



**Harry Kreisler:** Welcome to a “Conversation With History.” I’m Harry Kreisler of the Institute of International Studies. Our guest today is Mark Leonard who is the Executive Director of the European Council on Foreign Relations. His new book is [What Does China Think?](#) Mark, welcome to Berkeley.

**Mark Leonard:** Thanks for having me here.

**HK:** Where were you born and raised?

**ML:** I was born in London and I lived there until I was about six, and then I lived in Brussels for twelve years, and then went to University at Cambridge and mainly lived in the UK but had brief stints in Washington and in Beijing as well.

**HK:** Looking back, how do you think your parents shaped your thinking about the world?

**ML:** Well, my mother’s family were German Jews who escaped to France during the war and my mother was born in a convent on the Spanish border, and her family is spread out across several different European countries. She has to speak French to her brother, German to her sister, and her mother came and lived with us when I was very young. So, through their lesson I kind of learned about the importance of European unity and having an alternative to Europe’s turbulent history in the early 20<sup>th</sup> and 19<sup>th</sup> centuries, and also the importance of learning, and of family, and of memory. So, I got that from my mother’s side of the family. My father’s history is a bit more ordered than – I mean, he was evacuated in World War II. I suppose my parents were both shaped very much by the Second World War, so that’s important.

**HK:** In a way, shaped by the failures of Europe which led to World War II.

**ML:** Absolutely, yeah. But not just World War II – I mean, my grandfather on my father’s side fought in World War I, and so that was one important lesson, and I think the other is that on both sides of the family they’ve been very committed to social action. My father was a labor politician and before I was born was a member of parliament, so that, I suppose, was an important influence.

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HK: And was there a lot of discussion about politics and international affairs around the dinner table.

ML: That was the main topic of discussion. My mother's a professor of literature but she has strong views on these issues, so it was a very international, very cosmopolitan upbringing, and very political.

HK: Did you go on the campaign trail with your father as a young person?

ML: No, I was not born when he a serving politician. He lost his seat a year before I was born. But I remember active debate about the labor party when I was young and Europe was always part of it. Partly because we were living in Brussels, my father was The Economist's European editor when I was a young child. He wrote books on the European Union, and we had lots of people coming through our house, political figures, who were involved in the European Union. So, that was an important part of my upbringing.

HK: What did you major in? You said you went to Cambridge.

ML: First philosophy and then social and political sciences, including international relations, social theory, political philosophy.

HK: Anyone there in particular influence you, either your fellow students or faculty?

ML: Well, the head of our faculty, when I was doing social and political sciences, was Tony Giddens who was a great sociologist. I was very taken – I mean, he introduced me to lots of social theory, so that was a big influence. And then also, the international relations courses I drew a lot from, as well.

HK: And so, did you go directly from university to the policy analyst world, or what did you do after you completed your education?

ML: I briefly went to The Economist as a trainee journalist, and then I joined a new labor think tank called Demos where I ran the European program but also got very involved in debates about Britishness and British identity, and I wrote a report on rebranding Britain which is credited with starting a big campaign around **corporatania** [?] because the labor government picked it up, and I was sort of involved in that for a few years.

HK: In your early years, through the university, the emergence of the European community must have been a powerful force on your thinking that added on to the experiences that your parents brought to the table.

ML: Yeah, well, that's right. I mean, five years after we went to Brussels the **Single** [?] European Act was signed, and so I remember vividly the creation of the single market, and then just as I was

finishing my high school, the Maastricht Treaty was signed and we had to learn that by heart, and then I had a year working in the British Parliament as a research assistant to a labor member of Parliament and watched the Maastricht Treaty go through the British Parliament, and there would be very active debates around that. So, it was quite an important part of my...

HK: You're now the Executive Director of the European Council on Foreign Relations. What is that and what does it bring to the table?

ML: It's an attempt to create the first pan-European think tank, so at the moment there are think tanks which work in national capitols and there are some that work in Brussels which are closely related to EU institutions but **do not** [?] have that much resonance in national capitols. What we decided to do was to create a pan-European organization because we feel that Europe has got a huge potential to play an active role in the world, brings a lot to the table, but relentlessly under-performs partly because most national countries have got a national strategic culture, if they have one at all, rather than a European one. So, people look at the world through the prism of their national foreign policies, and if you're Britain, or France, or Germany, there's a limit to how much impact you can have on the world if you look simply through your national policy, whereas if you can look at things through a European perspective and pool some of the resources that Europeans collectively have in terms of their market, the biggest single market in the world, the biggest aid budgets in the world, but even their military and diplomatic tools, you could have much more impact. So, we've got an organization that works on three levels. On one level it's a council which is chaired by the former **General** [?] Foreign Minister, Joschka Fischer, the former Finish president, Martti Ahtisaari, and Mabel van Oranje from the Open Society Institute, and there're about eighty former presidents, prime ministers, foreign ministers and public intellectuals. Then we've got a think tank which is currently spread around five offices in different European countries, we're going to open two more, and then finally, an attempt to try and become more part of the national conversation in different countries to foster this strategic culture. So, we do syndicated columns and a lot of media work in different countries.

HK: And this agenda has come late, in a way, as the European Union has evolved, because I guess foreign policy for the EU as a whole is, as you suggested, a hard nut to crack.

ML: Well, I think it's the next phase. I mean, the first phase of the European Union was about dealing with the internal problems which had split it up, largely by creating a market within the European Union. So, they started with coal and steel and then they spread more widely, and in the end they built a single market and then a single currency. But the focus was very much on the internal dynamics within the European Union. But now it's been a huge success, the European Union has expanded from six to twenty-seven member states, so the next challenge is looking outwards and is maybe more difficult because foreign policy is more central to national sovereignty than economic policy is, but I think that's where the European Union is really going to add value into the **pendant** [?] world. And there is also a sense – a new kind of energy and dynamism in Europe at the moment which we hope to take advantage of.

HK: Your earlier book was called Why Europe Will Run the 21<sup>st</sup> Century. I assume the answer was yes, and why is that so?

ML: Well, the core argument is that the European Union is probably the most important political innovation since the development of the nation state five hundred years ago, and as we enter a more interdependent world this European model of trying to deal with the problems of interdependence through law, finding ways of solving problems of collective action, avoiding the use of violence, not building up regional balances of power but instead creating a massive legal community, the biggest single market in the world, solutions to dealing with climate change, with organized crime – that that model is something which is both going to become more and more important within Europe, and the European Union will carry on growing, and it's already grown to twenty-seven countries, I argue that the Eurosphere could eventually cover the whole continent, up to two billion people, but equally it is inspiring other parts of the world to develop their own regional communities, whether it's the African Union, MERCOSUR, the East Asian community, so that by the end of this century we could see a world where you have a group of regional unions, multinational organizations on a global level inspired by the European model, like the World Trade Organization and the International Criminal Court. And in that sense we'll see a European century, not because Europe will be the most powerful political, economic, or military bloc but because the European way of doing things will have become the world's way of doing things, certainly know that that would be the best way for this century to develop. And I hope that it will happen because everyone has very strong self-interests in going down that route rather than having more traditional ideas of sovereignty.

HK: And this notion of the importance of regional groupings is one of the defining features of the world of the 21<sup>st</sup> century as you see it. Let's talk a little about that because I think what you're saying is that Europe is a role model for this new world that's emerging and that it can use that strategically to have an influential role as it encounters other regional groupings.

ML: I think that's right. I think the two ways that we thought that the world might be organized recently are either around a unipolar power where the United States acts as the world policeman, or creating some kind of world government organized around the United Nations. I don't think either of those models is realistic in the long term. I think the world's certainly been better off with a unipolar American military power for the last generation than it was when you had a multipolar world before that, but we're already entering a more multipolar era. And it's become increasingly clear that the United Nations, though it's enormously important, is never going to be able to be an efficient organization the way that the European Union is because of the differences in countries, the fact that you'd have the same level of common interest, and also because it was an organization of a different era designed to protect the sovereignty of nation states rather than to pool it. And that's why I think the European Union, in a way, defies political gravity because it's reinvented what it is to have security, and instead of security being about defending nation states from the interference of others, like the United Nations and like the way that people thought about international relations

for centuries, within Europe we guarantee our security by interfering in each other's internal affairs and by creating a very, very deep level of interdependence which is governed by very clear rules which are administered by institutions which are above the nation state. But the institutions only exist because they've been created by nation states, and the nation states have kept to themselves the powers which their citizens care about the most, like delivering health, and education, and pensions, and welfare states, and taxation. And that's a pretty incredible model which I think allows you to have the benefits of scale that you get from working together without sacrificing the political independence that people have come to enjoy and expect in an area of growing nationalism.

HK: Another defining feature of the international environment, and here we can find this in your first book on Europe, is that the protection of the individual becomes very important in this new world, and I think you're faulting organizations like the UN because they focus so much on protecting sovereignty, and we're seeing now with the catastrophic events in Burma that sometimes the governments won't protect its own citizens. But you see this as very important in understanding the new world we're in.

ML: I think that's absolutely right. As we've entered an era where the costs of war between states are very large and countries have realized that acquiring territory isn't necessarily a good way of developing their economies or of becoming great powers. It means that the prevention of war between countries, while still important, is no longer the absolutely central feature of the international system. And increasingly, the problems that we're grappling with, the problems that happen within countries – might be massive human rights abuses, genocide, environment destruction – and in order to deal with those problems, but also to create public goods like continental sized markets or ways of dealing with criminal networks that cuts across borders, you need to be able to interfere in each other's internal affairs, and that's really where the – that's the genius of the European Union, is it's realized that much earlier than other parts of the world and has developed systems of governance that do that but in a way that doesn't undermine the nation state. And that's why I think it's such a strong model. And also – and this is maybe something which applies beyond Europe – it's a model that you can use to transform the countries in your periphery, because the European Union has brought about regime change in a dozen countries around its outside in the last few years because they wanted to join the European Union, and the price for joining the European Union for the newly freed countries of the former Soviet bloc was implementing these eighty thousand pages of laws which Europeans have developed. So, you've got this rule book which other people want to join which they democratically implement for themselves but which eventually transforms them into your own image, and that means that you don't need to project power in a traditional way because other countries are basically changing themselves voluntarily. That's a much more powerful model of political change than any that you've seen before in history, so I think that's another way that the EU is exerting power. And then the final way, as you said, is acting as a role model. The fact that people are copying it means that you've increasingly seeing this sort of European way of doing things becoming more widespread and more central to the way that the world works.

HK: And let's emphasize this point because through enlargement, which is what we call joining the EU, you have access to a market that can address the problems of globalization but Europe is exacting a price for that, which is to say you've got to bring up your institutions to meet the standards that Europe has established with regard to human rights, and so forth.

ML: That's right. Countries that are on the outside can see what's happened to some of the countries that have benefited from joining. Ireland went from being one of the poorest and most backward countries in Europe to one of the richest countries in the world, it's now got the highest GDP and that's in a generation. And that's entirely tied up with Ireland's membership in the European Union. And on top of that, it's had the benefit of defusing the war that was going on in northern Ireland between nationalists and loyalists. So, it's an incredible success story.

HK: Now the third feature of the international system that you identify is the shifting of power east and south, which leads us actually to your new book which is What Does China Think? Talk a little about that shift in power and why Europe is positioned to deal with it. Is it because of what you've already said, that regional groupings are emerging, and very powerful groupings, and Europe will be better situated to engage them?

ML: Well, I think the emergence of new power blocs will be a challenge to the European Union, but I think the European Union has developed a way of dealing with problems of interdependence, and I think those problems will grow. And I also think there are moves towards regional integration in Asia which are very different from the European model at the moment but could maybe become more compatible with the European one. But I think in the initial phase it's going to be a major challenge because what you're having is not just a massive shift in political, economic and military power from west to east, but also, overlaid with that there is an ideological shift in power going on, and this is kind of the thesis of my new book, that within China at the moment is what they call a liberation of thought, an intellectual awakening, and an attempt to think about the world on Chinese terms, and they've assimilated and absorbed lots of ideas from the rest of the world over the last thirty years or so. But now they're increasingly projecting it back in developing a Chinese model. Now that's going to be a pretty big challenge both to the United States but also to the European Union. And I think if we're going to come to terms with it the starting point has to be to look at not just what China does, which has been a big focus in the last few years, at Chinese economy, at its political moves, at its military modernization, but what China thinks so that we can understand what these ideas are which will be promoted on the back of this growth of economic and military power.

HK: Before we talk about the ideas, which we'll focus on in a second, I think it's important – because you do a very nice job, as a student of international relations, of explaining how important as a China as a country has become, and you very nicely give us a lot of statistics: one in five of the world's population are in China; China has doubled the world's work force; almost half of the world's clothes and shoes were made in China; produces more computers than anywhere else in the world; it's gobbling up forty percent of the world's cement, forty percent of its coal, thirty percent of

its steel, twelve percent of its energy, it's doubling the cost of energy and it's cutting in half the price of computers, and on and on. I mean, would you just comment on this? As a student of international relations that's quite something when so much is going on in one country, in such a short period of time.

ML: You're right. There are a number of statistics in there, but the reason I cite them is actually to explain why, in a way, we've missed the real story, because we're so mesmerized by these statistics. It's such a shock to the way that we've thought about the world that we've maybe failed to ask a deeper question, which is what's going on behind this shift in power and the emergence of a Chinese giant, and I think, in a way, that's more interesting. I think for the last generation we have been affected by those statistics, our gas prices have gone up, our computer prices have gone down, our mortgages are tied in with what China's going, and on lots of global problems now there's a Chinese dimension, from climate change, to what we do about Darfur, to what we do in Burma. There is a massive Chinese dimension to all of those things. But I think in the future, even more important than what China does could be what China thinks. I think we need to start thinking about China not just as a bloc with political power but as a powerhouse of ideas which is challenging our way of thinking about the world.

HK: Now it's important – we should set the context here, and when I read your brilliant, formative book I was reminded of a quote from Max Weber, which all graduate students, I'm sure, encounter. Weber wrote: "Not ideas but material and ideal interests direct government's conduct, yet very frequently the world images that have been created by ideas, like a switchman, have determined the tracks along which action has been pushed by the dynamic of interest." And you would agree with that, I think, and you're really saying, okay, we have to look at the internal debates within China on democracy, on the economy and on its role in the world.

ML: That's absolutely right. I mean, I'm not arguing that they're fixed, I think these debates will develop as China becomes more powerful and its choices grow on the back of its material power, but I think it does nevertheless provide a really interesting window into where the country's going, and I think it's wrong of the international relations scholars in particular to be blind to these sorts of issues. If you look at some kind of the more purist realists they'll argue that none of this matters, that all that matters is interest and that China will behave like any great power as it becomes more powerful. I think there's obviously an element of truth in that, but equally I think one learns a lot about where China is going to go, from the thoughts of its more imaginative intellectuals, partly because these intellectuals do play an important part in China's political system because you don't have any political parties, you don't have free debate in the way that we have here. So, one of the ways the government puts ideas in play and nationally tests out ideas is through the activities of its think tanks and its universities.

HK: And I think this is an important point because China still is ruled by the Communist Party, it's a one party state, it's authoritarian. So, help us understand how these ideas work their way through the system, because we're dealing with a very different animal here. That is, when you have that

political structure and a political structure that is very dependent on its security forces, and censorship, and so on, yet ideas are important.

ML: Yeah, I mean, I'm not – there's some absolutely brilliant scholars of China's leadership and it's something which is – you know, there is a massive industry of **Kremlinology** [?] which has developed over the years, which is looking at these sorts of things. I can't claim to be an expert on exactly how ideas work their way through the system, but what I have noticed in the years that I've been studying China is that you can spot some of the big shifts in policy within these ideological debates beforehand. And my Chinese friends will argue about to what extent the ideas in the think tanks and the universities which cause shifts in government policy, or to what extent its people within the regime who will go to their friends in the think tanks and the universities and plant ideas in their heads. But either way, I think the intellectual debate is important because it's part of how ideas put in play, and there is a very porous relationship between the big think tanks in China, the big universities, and government departments. And increasingly the government changes the way that it makes policy. They are becoming not just part of some kind of abstract debate but actually part of the policy making process. If you look at the creation of the last five-year plan, the eleventh five-year plan, there were over one hundred studies that fed into that plan which were conducted by universities and think tanks. So, almost all of the intellectual class within China will have been involved, in some way, in the development of this five-year plan.

HK: One of the ways that this process works is what you call the zebra story, when you're talking about the change in thinking about the economy. Tell us that story and what it means for the way China moves from one set of ideas to another.

ML: Sure. There's a famous economist in China called Zhang Weiyang, who was one of the first people to develop the theory of **jewel trap** [?] pricing. He uses this story as a metaphor for the way that Chinese economy was transformed, and he tells a story about a village where all the chores were done by horses and in the neighboring village they had zebras which were much more efficient and better at working than the horses within the village that he tells a story about. And the village elders realized that they were going to have to switch from having horses to zebras but they had a big problem, which is that their entire legitimacy was based on preaching a doctrine that horses were good and zebras were bad. So, they didn't know what to do, how they could switch from one to the other, without losing face, and then they came up with a solution, which was under cover of night they painted stripes on some of the horses in their town and when the people woke up in the morning they saw these weirdly colored beasts in their midst and they panicked, but the village elders said, "Don't worry. These are just horses. Someone's just painted stripes on them. It's okay. They're working the way that they've always worked." And the villages kind of went about their business. So then, every night they painted a few more of the horses until eventually all of the village horses were painted. Then after a few years, they started replacing these painted horses with real zebras and this had an enormous impact on the productivity of the village, it started becoming very, very wealthy, the productivity went through the roof, and only many years later, when all of the horses had been replaced with zebras, did they come clean about what they'd done and they brought

the citizenry together and they declared that, in fact, their village was now a village of zebras rather than of horses and that horses were bad and zebras were good. And this is sort of seen as a model for China's economic reforms where instead of going straight from the planned economy to the market they created these pockets of alternative reality where they tested out market ideas and when they worked they kind of spread them further. This happened, first of all, with pricing but also, if you look at the great metropolises of Chinese capitalism, like **Shenzhen** [?] and these special economic zones, that's exactly what they did there.

HK: Now as you walk us through the debates about the economy, then democracy, and then about international relations, let's talk about them, because with regard to the economy you're saying there's a real debate emerging about the excesses of the market, the following of what was called the "Pearl River doctrine" with regard to how the economy develops and going back to being concerned about questions of equality and the consequences of a rampant market.

ML: Yeah, and I think that's maybe one of the most interesting debates because as good Marxists we should start with the material basis for Chinese thinking, but there is a big debate about what model of capitalism China should have. In the '80s the debate was whether China should have capitalism or not, and the reformers were all on one side and the conservatives were all in favor of sticking with a planned economy. Then after 1989 there was a divide that opened in the reformist camp. So, the old style opponents of the market are pretty much marginalized, they don't have a voice in Chinese society anymore. But what's happened now is as a result of the growing economic wealth people are asking more difficult questions about where the money should go, and what is maybe surprising to people who haven't been to China and spent time there is how this nominally Communist country has gone from being one of the most equal countries in the world to one of the most unequal countries in the world, how there is no welfare state in China. You know, if you get old or sick you're basically left to rely on your family and your wits, but the state isn't there to support you. So, what's happened is that the economists who were very influential in the '80s, so much so that a lot of people **talked about where a deck head** [?] is the dictatorship of the economist, people like Zhang Weiyang who came up with the zebra story. They are increasingly finding themselves on the **back foot** [?], and there's this new grouping that's emerged who are called the new left, who want to develop, I suppose, a Chinese variant of social democracy. And they have come out with a very powerful critique of the dangers of unbridled economic growth, a focus on economic growth to the exclusion of everything else, and they're thinking about novel ways of bringing in low priced healthcare, better education, but also of measuring the environmental destruction that China's growth produces, and developing ideas to do a green GDP which subtracts out the environmental costs of growth and comes out with new growth figures.

HK: As we go through these debates the challenge here, I guess, is to deal with the emerging situation on the one hand, but also to link it to several traditions, the Confucian tradition, the Maoist tradition, and then what the recent tradition is, which is the market. So, there is that dynamic in all of these debates, also, is there not?

ML: I think that's right, and increasingly Chinese people are becoming very self-conscious about it. I mean, one of the critiques which Chinese intellectuals make is that the country has been so desperate to absorb ideas from elsewhere that it's kind of been buffeted from one totalizing ideology to the next, and they say that what happened after China rejected the sort of Marxist, Leninist, Maoist doctrines thirty years ago with opening and reform is that it simply went from one cult worship to another, and the new cult is the United States of America and [...?...] economics and that has become a doctrine, a dominant ideology. And a lot of Chinese want to free themselves from that in the same way that they freed themselves from Maoism in the past. And that's really where we're at, at the moment, is what makes it a very interesting moment, because out of the big debates – and I think there's a huge difference between the new left and the new right, I mean, it's bigger than the difference between Republicans and Democrats – there is a new kind of philosophy emerging and a new doctrine of capitalism, of a kind of state capitalism which I think could have implications beyond China as a model.

HK: Before we talk about the international relations let's talk about the debate about democracy, because what you're finding is – coming up with solutions that you see the need for democracy but in the context of the one party state.

ML: I think that's right. It's analogous to what's happening in economics. So, in the 1980s in the political realm pretty much everybody supported a move towards western inspired liberal democracy. There might have been arguments about whether a presidential system based on the U.S. would be better, or a parliamentary system based on the UK, but the direction of travel was pretty clear. Now it's much more complex. It's partly a result of Tiananmen and the fact that a lot of people end up in prison and in exile and it was no longer acceptable to talk about political reform in the way that you could in the '80s, but it's also partly just because China's been incredibly successful without liberal democracy. And that's meant that there are still some people who believe in elections, and there's one famous political scientist called **Yukaping** [?] who I write a lot about in the book who's pioneered the study of all sorts of political experiments at a local level, in villages and townships, and also within the Communist Party. But increasingly him and people like him are being challenged and maybe even overshadowed by a new group of Chinese intellectuals who think that elections are a massive destruction, that they won't deal with any of the problems facing China at the moment, and that what you need instead is to move towards what they call consultative rule of law. They want the rule of law to be important and they want the rule of law rather than the rule by man, as they say, but equally they want the state to find ways of finding ways of putting itself in touch with public opinion without going to the trouble of having elections which might result in them losing power. So, they're looking at ways of using focus groups, opinion polls, and even sort of massive public consultations, so they know what's going on, they can predict what the public wants and preempt public opinion. And I call that the development of a new kind of deliberative dictatorship, a kind of Darwinian dictatorship, that's able to stay abreast of public opinion and preempt it.

HK: As you walk us through these trends – changes, I guess we should say, in thinking one is reminded of what that American philosopher, Frank Sinatra, sang, “I did it my way.” So, what

you're saying that's very important here is that in these debates China is coming up with its own solutions that reflect both the changing context and Chinese ways of doing things.

ML: I think that's right. I mean, I think there is yet a China model but what you have out of these big debates is some themes which are crystallizing, and I think there's a sort of golden thread which ties it all together, which is going to be a Chinese way.

HK: Now let's talk a little about international relations, and I do recommend your book because it has very great clarity and really lays all of this out, but I did want to touch on the major themes. And that is China's very different way of viewing the world and defining its relation to globalization. Talk about that.

ML: I think one of the striking things about China is that the central topic which all international relations scholars are obsessed with is this idea of what they call CNP, comprehensive national power. And I think it's interesting for two reasons, first of all, because it shows that even in an era of globalization and interdependence there is a very unashamed focus on national power, and secondly, the idea that it should be comprehensive. And you know, every single think tank has developed its own index for measuring CNP, and the Chinese Academy of Social Sciences has got sixty-four different indicators which they track, and it's a mix of conventional metrics of power, economic power, military spending, but they're also trying to track some softer ideas like the cultural attraction of different countries. So, I think that's the basis idea, but what is maybe even more interesting is the way that they're trying to advance that agenda, and they're taking a series of ideas which advanced western scholars of international relations have developed to explain the decline of the nation state, and then they're turning them on their head and using them to actually enhance the power of the nation state, which is very, very surprising but quite interesting. There are three in particular that I single out in the book, soft power, multilateral integration, and asymmetric warfare.

HK: So, talk about soft power. In other words, they see soft power as very important but in a different way in the sense that there's a much greater concern about respecting the autonomy and integrity of the lesser power.

ML: That's right. I think many westerners maybe misunderstand what Joseph Nye meant when he coined the term "soft power." They think about Hollywood, and Coca-Cola, and Levis in the decline of the nation state, whereas in China soft power is seen very much in terms of making the rules for the international system. So, there's a military scholar I quote called **Yung Yee** [?] who talks about how the United States has captured the moral high ground in international relations, which allows it to decide what's responsible and what's irresponsible behavior, and he calls this like a strategic siege around China. And they want to break out of this strategic siege. Robert Zoellick used this phrase about China becoming a responsible stakeholder, and in a way that kind of sums up all that annoys them, because the idea is that it's up to Robert Zoellick or his successors in the State Department to decide whether China's being responsible or not, and when China spends a tiny fraction of what the United States spends on defense spending it's told it's being irresponsible.

Donald Rumsfeld asks, what do you need to spend all that money for, who're you trying to fight, whereas they think that they should be the ones setting the rules. And in order to do that, they are doing lots of more conventional things to try and build their soft power, opening Confucian institutes, institutes to study language and culture, setting up television stations, and doing lots of public diplomacy. But what I think is most interesting is the content of the China dream that they want to promote as a response to the American dream, and that's basically to try and associate China with three very powerful ideas which are already popular: economic development on the back of their enormous success domestically; political sovereignty, this idea that countries should be free from external interference and able to chart their own course; and finally, the idea of international law, which comes out very strongly if you look at what China's doing with multilateralism as a way of both projecting its own power but also constraining other powers.

HK: And Africa is a good place to look at for all these strategies come together.

ML: Absolutely. In Africa you see the attraction of the Chinese multiple – I mean, one of the interesting things that I discovered is that the Chinese are building a whole new series of special economic zones which are different from the ones which it built itself in the 1980s to advance its economic reform agenda in that they are in Africa. Last year Hu Jintao opened a special economic zone in Zambia, they're opening another one in Mauritius, another one in Dar es Salaam, and they're very similar to the Chinese ones. They're kind of special autonomous entities with tax breaks which are linked with road and shipping links, and African countries are now competing for the remaining two slots in a similar way to the way that central and eastern European countries competed to join the European Union. And off the back of these special economic zones what you're seeing is the spread of a Chinese model of capitalism. So, I think these are kind of a bit like villages of zebras. They're kind of pockets of alternative Chinese reality in the African continent.

HK: You also talk about asymmetric warfare, and that is – we generally think of that term in the context of a hegemon invading a less developed place and the incapacity to resist takes the form of asymmetric warfare, as we see in Iraq today, or in Afghanistan, but the Chinese see that idea as a way to address the challenges in the future that the U.S. might pose, without matching exactly what the U.S. does say, for example, in military power.

ML: That's absolutely right. China has taken asymmetric warfare to an industrial scale, but what's interesting is it's also stretched it. So, some of their doctrine is in military terms. I mean, they're terrified about the idea of being sucked into an arms race with the U.S. They know that the Soviet Union spent itself into oblivion by getting into an arms race with the U.S. So, in military terms they're looking at ways of neutralizing rather than matching American power, so one idea is looking at how you can take satellites down so that you can blind the U.S. if there's a conflict over Taiwan. But what's even more interesting is when they take it beyond the classical military realm. There's a whole concept of what they call "lawfare" which is using international law as a way of binding down, or pinning down, and manipulating more powerful rivals, and in a way that sort of leads into some

of the ideas which they're developing around multilateralism, which I think are some of the most advanced ways of thinking about power and asymmetry.

HK: Let's talk about that, because you use as the example the Shanghai Cooperative agreement and protocols. Talk a little about that, because it's bringing together different parties outside of the established multilateral institutions and thereby acquiring the regional influence which you saw as so important when you were talking about Europe.

ML: Absolutely. Until the mid-nineties the Chinese were very suspicious of any multilateral organizations, partly because it took them so long to get recognized by the United Nations and to have a seat at the United Nations. They'd had sanctions put against them, but also, in Asia they thought that these multilateral organizations were U.S. led and were designed to contain Chinese power. But then some of their most creative thinkers understood that first of all, the U.S. wasn't really interested in these regional organizations, it had what's called a "**Hobbins' spokes**" [?] approach to Asia where it had bilateral relations with each of the Asian countries rather than trying to bring them together. And also, they realized that they could learn from the European experience, because Germany used the European Union as a way of re-integrating itself into civilized society. It bound itself into a structure which allowed other countries to trust it, gave them a stake in Germany's economic re-emergence, and the Chinese wondered whether they could copy that and use it to legitimate their own power, to reassure their neighbors but also to exclude the United States. And they've done that in two theaters in particular, in east Asia they're working to create an East Asian community, and then to the west they're working with Russia and a group of central Asian republics to create a Shanghai Cooperation Organization. And what's fascinating about these two moves is that the organizations that are created enshrine values which are very, very similar to the Chinese own principles for how international order should work. They have reassured the neighbors they've excluded the United States, they've put U.S. allies like Japan on the back foot; in fact, the Chinese talk about trying to turn Japan into a United Kingdom of Asia, a country that's got one hand tied behind its back and is never on the front foot for regional integration because of its relationship with the U.S. So, it's a very sophisticated and interesting way of developing, and it's absolutely not done – it's not an either/or thing. It's not either join existing organizations like the World Trade Organization and the UN, or develop our own ones; these two things go in parallel. So, it's a non-confrontational way of changing the balance of power on the ground, which has been devastatingly effective.

HK: So, what you're suggesting here is that this debate about ideas on all of these issues, and definitely in international relations, is having an impact as it draws on the best qualities in Chinese culture and links it to China's newfound power. So, you're talking about a subtle nuanced approach to its neighbors, to the world, that is maximizing its power as it develops over time. You quote Deng Xiaoping as saying, "Hide brightness, nourish obscurity, bide our time and build our capabilities."

ML: Well, I think what's happening over time is that there is a Chinese model that's emerging from all of these debates, and I think the golden thread that links them is their quest for control. I mean, the context for China's rise has been what Tom Friedman called the flat world. The state had been flattened out, the economy by privatization and the political sphere by democratization, and out of the foreign policy realm by a combination of unipolar American military power and the new challenges of globalization, whether it's terrorism, hedge funds, climate change. And what China is saying is, we're not going to accept the flat world, we don't want to be flattened by this, we want to have access to all the benefits of globalization but on our own terms, and that's why these three debates, I think, are very interesting, because what you're seeing is a new model of capitalism, a new model of political organization, and a new model of world order, which are the building blocks of an alternative Chinese way of dealing with globalization. And I call that combination China's walled world, not because China's trying to wall itself off from the rest of the world but it is trying to create a non-flat world where you do have autonomy as nation states and where you're not just subject to the whims of global capital and American foreign policy.

HK: You say, I think, the only test though ultimately for China is does it serve China's interests, so this set of images for how to deal with the world are enhancing China's power in the world.

ML: Yeah, that's right. I mean, China is very pragmatic, it's not an ideological power in the same way that it was when Mao was around, and it is willing to make tradeoffs between its different – I mean, very willing and able to make tradeoffs between its different priorities. The **call** [?] goal is to advance China's power and it wants to do it in a way that doesn't scare the rest of the world, it reassures it, it doesn't cause the rest of the world to balance its rise, and it's a very, very self-aware rising power. But that, in a way, makes its ideological challenge for the rest of the world, to the west in particular, more devastating because you often don't realize it's happening, because there is an attempt to avoid confrontation wherever you can and to focus on changing the facts on the ground. And what's interesting is if you go around – not other developed countries but developing countries in Latin America, in the Middle East, in Central Asia, in Africa, people are increasingly talking about the Chinese model, and I think that's where the **call** [?] market is. I don't think that France or Germany are going to wake up tomorrow and decide that they want to implement the Chinese model, but they are already talking about it in Uzbekistan, in Iran, in Angola, in all sorts of countries in the second world.

HK: Let's take a particular case, The Sudan, Darfur – they're a set of principles and rules established by the international community that come out of the western tradition about certain things that one can't do as we accept the rights of humanity and of individuals, and so on. And on the other hand, China is there, acting because of its need for Sudanese oil, so what you're getting is a place where they want to be on both sides of the equation and they're adapting to the situation in that way, not totally supportive absolutely of The Sudan on the one hand, not dismissing the western concern about – how does this play out? I mean, in other words – because at a certain point there is a challenge to the way the west sees certain issues.

ML: I think it shows you how subtle Chinese diplomacy's become. Their number one goal in Sudan is to get access to Sudanese oil and to pursue their economic interests, so they're going to pursue that whatever happens. Now around that they have certain preferences for how things get done. They believe that it's wrong for the west to interfere in other countries' internal affairs, to tell them what to do, which is why for a long period of time they protected Sudan from resolutions of the United Nations, from too much pressure in terms of sanctions and other things which went through the United Nations, and they did that partly because that's how they think the world should run and partly because that's part of their offer to Sudan, which makes them more attractive as a partner to Sudan. At the same time, they don't want to be seen as a champion for every kind of genocidal regime in the world and they don't want to overly damage their relationship with the west. So, what they've done is just enough – when it looked like this was going to become a major issue which would have very negative consequences for their relationship with the United States, or with Europe, or something which might jeopardize the Olympics, they shifted tactically just enough in order to be seen to be on the right side of the equation. So, they have put pressure on the government to do things to lessen the international concern about its behavior. They were willing, when they were presidents of the Security Council, to put through a motion on giving authorization to a peacekeeping force in Sudan. But it's a very finely calibrated move and you're seeing similar things happening in Burma, in Zimbabwe, and other parts of the world. They don't want to sacrifice their interests, they do want to protect these countries, but if they have to make a choice between their relationship with the United States and their relationship with an impoverished African country that could embarrass them, they won't necessarily always side with the impoverished African country totally.

HK: What are the lessons that you would like American foreign policy makers to learn from your book and the insights it offers?

ML: Well, I think the first thing is really that we need to start understanding much more clearly what kind of country China is going to become, because I think there's been an assumption, certainly at the level of political elite in many western countries, that as China became richer it would become more like us, that there is essentially a single development path for different countries, leading countries inevitably towards liberal democracy, and it was just a question of sitting it out and they would eventually liberalize. And I think that what I found through my work is that the opposite seems to be happening. As China becomes richer and more self-confident, it's becoming less like us and it's charting an alternative path. So, how you deal with that has certain implications, and I still think that the broad parameters of the U.S. policy towards China, of engaging China, of trying to bind it into international society, try to turn it into a more responsible stakeholder – that has to be the right approach, but the way that you do it, I think, has to be calibrated so that you're responding to what China itself is doing, and I think you'd be much better able to do that if you understand the way the Chinese are thinking about multilateralism, about soft power, about other sorts of models. I think another challenge to American policy makers is to see that their economic model is something which is in the retreat in many parts of the world, and I think that...

HK: The U.S. model.

ML: Yeah, the Washington consensus and the whole western model of development, and our levers for influencing developing countries are much less great than they were just five years ago. If you look at Angola, for example, the World Bank had been negotiating a deal with Angola for many years and just before they were about to sign it the Angolan government told them they weren't interested anymore because they got a loan from China with much less stringent conditions. So, I think we need to rethink how we do development, how we think about the whole idea of leverage and conditionality. And thirdly, I think that there is a collective challenge for the west because I think there are big differences between Europeans and Americans in terms of how the international order should be structured, but we do share a basic conception of a liberal order which is kind of under attack, and a lot of the things which happened in the 1990s, like this move towards protecting individual rights, the whole idea of the responsibility to protect people from genocide – those things are on the back foot at the moment, they're in remission, partly because China's becoming more self-confident. So, I think we need to rethink how we go about organizing ourselves in the United Nations, in other bodies, to defend these notions, these very young but I think incredibly progressive notions, which emerged in the '90s but which are now already under attack.

HK: One final question: do you think that Europe is better positioned to address the China challenges because of its own evolution with regard to the EU?

ML: Well, I'm not sure if it's better positioned. I think it definitely has something to add. I mean, I think Europeans need to shift how they think about China because until very recently European countries have had trade policies towards China, and investment policies towards China, but they've thought much less about China as a central constituent part of the international system, and the need to try and engage China to make China more responsible in terms of its behavior in the third world, or on global issues like climate change, and that has to be a big shift to use our leverage more effectively. The U.S. obviously has a much more complex relationship because of the security dimension but that potentially also gives it more levers when it's thinking about how China develops. But I think maybe the bigger challenge is for Europeans and Americans to start talking about China because China is becoming an absolutely central part of the global furniture, and we haven't traditionally been very good at talking about it. We talked a lot about Russia in the past but Europeans and Americans don't work together in Asia and they haven't had joined-up policies on it.

HK: Well, on that note I think it's fair to say a good place to start is for people to read your book, [What Does China Think?](#). So, I want to thank you very much, Mark, for being here and joining us today.

ML: Thank you.

HK: And thank you very much for joining us for this "Conversation With History."

[End of Interview]