



C A R N E G I E E N D O W M E N T
for International Peace

CHINA'S PEACFUL RISE?

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CONCLUDING REMARKS:
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MR. PEI: Well, I have a very brief closing statement. Thank you so much for being with us for the last two days. It's in my recollection the best conference on China I've had in my professional career for the last 12 years, and I'm sure you've benefited a great deal from the experts we've assembled for this occasion. And of course this is not the end of our interest and focus on China. Indeed, I would say this marks the beginning of a new phase in Carnegie's China program, and this phase has the following components: First of all, as Jessica said yesterday, we've added really an outstanding economist, Bert Keidel, and that strengthens our team tremendously. We now have four researchers -- Michael, Bert, Veron Hung and myself -- and that makes us at least in terms of numbers the biggest China program in town, if not in the country. If size matters, certainly I think Carnegie's China program is going to be a very serious player in the debate study of the China policy in the U.S.

Secondly, I think our focus is to expand Carnegie's influence to China. And one step in that direction is to publish a Chinese website. Again, I could be very wrong on this in terms of fact, but I believe we are the only mainstream foreign policy think tank that has a China webpage. Right now if you look at the screen, this is our homepage in Chinese. It has four sections in terms of substance -- the global economy, security and foreign policy, U.S.-China relations, and China's internal economic and political developments. This site contains the research published by Carnegie researchers and in Carnegie publications, including the foreign policy. We have posted about 40 really excellent articles. I personally go through all the Carnegie publications and select the ones I think are the most appropriate for the Chinese audience. Our goal is to make this site a very valuable resource for Chinese researchers in China. If you are interested in U.S.-China relations, then come to this site. If you are interested in the global economy, this is going to be the site to visit. In the future we plan to publish a regular, and I hope monthly newsletter, edited by Yong Lu, who just joined us from Yale University, which will contain in-depth analysis of important developments. For example, if we -- we are to publish our next issue, Jiang Zemin's resignation, we'll have a long discussion with experts on this issue, and it will be posted on our website in Chinese.

The third element of our new initiative is to establish a small physical presence in China. We have worked with the China Reform Forum for the last three years on various issues, and we found them to be an excellent partner. So in the future -- we have just signed an agreement with the forum, which is an independent NGO, which has conducted extensive exchange programs with various foreign partners. So in the next two years -- it's a renewable agreement -- we will be working with the forum to work on the issue of the challenge of globalization to China's foreign policy. As part of this cooperative program we will be able to use the physical facilities inside the forum. They are going to allocate an office for us, which we will call a project office for Carnegie, and they will also give us, appoint with our consent, a local coordinator, which will enable us to hold conferences -- of course they may not be as grand as this one, but we are going to do three conferences plus three seminars in China a year. So that provides us with an excellent opportunity to reach the Chinese policy community. And again my experience in the last three years working with the forum these seminars, these conferences, provide the most open and valuable fora in which we discuss issues honestly.

My bosses at Carnegie gave me the marching orders to summarize this conference, and I know that if I do this all of you will run to the exit and cause a stampede. So I'm not going to do this even at the risk of my job security. However, I will share with you one thing that I will take away from this conference, because we've just gone through so many facets of China's rise and its relationship with the rest of the world. And I want to just narrow it down to a manageable list. What we are talking about is whether China can control a set of risk factors in its internal development and in its relationship with the rest of the world. And of course you can look at two separate lists, the external aspects and the domestic aspects.

On the external front you can again divide into security related and economic related. On the security front, three or four issues arguably stand out: Taiwan, which is the most volatile, unpredictable issue, and I'm glad that this panel spent a substantial amount of time talking about Taiwan; and second, and related to Taiwan, is the relationship with the U.S.; and third is regional relationship, which my colleague Ashley brought out brilliantly yesterday. And finally we say terrorism. By and large I think these are significant risks, but I really personally again do not see how these risks cannot be managed. They can't -- they are serious risks, and we are not going to remove them, eliminate them, but they can nevertheless be managed.

On the external front, the trade system, the openness of the international trade system and bottlenecks for China's energy, commodities and so forth. So when you go down this list, I fully agree with Harry Harding's assessment yesterday that the likelihood of China not rising, the risks for China not rising are greater than for China rising not peacefully, because I see China's domestic challenges as far more challenging and containing much greater risks than China.

So the real risk for China is if it fails to rise at all. And here I must sort of share one of my doubts with you, that as a political scientist I find myself in great disagreement with my liberal economists. When I have talks with economists, they are so optimistic about China, they think China is doing everything right. The economic fundamentalists are right. But when I have the same conversation with my political scientist friends, liberal inclinations, they're practically despondent, because the kind of things we real are probably very different from the kind of things economists read. But we see very poor political fundamentals in China. We see a political system which is very ossified, irresponsive, unaccountable and the incentive structure is way out of whack with the demands for China's rise. So we can debate about this, whether we are right, the political scientists are right or the economists are right, but I hope this debate will

continue because that means employment security for political scientists. Economists can always be employed in some other field. (Laughter.)

But I think another specific takeaway for this -- because we've got to provide something that I would say there's lots of consensus on. Because will China rise, will it rise peacefully -- the biggest issue is what time frame. I think looking out ahead for the next five-to-seven-year time frame, which is medium term, even a pessimist like me on Chinese domestic politics will say that China will continue to rise in the next five-to-seven-year period, and during this period China will rise peacefully.

Thank you so much for being with us for the last two days. And I want to thank my staff for helping us organize and put together this really wonderful conference. Let's give them a round of applause for their wonderful work. Again, thank you very much. (Applause.)

[END OF EVENT.]