GEN. SCOWCROFT: A stable, predictable environment. And that's what the Chinese are trying to produce. But, you know, they have problems. What was it – two years –? I don't know what the statistics last year, but the year before there was something like 86,000 –

MR. KOPPEL: Eighty-seven thousand demonstrations –

LT. GEN. SCOWCROFT: Demonstrations or riots in China.

MR. KOPPEL: – nationwide.

LT. GEN. SCOWCROFT: You know. And that's partly because there's no other way to express, you see. And the Party is supposed to be a conduit from the leadership out to the people, and so on. It doesn't work so perfectly now, because some of the local party leaders are more interested in other things. The transmission belt doesn't work as well. And I think they're grasping for what to do about it, and it is getting more and more serious.

MR. KOPPEL: First of all, what's interesting about those 87,000 demonstrations is, those are government statistics.

LT. GEN. SCOWCROFT: Mm-hmm.

MR. KOPPEL: The actual number of demonstrations is probably twice that.

LT. GEN. SCOWCROFT: Yeah.

MR. KOPPEL: But the demonstrations – I think we have a tendency to assume that the demonstrations are because people want more representation. They want more democracy. When, in fact, I think it's probably more accurate to say they want an end to the corruption; they want some of the money that they see going to the great urban centers to come out to the countryside. Talk about the Chinese dilemma for a moment because, you know, they've done a lot for 300 million people, but that still leaves roughly a billion in poverty.

LT. GEN. SCOWCROFT: The demonstrations are for redress of grievances, and that's what a democratic political process theoretically allows for. That's part of it. But they have a lot of big problems. They, for example, have a huge population. They have a huge influx from the rural population into the cities. So they have an overwhelming demand for employment, and to keep feeding these people – keep them going.

And that is a – that's a big problem for them. They produce far more than the society right now can consume, so they export. The United States – guess what. And then we pay for it. The money goes back to China, and they buy U.S. Treasuries – keeping our interest rates low. So we've developed this very close relationship. We are intertwined in a way which is really, really quite intimate.

But, for the Chinese, they have that problem. They have a great disparity in living standards between the industrialized coastal areas and the rural areas.

MR. KOPPEL: Talk about those Treasury bills for a moment. The Chinese now hold, I'm told, somewhere in excess of \$1 trillion.

LT. GEN. SCOWCROFT: I think that's right.

MR. KOPPEL: – in U.S. notes.

LT. GEN. SCOWCROFT: Mm-hmm.

MR. KOPPEL: And they are, I think, justifiably concerned that we are moving in an inflationary direction – and that, maybe 10 years down the road, that trillion dollars isn't going to be worth a trillion dollars anymore. Have they got anyplace else to go with their money? Can they do anything else with it? They made sort of noises a few weeks ago about the possibility of euros, or creating some kind of a basket of international currencies. Is that realistic?

LT. GEN. SCOWCROFT: Well, you're getting me off that platform where I feel comfortable.

MR. KOPPEL: Oh – okay.

LT. GEN. SCOWCROFT: I am not an economist. But, no. You know, they made – I think what really happened – the Chinese have had great faith in our financial system. You know, they've made huge investments in it. And I think it was a real shock to them when the collapse came, and we're not as smart as they thought we were. And I think in that they've looked around, and they've made noises about a new World Bank sort of standard, or something for the world currency.

I don't think it's serious. As I say, we are – we're tied together so closely. People say: Well, now, what if the Chinese sold their treasuries? Boy, our economy would collapse. Well, the Chinese can't sell their Treasury bonds because the price of the dollar would collapse, and they'd lose their investment.

MR. KOPPEL: Right.

LT. GEN. SCOWCROFT: So that's what I say. You know, we're together in ways that are intimate.

MR. KOPPEL: And we're their biggest market.

LT. GEN. SCOWCROFT: That's right. And, actually, I think that's good. We don't realize how closely we're tied together, but I think that's good, and it's productive. And it's part of the move toward globalization, which the Chinese are reluctantly now joining.

MR. KOPPEL: I don't know where the boss is. Jessica, are you still here? You want to do questions for a while, don't you, from the audience?

MS. MATHEWS: Yes, we'd like to take some from you.

MR. KOPPEL: What? Would you be up for some questions from the audience?

LT. GEN. SCOWCROFT: She asked if you would like to take some.

MR. KOPPEL: No, I don't want to take any questions. (Laughter.) I'm just a conduit – I merely funnel questions.

LT. GEN. SCOWCROFT: Yeah, sure – yeah, sure.

MR. KOPPEL: I don't answer them.

LT. GEN. SCOWCROFT: That's the way I think of you.

MR. KOPPEL: Yes. (Laughter.) Well, I'll tell you what. Let's do it – let's try it – let's see how it works. Go ahead, please. And if you could identify yourself? Alan Womberg (ph) – I'll identify you for you – for us.

LT. GEN. SCOWCROFT: We used to travel together. (Chuckles.)

MR. KOPPEL: Well, he and I used to play tennis in Hong Kong together, so – a long time ago.

Q: I wanted to ask you, Brent, about this question of democracy's stability in all this.

LT. GEN. SCOWCROFT: Yeah.

Q: I think what you say is correct, in terms of how the Chinese have looked at it – in a way a lot of businesses have. My question is whether a politically controlled system, in fact, is going to be sustainable over time, and is the most stable for a business environment over time? Or whether China isn't going to have to adapt itself to what are going to be increasing demands for more voice, by more constituencies in China – and whether, in fact, that can't work.

LT. GEN. SCOWCROFT: Alan, I think you're absolutely right. And I think my guess is, deep down, the leadership realizes and understands that. They haven't figured out just how to do it. A representative democracy, as I say, scares them, I think, because they lose control. There have been discussions about internal party democracy – a way to make the party more responsive to the leadership, which it isn't very, now. I mean –

They're looking for different ways to do it. But ways to do it, I think, so that their control only very gradually recedes, because they're afraid of consequences of going too fast.

MR. KOPPEL: Questions? Right in the back there.

MR. DORN: Yeah. I'm Jim Dorn, with the Cato Institute in Washington. I spent a lot of time in China, since 1988, when we had, actually, Milton Friedman over there. And the press was very liberal at that time. There was a lot of press freedom, actually, and his talk was widely covered. It changed dramatically after Tiananmen.

My question is, in my view, limited government is even more important than democracy. Hong Kong had limited government – it still doesn't have full democracy. They had the rule of law. Do you see any chance that the Information Revolution, and more open trade arrangements and liberalization on the economic front, will lead to a more limited government – as opposed to just simple majoritarianism? Thank you.

LT. GEN. SCOWCROFT: I don't know the answer to that question. My guess is, the Chinese don't know the answer to that question. You know, think back. The roots of the Tiananmen Square thing came out of an internal party dispute before. It was on the death of what's his name –

MR. : Hu Yaobang.

LT. GEN. SCOWCROFT: Hu Yaobang. And that's what really started the student demonstrations. And Hu Yaobang was a party leader who turned moderate, and so they retired him. Zhao Ziyang had a very different notion about how to deal with Tiananmen Square. As a matter of fact, if you look at what happened in Tiananmen Square, the thing went on for over a month. Can you imagine, in the United States, us letting students occupy Times Square for a month?

MR. KOPPEL: Well, they could have Times Square.

(Laughter.)

LT. GEN. SCOWCROFT: So this was a serious discussion. That's why I say these are not narrow-minded people – these are people thinking. They're struggling with really serious problems, and there are honest differences of opinion. And that's what happened here. And I don't see any reason to think that those discussions, maybe in some transformed way, are not going on within the system today.

Q: I'm Michael Gadbough with Georgetown University Law Center. I wonder if you could talk about the rule of law in China – as it was in 1989; as it is today. And if you could take those two

points and project out 20 years now, what is the trajectory for rule of law? And is it possible even to talk about rule of law in China?

LT. GEN. SCOWCROFT: Well, I think it's possible to talk about it. We're a long way from there. But I think as their economic system develops – and as they become more entwined with the outside world – they're going to be driven to more. You know, piracy of CDs, piracy of all – that's rampant in China. As they get some intellectual property of their own, they're going to want to protect it.

So I think the move is fairly inevitable. It might be imperfect – it might take a long time – but I don't think there's any question about it. Because what China finds now, perhaps uncomfortably – you know, they're emerging from a real hermit kingdom. When Mao took over he said: We're self-sufficient. We don't want to have anything to do with anybody – including the Soviet Union. (Chuckles.)

Now, gradually, they're opening up now. And their economic success, for example, has meant that they are dependent on the outside for resources, especially energy resources. They're dependent on the outside for markets. So they're engaging in the system, and gradually they're coming out of their shells – their narrow, sort of bilateral: All we care about is this transaction. We don't care about what goes on in the world.

They're becoming what Bob Zoellick said – a responsible stakeholder in the Six-Party Talks on North Korea. They have changed, a decade ago, the Chinese. You ask them about North Korea and they say: Well, they've gone their way – we've gone our way. We don't have much to do with them – don't talk to us about them.

Then they agreed to Six-Party Talks. In the beginning they said: Okay, we will host the talks – you guys do the negotiations. Now they're intimately involved. Even in Sudan they're saying: Yeah, Darfur is a problem. At first they said: You know, Sudan's not our problem. We get oil from there – that's all we're concerned about. Their behavior is something. Now they're beginning to realize that they are a member of the world community, and they have responsibilities beyond those that are narrowly bilateral. But it's a slow process.

MR. KOPPEL: If I may just add a thought on that. In the course of doing a four-hour documentary last year in Chongqing, I interviewed the head of the anticorruption department in Chongqing. The anticorruption department focuses on those men and women who are inspectors – whose job it is to root out corruption. They routinely end up in prison, for corruption. The businessmen and women who corrupt them do not.

And in the course of a rather tendentious interview – it took about 10 minutes to get to that point – finally, in frustration, the head of the anticorruption unit said to me, in effect: Idiot – don't you get it? They're the ones with the money. We need them here. (Laughter.)

And I think, you know, the evolution of the legal system in many Chinese cities has a lot to do with the pragmatism that is involved in: You don't go after the businesspeople, because we need the businesspeople to make the community grow, and to create a foundation so that we can bring some of these millions of people in from the countryside and spread the cities out.

LT. GEN. SCOWCROFT: But that's part of the problem that they're grappling with. The provincial party secretaries get graded on how much industry there is – what their growth is; what their income is; and so on – so they want to attract industry. How do they attract industry? They steal land from the peasants and give it to corporations, and so on. Then the peasants riot. This is the kind of cycle they had, and they're struggling with how they get a handle on this without falling into what they think, I think, is the trap of representative democracy.

MR. KOPPEL: Yes, ma'am.

Q: Thank you. Beverly Hong Fincher (ph) from UVC. I like your comment on today's Secretary Clinton's comment, asking the government to release the names of those who were killed. I mean, what are your comments?

LT. GEN. SCOWCROFT: I'm not familiar with that.

Q: I mean, I heard this over the radio. She asked the Chinese government to release the names of those who were killed that day, 20 years ago.

LT. GEN. SCOWCROFT: Tiananmen Square.

Q: On Tiananmen Square – yes.

LT. GEN. SCOWCROFT: I don't think they'll do it. (Laughter) Look, you know, they're caught in a trap, in a way. It's a very sensitive issue with the leadership, and it deeply involves who I think is a real national hero, Deng Xiaoping. And if they release the names, then you'd know how many were killed, won't you? And they have never released any figures like that.

I guess, with apologies to the secretary of state, I'm not sure it's useful for us to keep picking at that. They need to come to grips with that, however they're going to – I don't think it helps for us to do it. As a matter of fact, it's probably counterproductive.

MR. KOPPEL: Yes, sir.

Q: I'm Jacob Chan (ph) from Taiwan. The elephant in the room is Taiwan. What the Taiwan model can give to China? Because, General Scowcroft, you said democracy is messy. It is. But, again, I see I have Democratic Progressive Party people here, too. I think, on this, both the ruling party, KMT and the DPP are on the same. I think democracy really thrives on Taiwan.

And I believe what President Bush said last year, that Taiwan is a beacon of democracy to Asia and the world. I really want to urge people here to think more, because Wu'er Kaixi, who was in Tiananmen Square 20 years ago, he was denied entry to Macau. He lives in Taiwan now – married a Taiwanese wife, lives very happily, but he wants to see his mother. Just for humanitarian reasons, I think the Chinese government should reconsider his case. Thank you.

LT. GEN. SCOWCROFT: That's an interesting point. Let me use that as an example how best to do it. Taiwan is a vigorous, thriving democracy. A long way from 1949, we didn't sit picking at Taiwan, saying: You're not democratic enough – you're not democratic enough. We encouraged industry; we encouraged you to go – you became democratic by yourselves. And I think that's a

good lesson for us. And it goes not only with respect to you, but with respect to South Korea, with Hong Kong – all of them. You know, sometimes what we do in our – what we think is a good is actually counterproductive in bringing about the results which we want.

MR. KOPPEL: Let me gently hold your feet to the fire on that one for a moment.

LT. GEN. SCOWCROFT: Do you have to?

MR. KOPPEL: I have to. (Laughter) I mean, first of all, we didn't mess with South Korea because of North Korea; we didn't mess with Taiwan because of the People's Republic of China. If I were to say to you today – and, fortunately, you're not in office anymore, so you don't have to worry about that.

LT. GEN. SCOWCROFT: That's a true thing.

MR. KOPPEL: Do you really think that the United States would go to war over Taiwan today? What would your answer be?

LT. GEN. SCOWCROFT: That's a hypothetical question. (Laughter) You know, what you're saying is, that when there's a problem, we understand why people don't want to be democratic.

MR. KOPPEL: No. What I'm saying is, when there is a greater U.S. national interest – as there was with South Korea vis-à-vis North Korea; as there was with Taiwan vis-à-vis the People's Republic – then, indeed, we are prepared to pretty much leave them alone. But, these days, my sense would be that America's national interest is far more tied up with the interests of Beijing than it is with the interests of Taipei. And the notion that the United States would go to war over – I mean, I find it hard to believe that Beijing would be foolish enough to attack Taiwan these days. But were it to happen, do you think the United States would go to war over that?

LT. GEN. SCOWCROFT: Well, no, but I think that's a very different question – because I would apply the same thing to Singapore, where we let Singapore develop, and we didn't have the same kind of security thing. But on Taiwan, look. I think the United States and China are in a position now, neither one of us wants a conflict over Taiwan.

MR. KOPPEL: I think that's right.

LT. GEN. SCOWCROFT: We don't control Taiwan. And that vigorous democracy does a lot of things that maybe rocks the boat. And –

MR. KOPPEL: The fact of the matter is that Taiwan and the PRC have a thriving economic relationship themselves.

LT. GEN. SCOWCROFT: Absolutely. And my sense is that, in this situation, if we can prevent something untoward happening, time is going to be a great healer on this whole process.

MR. KOPPEL: About halfway down, on the right side here.

Q: Jel Corvet (ph), Central Technology. Thank you very much for all the comments today. My question kind of is a segue from what you've just been saying. The military dimension of the relationship for U.S.-China relations has had tremendous downs and ups since Tiananmen, but it's still a critical part of the relationship. And, particularly, as your discussion about Taiwan and the potential for military conflict. Mr. Scowcroft, what do you project that the relationship, military relationship, between the U.S. and China should be as we go forward in the future?

LT. GEN. SCOWCROFT: Well, I think we should think about it more seriously, both of us, and have a better dialogue with each other. It's one area where we have not really had a dialogue. And, you know, we routinely put out reports of the Chinese defense budget, and how fast it's growing up, and all those things. But we do not, for example, have a nuclear discussion with the Chinese, like we had in the deepest days of the Cold War with the Russians.

Now, I think that's a mistake, because I think we need to understand each other more. If I were a Chinese military planner, after the crisis in the Straits of Taiwan in 1995, I would do exactly what the Chinese are doing. In the event another crisis happens, what do you need to be able to do? You want to be able to cut off communications with the American aircraft carriers. Okay, what do you do? Satellites. You want to be able to attack them. What do you need? Submarines. I mean, it's all fairly straightforward, I think. And the more we can talk and understand –

We set up, for example, a missile-defense system to deal fundamentally with rogue states like North Korea. But China, for decades it's had what you can call a "minimum of deterrence" – a couple of dozen big missiles directed at Los Angeles; San Francisco; what have you – just defensively, for themselves.

But now we put in a missile-defense system – which doesn't bother the Russians, because they've got that. What does that do to the couple of dozen missiles that the Chinese have? They need to some things with them. And now they're doing it, and we say: Look – look what they're doing with their missiles. Look what they're doing with their nuclear weapons. But it's an almost direct response to steps we have taken – not against them, but with those consequences. So I think we need a much deeper discussion.

MR. KOPPEL: Could you wear your Air Force general's hat for a moment longer and talk about Chinese moves in the direction of cyber-warfare?

LT. GEN. SCOWCROFT: Yeah. I think that is – well, I don't know what to make of it. I assume we know pretty much where a lot of it's coming from. I don't know if we know why, how.

MR. KOPPEL: Is that the kind of thing you'd like us to have further discussions with the Chinese about?

LT. GEN. SCOWCROFT: Yeah. Yes, I think so – because, to me, that is something so fundamental to the operation of a modern society –

MR. KOPPEL: Exactly.

LT. GEN. SCOWCROFT: – that it not only affects us, it affects every other society. And you cannot let that just run rampant – whether it's official, or whether it's unofficial, or whatever.

So oh, absolutely, we need to discuss those things, and see if we can – because that is casually irresponsible, to an extreme degree.

MR. KOPPEL: We are just about out of time, Jessica.

MS. MATHEWS: We are.

MR. KOPPEL: We are out of time.

MS. MATHEWS: Yes. I'm standing here in order to thank both of you, on everyone's behalf, for a fascinating hour. And so please join me in thanking –

LT. GEN. SCOWCROFT: Thank you very much.

(Applause.)

MS. MATHEWS: And we'll turn now to the panel.

(END)