RPTR MERTENS

EDTR ROSEN

U.S.-CHINA RELATIONS AND ITS IMPACT ON NATIONAL

SECURITY AND INTELLIGENCE IN A POST-COVID WORLD

Wednesday, July 1, 2020

U.S. House of Representatives,

Permanent Select Committee on Intelligence,

Washington, D.C.

The committee met, pursuant to call, at 12:03 p.m., via Webex, the Honorable Adam Schiff (chairman of the committee) presiding.

Present: Representatives Schiff, Himes, Sewell, Quigley, Swalwell, Castro, Heck, Welch, Maloney, Demings, and Krishnamoorthi.

The Chairman. All right. The committee will come to order. Without objection, the chair may declare a recess at any time. Before we proceed to the topic today, The National Security Implications of the U.S.-China Relationship in a Post-COVID World, I want to address some housekeeping matters.

First, today's session will be conducted on an entirely unclassified basis. All participants should refrain from discussing any classified or other information protected from public disclosure.

Second, the committee is conducting this virtual hearing in compliance with House Resolution 965, and the regulations for the conduct of remote committee proceedings. It is being broadcast live on the committee's website. Like many of you, I would have preferred to hold this hearing in person. However, because of the threat posed by COVID-19 that remains serious and widespread, we are proceeding in the best manner we can remotely in today's case, in order to ensure the safety of our witnesses, members, staff, and the public.

Today's conversation is essential to our oversight of how the ICs and nations should adapt to meet the challenge posed by an increasingly assertive China, especially as the shift occurs against the backdrop of a global pandemic with far-reaching and still unseen implications.

I had hoped that this would be a bipartisan discussion. Unfortunately, without reason or justification, our Republican colleagues, once again, decided to absent themselves from the work of the committee. I repeat my hope that they will reconsider this path, and join us for future unclassified public hearings, and unclassified closed round tables. We will continue to have them as they are being used to frame the oversight issues and requests and inform our members on the myriad of threats facing the country.

The American people expect that the Congress will continue doing its job, even in the pandemic, and that means showing up at a minimum whether we want to or not, whether conducted remotely or in person. These hearings and supplemental round tables are official business and integral to our responsibilities in the classified realm. Pandemic or no pandemic, the American people have a right to expect us to conduct our business in a way that prioritizes the safety of witnesses, members, staff, and the public.

Let me remind members of our remote hearing procedures. First, consistent with regulations, the committee will keep microphones muted to limit background noise. Members are responsible for unmuting themselves when they seek recognition, or when recognized for their 5 minutes. Because there are sometimes delays when muting or unmuting microphones, I would ask that members and witnesses allow sufficient time before speaking to ensure that the last member has stopped talking.

Second, members and witnesses must have their cameras on at all times. If you need to step away from the proceeding, please leave your camera on. Third, if you encounter technical difficulties, please contact technical support through the channels established prior to this hearing. Our technical staff will work to get you back up and running as quickly as possible.

Finally, consistent past practice, I will, at appropriate times, recognize members for their 5 minutes in order of seniority starting with those who are present at the commencement of the hearing. Thanks for your patience as we proceed under these unusual circumstances.

Today's hearing is convened at the height of a global pandemic. As evidenced by the virtual format of this hearing, COVID-19 has daily and fundamentally shaped our lives. Unfortunately and undoubtedly, COVID-19 will have similar impacts on U.S. national security interests, and thus, prompt the intelligence community to reexamine its standing priorities. Several of our witnesses' prepared statements for the record have referred to this unique moment in history as clarifying.

For the United States, it is evident that the national security and intelligence challenges that we face in coming decades will have considerably evolved from the post 9/11 world.

For U.S. allies and partners, the reliability, capability, and staying power of the United States appears, at the moment, uncertain. For China, which is in the midst of a self-proclaimed strategic window of opportunity, the pandemic continues to offer new paths for Beijing to assert its longstanding sovereignty claims, gain parity in emerging technology, and shape the broader international order in a manner conducive to its own interests.

Just yesterday, China moved to implement sweeping new national security legislation in Hong Kong, permanently fracturing Hong Kong's treasured judicial independence. This past month, China engaged in deadly clashes along the line of actual control, resulting in the tragic deaths of a dozen Indian soldiers, and an unknown Chinese death toll as well. Moreover, scientists have recently identified a new flu strain with pandemic potential, demonstrating that global health events of international concern will continue to emanate from China.

Notwithstanding the implications of these events, the landscape of the international economy and United States and China's respective rules within it, will be even more directly impacted by COVID-19. Growing calls for the U.S. to pursue a strategy of technological decoupling and increase the resilience of the U.S. supply chains present real choices for policymakers.

Moreover, in the face of China's One Belt, One Road strategic initiative, Washington's ability to clearly communicate economic benefits of continued engagement with the U.S. has proven limited.

The committee takes these shifting dynamics very seriously. In the spring of 2019, we initiated the China deep dive, which set out to conduct a comprehensive assessment of the Intelligence Community's ability to address the multi-faceted challenges that China poses. While our findings remain with the Intelligence Community for comment and a declassification review, we have identified several areas requiring additional focus and oversight.

Our annual Intelligence Authorization Act will continue to champion the importance of quality collection and analysis on China-focused issues.

Competing with China cannot and should not be a slogan. It requires deliberate policy action and careful introspection about how we draw upon our inherent strengths. As one of our witnesses notes in prepared testimony, we cannot underestimate the benefits associated with safeguarding and championing the promise of American opportunity. As the United States navigates an increasingly fraught bilateral relationship with China, particularly in conjunction with a global recovery from COVID-19, it is prudent to take stock and prepare. Today, we hope to do just that.

With that, I want to thank and welcome our witnesses for joining us today. We will proceed with 5-minute opening statements going in the following order: First, Orville Schell, Arthur Ross Director Center, of U.S.-China Relations, Asia Society. Then Dr. Evan Medeiros, Penner Family Chair in Asian Studies, and Cling Family Distinguished Fellow, School of Foreign Service at Georgetown University; then Dr. Tanvi Madan, Senior Fellow, Foreign Policy at the Brookings Institution. And finally, Meredith Sumpter, head of Research Strategy Operations at the Eurasia Group.

With that, Mr. Schell, why don't we begin with you. You are recognized for 5 minutes. After that, Dr. Medeiros and Dr. Madan, and Ms. Sumpter, you are all recognized for 5 minutes. Thank you.

STATEMENTS OF ORVILLE SCHELL, ARTHUR ROSS DIRECTOR, CENTER ON US-CHINA RELATIONS, ASIA SOCIETY; DR. EVAN MEDEIROS, PENNER FAMILY CHAIR IN ASIAN STUDIES AND CLING FAMILY DISTINGUISHED FELLOW, SCHOOL OF FOREIGN SERVICE, GEORGETOWN UNIVERSITY; DR. TANVI MADAN, SENIOR FELLOW, FOREIGN POLICY, THE BROOKINGS INSTITUTION; AND MEREDITH SUMPTER, HEAD OF RESEARCH STRATEGY AND OPERATIONS, EURASIA GROUP

STATEMENT OF ORVILLE SCHELL

Mr. Schell. Chairman Schiff, thanks for holding this hearing and --

The Chairman. Mr. Schell, you will need to unmute.

Mr. Schell. Thanks to the committee as well for holding this hearing. Indeed, it comes at an extraordinarily timely moment. China is ever in the news, at the center of the news, but I think with the new national security law in Hong Kong, just sort of at the breach, it is more relevant than ever.

Let me just suggest for a moment why this is such a moment of inflection. I think it has become increasingly evident that China is not just a trade question, a question of, you know, how the global marketplace arrays itself, but it is also a military question, and now, it is more obvious than ever that it is also a question of competition, I think, between systems and values, and I think this casts the relationship in a whole different frame of reference.

Now, when I say that, what I mean is that we were accustomed for many, many decades, and I have written about this in a long piece that is in the record, I think, as my testimony, but in connection with the kind of center of how we related to China.

What were the presumptions of that? Well, the presumption was that this began in 1972 with Kissinger and Nixon going to China, that if we simply engaged China across the board, that slowly, we would have a greater likelihood of more convergence rather than divergence, that we would solely morph out of the Cold War.

What is so extraordinary about the policy engagement, and I am not one of the people that believes it was an erroneous policy. I do believe, however, it is a failed policy. It was not erroneous precisely because for eight presidential administrations, the U.S. Government sought, I think this is the height of leadership, to slowly bend the metal of China, to help China, to assist China to morph out of its milestone revolutionary period into to something that was more soluble with the world as it existed outside, both the marketplace, international order, et cetera, et cetera.

And I think if you look at all of these different administrations and go through them one by one, as I do in the piece that is in your record, it is so striking to see how one President, Republican and Democrat, came in after another usually with a rather jaundiced view of China. Ultimately, they embraced the notion that we should try to engage China.

So what happened? I think, just to cut to the chase here, what happened was that we have a regime in China now that is very different in its set of presumptions than that pathway that was laid out by Deng Xiaoping in 1978 and 79, so [inaudible] reform and open.

Without reform, without the presumption that China will both reform economically and politically to some degree, engagement has no basis, because if you are not converging, then you are diverging. And if China is not actually trying to slowly evolve out of its old Leninist-Maoist mold to a form of government, then it is, in a sense, deciding that that is what it is, and that is what its model is, and that is what it is going to be projecting around the world. And this is, indeed, what I think we see in Hong Kong today.

So, I think we are at a tremendously dangerous moment where we do not have a framework for dealing with China. We have a framework that failed, and we do not know what is going to replace it. And we also have a very frayed alliance system, and I think that is the most critical element that should be focused on.

Last point. It is with great regret that I note that your Republican colleagues aren't at this hearing, because actually, this is an issue of enormous common interest and, actually, of some agreement. And the fact that we cannot get together in Washington in a bipartisan way to perfect a new framework, a new formulation for approaching China when there is as much agreement here as there is on any other issue, to me, that is a lamentable state of affairs. So let me stop here.

[The statement of Mr. Schell follows:]

******** COMMITTEE INSERT ********

The Chairman. Mr. Schell, thank you. And you are absolutely right. It is lamentable. Their absence, though, is not for lack of our trying to include them. I want to assure you of that.

I should also mention, Mr. Schell, that many of us find ourselves having a nice library which is often featured behind us in our conferences, but none of us can hold a candle to you. Thank you for that wonderful introduction to our hearing today.

Let's now go to Dr. Medeiros.

STATEMENT OF DR. EVAN MEDEIROS

Mr. Medeiros. Well, thank you, Chairman Schiff, and members of the committee. Thanks for the opportunity to discuss the U.S.-China relationship, and its impact on national security and intelligence within a post-COVID world.

From a historical perspective, and with an eye on the past 40 years of U.S.-China relations, I am hard-pressed to identify a time since normalization in 1979 when so much was in flux. Thus, I see now as a key time, perhaps the key time to examine the forces driving the U.S.-China relationship, especially from the role, from the perspective of the role that policymakers in the Intelligence Community can play. In my presentation today, I want to focus on three issues: number one, the current state of the relationship; two, the impact of COVID; and three, offer some policy recommendations.

First, regarding the current state of the relationship, I would argue that there is a unique and worrisome convergence in the short-term cyclical drivers, things like the lack of communication, the President's personal ties to Xi Jinping, and how politicized relations have become with the long-term structural drivers of the relationship such as the fact that there are now new and expanding sources of competition, security, economics, technology, and even ideology.

And both of these cyclical or short-term drivers and the long-term structural drivers are pushing the relationship in a more competitive and confrontational direction.

This is occurring at the same time that many of the classic buffers and stabilizers in the relationship against competition, such as the role of top leaders, shared global challenges, the role of economic interdependence in the business community, are diminishing in their importance, and, in some cases, certain stabilizers and buffers are simply inoperative. So it is uncertain that a new U.S. President could or would fundamentally change this dynamic, or perhaps less likely that Xi Jinping would change his course in the coming years. So I think we should accept that this convergence of the short-term cyclical and the long-term structural will be with us for a long time.

So given these dynamics, COVID-19 could not have come at a worse time for the relationship, given the fact that it is facing multiple stresses. I believe that the pandemic has had the following effects on the relationship: Number one, it has accentuated distrust and polarization in both countries. In the United States, COVID has highlighted the differences between our political system and increased pressure for economic decoupling from China. In China, the pandemic has reinforced beliefs that the United States seeks to contain China globally, and delegitimize the Communist Party at home. This has produced a cycle of mutual recrimination that is getting worse.

Two, COVID has politicized the U.S.-China relationship. China has moved to center stage in electoral politics in the United States, and elite politics in China. Political candidates are criticizing China and the CCP's role in spreading COVID-19 as a theme to advance their electoral campaigns. And in China, for Chinese politicians, being resolute in the face of pressure from the United States has become a common theme promoted by the Communist Party.

Number three, as COVID has spread globally, China has used what many call its masked diplomacy, its offers of material assistance, but unfortunately, or fortunately, this diplomacy has consistently alienated many countries. Chinese diplomats have pushed other countries to praise China's efforts, and disparage those countries who criticize China. So the Chinese have been using masked diplomacy, but in a way that is alienated a lot of countries.

And, lastly, is this issue of whether or not we are facing a new Chinese activism or opportunism. A worrisome feature of China's foreign policy behavior in the COVID-19 era has been its activism in advancing its territorial claims, including with India, Japan, Vietnam, Malaysia, and perhaps others. Understanding China's precise motives is difficult. Nonetheless, it is generating a lot of instability in east Asia.

Let me close with four policy recommendations: Number one, the United States needs to rethink competition. American policymakers need to debate how to compete with China, on what issues, in what theaters, and with what tools, and perhaps most importantly, at what cost.

Number two, we need to rebuild communications. A central challenge for U.S. policymakers going forward is going to be to reconceptualize, and then rebuild channels of bilateral communication in a manner that serves U.S. interests. Keep in mind that Beijing has used dialogue in the past to play for time and advantage, new channels will need to be both results-driven, frequently balancing quantity and quality.

Number three, we need to reset our expectations about the future of the relationship and adjust our strategy and policy accordingly; in particular, resetting expectations about where progress can be achieved given the resistance to change in China. But also, we need to be mindful that we are going to have to reset our expectations about being comfortable with tolerating friction in the relationship, but also adapt at managing and using friction to serve American interests.

Lastly, and I will conclude on this point, I think that the U.S. Government needs to reconstitute its open-source analysis of China, and this is going to involve the Intelligence Community expanding what used to be a very substantial effort and has now shrunken. Open-source analysis of Chinese intentions and policies is an essential component to understanding the overall trajectory of China, as well as the U.S.-China relationship. The Chinese Government publishes a lot. You just need to read Chinese to do it.

During the Cold War, the U.S. Government had a very extensive bureaucracy devoted to open-source analysis, especially in collaboration with universities and think tanks. I don't think the U.S.-China relationship or China is any less a consequential challenge. And as a result, open-source analysis needs to be rebuilt, expanded, and this is going to require new resources and new leadership.

With that, I conclude my opening presentation. I would like to submit my formal written statement for the record, and welcome any and all questions, Mr. Chairman.

[The statement of Mr. Medeiros follows:]

******** COMMITTEE INSERT ********

The Chairman. Thank you, Dr. Medeiros, and your written statement will be included in the record in its complete form.

Let's now turn to Dr. Madan.

STATEMENT OF DR. TANVI MADAN

Ms. Madan. Chairman Schiff and distinguished members of the committee, thank you for the invitation to speak at this hearing.

Even as the U.S. and India have engaged with China, over the last two decades, their shared concerns about rising China's behavior have been a key driver of a closer U.S.-India partnership. Over the last few months, there have been two key developments that have increased those concerns in New Delhi. First, attempts by the People's Liberation Army since early May to unilaterally change the status quo along the line of action control, the de facto boundary between the two countries, which led to the first military clash in 45 years between the two militaries; and second, the coronavirus pandemic. Both these developments have had and will continue to have an impact on Indian views and approaches to China, the United States, and the international order.

When they met in October 2019, China's leader, Xi Jinping and Indian Prime Minister Narenda Modi sought to stress China-Indian cooperation. However, the pandemic and the boundary crisis have demonstrated that despite Delhi and Beijing efforts to engage over the last few decades, the China-India relationship remains a fundamentally and increasingly combative relationship that can easily spill over into conflict.

On the boundary process and the pandemic linked.

While there continues to be debate about the motivations motions for the PM's initial moves, COVID-19 might have had an impact. At the strategic level, the boundary crisis is part of a battle of Chinese assertiveness on a number of fronts. Experts are divided, as Dr. Medeiros mentioned, on whether this assertiveness stems from either: A, Xi Jinping wanting to show strength because of concerns about domestic and international criticism of his regime's handling of the pandemic; or B, assertiveness stemming from Beijing's desire to take advantage of other countries, including the United States, being on their back foot, or distracted due to the coronavirus.

The pandemic also seems to have had an impact at the operational level. The PLA is thought to have redeployed from its annual springtime military exercise to undertake its initial moves to change the status quo at the boundary. India had postponed its similar exercise due to the pandemic, and might not have had the presence and matching strength of its side of the boundary to respond initially.

The boundary crisis and the pandemic have reinforced and accelerated concerns in India about China's lack of transparency. It is an uncertain commitment to the rules-based order, as well as its growing influence in Indo-Pacific and in international institutions. We have hardened official views of China and India with the government signaling that the boundary crisis will have a serious impact on the border relationship, particularly if the status quo ante is not restored [inaudible].

During the course of the pandemic and the boundary crisis, New Delhi has already imposed restrictions or additional scrutiny on Chinese economic and technology interests. Within the broader strategic community in India, there is near consensus that ties with Beijing need to be reassessed and reset, and public perceptions of China have deteriorated considerably.

At the same time, the boundary crisis and the pandemic have led to calls for India to maintain, and even deepen its partnership with the U.S., and for Washington to play a more sustained and robust role in ensuring that a rules-based order prevails in the region and globally. There is also likely to be an increased willingness to work with the U.S. as well as American allies, like Australia and Japan at the bilateral, mini-lateral, and multi-lateral levels to achieve that objective and to maintain a balance of power in Asia. New Delhi and Washington have been in close touch on both the pandemic and the boundary crisis.

As we look ahead, a few points to consider: First, the boundary crisis remains serious and requires careful watching. Washington will be considering different scenarios. It should also assess what New Delhi might ask in each case, whether or not the U.S. is willing to be responsive, and if it is, prepare for those contingencies.

Second, if the U.S. wants to be responsive to show support to India, it should convey this willingness while taking care not to escalate the situation. Such responsiveness and support will facilitate a closer Indian alignment with the U.S. in the future.

However, Washington should not try to push India into decisions or choices, or let Delhi think it is taking advantage of the boundary crisis. That would be unhelpful, if not counterproductive.

Third, how India deals with these health and national security crises, as well as the choices and tradeoffs it makes, will affect the U.S. It will offer opportunities, but, potentially, also challenges. For instance, India's desire to reduce its economic dependence on China could benefit American companies, but if this leads to broader Indian protectionism, that could adversely affect American economic interests.

Finally, a willingness for partners like India to cooperate with the U.S. in the region and globally will depend not just on Chinese missteps, but on the U.S. willingness and ability to respond. A robust American response at home and abroad to COVID-19, and to challenges to the rules-based order might help to deter certain Chinese behavior. It will definitely make Washington a more attractive partner. It will increase these countries' willingness to cooperate with the U.S., and to burden share. As a recently retired Indian foreign secretary put it, and I quote, "The world needs balance. At the moment, no country other than the United States has the means to ensure it. At a practical level, its leadership is indispensable." Thank you.

[The statement of Ms. Madan follows:]

******** COMMITTEE INSERT ********

The Chairman. Thank you, Dr. Madan. And now let's turn to Ms. Sumpter.

STATEMENT OF MEREDITH SUMPTER

Ms. Sumpter. Chairman Schiff and members, thank you for the invitation to speak today. My remarks will focus on three areas, the shifting economic and trade landscape in the post-COVID world order; its impact on other countries and our response to the U.S. and to China; and what steps the U.S. could take to safeguard its interests, drawing from our strengths.

So first, on the impact of COVID-19 on global economy and trade. The pandemic is accelerating structural trends that have been in play, notably, since the 2008 financial crisis. These trends include rising inequality in both developed and emerging market economies alike; an uptick in protectionism and trade disruption; an erosion of multi-lateralism with countries largely determining their response to COVID on their own; and lastly, the pandemic induced hard shift to the digital economy is also creating significant technological displacement that threatens to leave many more workers behind in both developed and emerging markets.

These trends are accelerating against the backdrop of a pandemic that is deepening economic dislocation, both within and between countries. And until there is a vaccine that is produced and globally distributed, market economies are at risk of start-stop openings that will persistently drag on growth and commercial activity. The IMF now anticipates that economic activity will remain sluggish for an extended period, despite the extraordinary monetary fiscal support we have seen, including from our own country. It will take 2 to 3 years for economic activity to return to precrisis levels.

So while COVID is bringing unprecedented change to economies and trade, two things are clear: First, that the pandemic is having an outsized effect on emerging markets. They are far more vulnerable to pandemic shock than their developed market counterparts, and this is important because the emerging markets are core sources of growth for the global economy and for U.S. companies. We should expect these markets to face greater economic dislocations over the median term.

Second, there will be much more inequality due to the pandemic, and this will place unprecedented stress on country governments to provide for their populations at a time when they will be fiscally constrained to do so by low or negative growth environments, slowing investments, and disrupted trade.

So in this context, country governments will prioritize economic security and resiliency to recover their economies and to rebuild their COVID-hit societies. So economic security will be the new national security over the next several years, and it will drive decisions in other capitols about how countries relate to the U.S. and to China.

Recognizing this economic security imperative will be critical to assessing our country's interest in its relationship with both major powers. This context is important because it suggests that our national security lens should place greater emphasis on economic factors: trade, commerce, investment, infrastructure, and freedom to pursue interests without risk of economic coercion.

When assessing the relatives levels of influence of the U.S. and of China, the U.S. has much to offer, and I would argue more to offer in almost all of these categories. But what the U.S. should avoid is an overprioritization of national security arguments with countries who are fighting for economic security. That disconnect risks the U.S. failing to capitalize on its strengths.

So a greater emphasis on economic security imperative in the post-COVID world will focus our policymakers on what is of immediate concern to government decisionmakers and other countries in bringing prosperity and opportunity to their people.

Tanvi just spoke eloquently about south Asia. And what keeps most Asian leaders up at night is how to meet the rising needs and expectations of the world's largest emerging middle class at a time when COVID is undercutting the government's ability to deliver.

So these leaders will spend the next few years struggling to restore to the region's 350 million workers the livelihoods currently being hit by the pandemic, disrupted trade, negative growth, or all three.

A greater emphasis on economic security and U.S. national security strategy and assessments would lead decisionmakers to focus more on the formidable economic power of the United States and of the American promise of opportunity, as our prior influence and attractiveness, particularly when that power is deployed for shared prosperity. And ultimately, in the competition that all three of my colleagues have spoken about today, whichever major power becomes seen as the most effective partner in supporting the country governments imperative to delivering prosperity to its people without restraint will garner the greatest influence. Thank you, Mr. Chairman, and members of the committee.

[The statement of Ms. Sumpter follows:]

******** COMMITTEE INSERT ********

The Chairman. Thank you very much for that testimony.

We will now go to member questions. I have about a million questions, but I am only going to ask one, and I would encourage my colleagues to select their most pressing question, and therefore, it will give more members an opportunity to participate. And if there is time and the rules permit, we may have time for a second round of questions.

So if forced to choose, I am going to ask you about how the pandemic ought to shape our views, reaction and relationship with China, and let me just frame that a little more narrowly by making the observation that 125,000 Americans have now died from the pandemic. They have died from a virus that originated in China. Now, this was not anything deliberate on China's part. I am not suggesting the discredited conspiracy theory that this was a Chinese bioweapon of any kind. But nonetheless, a threat to the health of Americans that originated in China has killed scores of Americans. If it were a military conflict with China, that would necessitate a very strong reorientation of our defense posture and relationship.

The pandemic is a very different kind of an animal and, you know, we can continue to escalate our adversarial relationship with China. They certainly were far from transparent in the early days and weeks which was constant to us and the rest of the world, but that may make the threat of getting information about a subsequent pandemic greater, not less. And competing at the WHO, or walking away from the WHO while China continues to engage or increases its engagement with the WHO, that may expose us to even greater pandemic dangers, not less.

So I would be really interested to know how you think the pandemic threat itself, and we learned this week that there may be another candidate for another pandemic in China. How should the pandemic threat itself affect our relationship with China in a way that improves our security from other pandemics that could be so costly to American lives?

And I will just note that in a terrible, telling sign of the times, U.S. travelers are now banned from Europe, Chinese travelers may be allowed in Europe because of our differing success or failure at dealing with the virus, and that is a tragic, tragic state of affairs. But let me it open up to any of our witnesses for their thoughts. How should the pandemic shape U.S.-China relationships?

Mr. Schell. Well, let me maybe lead off, Chairman Schiff. Herein lies the great paradox of where we find ourselves. And on the one hand, we are justifiably, in my view, decoupling in critical ways and pushing back and no longer trying to make the difference up every time parts of the relationship go into a disequilibrium. But on the other hand, that push to an extreme will not allow us to deal with, trite to say, the key global issues which now are inescapable. And the pandemic is sort of the most metaphorically obvious example of just such a common interest, and we cannot, we cannot escape, as is, I would say, also the world market, but also certainly things like nuclear proliferation and climate change.

So even as we have to find ways, I think, to resist China, and to be mindful that our national security is actually in jeopardy by much of what China is doing, we also need to have the diplomatic skill to engage China on these other issues. And that is, of course, a very distant horizon right now from this administration's efforts.

The Chairman. Well, and to put a final point on it, you know, the expulsion of U.S. scientists who may have been able to observe work at a Chinese laboratory or interact with Chinese health departments, does expulsion of those individuals that could be tripwires for us improve our security against the pandemic, or make us more at risk? Any other witnesses care to give their thoughts on this?

Mr. Medeiros. Sure. Mr. Chairman, this is Evan Medeiros from Georgetown. I have got a few points, I think, that I would like to highlight.

As Orville said, you know, the pandemic, in many ways, captures one of the core dilemmas at the heart of the U.S.-China relationship. On the one hand, we have competing interests, security interests, technology interests, questions of domestic and global governance, but on the other hand, we are deeply interdependent. This is one of the fundamental core differences between the U.S.-China competition and the U.S.-Soviet competition during the Cold War. So this notion that we can just decouple from China and go our own way, especially on issues like a pandemic, just simply doesn't apply.

So I think there are certain things that we can stop doing immediately, and some of the racially motivated criticism of China simply doesn't help. It is not who we are as Americans. You know, America has a proud tradition of Asian Americans that have served throughout the government and have contributed to U.S. society, so some of these sort of, you know, racially motivated terms that officials, including in the administration have used like Kungflu, simply doesn't help, and that further politicizes the U.S.-China relationship.

Number two, withdrawing from international organizations where the United States has had a long, proud track record of cooperating, especially when those organizations, like the WHO, have made a pledge at a recent meeting to conduct an international investigation. And, you know, I think the United States can and should be a big part of that, if not a leader of that investigation.

As we all know, the Chinese were woefully lacking in their transparency early on on many of the systems that they put in place after SARS failed China, right. The Chinese know that. The world now knows that. We are all suffering from that. And the question is, is, you know, to what extent can the WHO, in whatever kind of investigation it conducts, address some of those issues so the world doesn't suffer again?

Number three, we have to understand that China's going to have to be part of the solution to this. And so the question is, when we get to the stage of producing an international vaccine, distributing an international vaccine, do we want to think about cooperating and coordinating with the Chinese in doing that because it is going to be a multi-national effort once we get to this stage of, you know, treatment of the virus.

And then, lastly, I think on this issue of Chinese diplomacy, where the Chinese have misstepped, where they have overplayed their hand, where they have overreached with their masked diplomacy, where they are overreaching in terms of being assertive on territorial issues, there is space for the United States to step forward and stand for those basic fundamental principles that the U.S. has always stood for. And I think that we should see that, you know, as an opportunity, not withdraw from multi-lateral organizations, not work with partners and allies who are suffering from some of the, you know, coercion at the hands of the Chinese, you know, during this particular episode.

So, you know, I think if the United States was able to put together a more coherent and cohesive approach, recognizing, you know, the competitive aspects of the relationship, having no illusions about the challenges that China presents, but also seeing that we have a major global problem that has to be resolved, and China could play a role in that, seems to me finding the right combination of those would serve American interests going forward.

The Chairman. Thank you.

Mr. Himes.

Mr. Himes. Thank you, Chairman, and thank you to the witnesses. That was just a great presentation. I also just have one question that I guess I will direct to Ms. Sumpter. You know, it is a nerve-wracking moment with China, right. The United

States President decides that he is going to run against China in the election, you know. [Inaudible.] You know, we have seen this movie before.

And, of course, there are real concerns, you know, there are tactical concerns in the South China Sea, there are values concerns with respect to the Uyghurs, but in all of these conversations, I always feel like we underappreciate Chinese liabilities and challenges, whether they are demographic or corruption or the need to grow their economy at double digit rates, etc.

And I also feel like we underappreciate the fact that we are married -- we are more than married to the Chinese. Ms. Sumpter made this point, and Professor Medeiros, right. They hold $1 trillion of our debt. Their venture capital is all over our economy. There is probably nothing in the room that I am sitting in right now that doesn't have Chinese influence in it. We can't divorce them. We are more than married to them economically.

So my two questions are to Ms. Sumpter. Can we use that probably unbreakable economic partnership, and partnership is the wrong word. We are just -- we are sort of married, whether we like it or not. Can we leverage that into improvement on the political strategic side?

And, Mr. Schell, I was really struck by your language because you used the word "failed" over and over again with respect to engagement. And that may be true politically, but if you look at the economic engagement that exists today versus the way it was 40, 30, 50 years ago, isn't that actually a fairly dramatic positive story? So, I guess, maybe Ms. Sumpter and then Mr. Schell.

Ms. Sumpter. Right. Thank you so much, Congressman. I appreciate the question. The question is can we leverage the economic ties of China to improve on the political and strategic side? You were right, and my colleagues are right to say that there are limits to the extent to which these two economies can be coupled. And the key definitional feature of the relationship between these two world's largest economies, but also of competition in this next century, will be between our more open market-based economic system, and the State-directed economic system represented by China in which Beijing believes it is imperative to the function of China's own political system, so it is really an existential issue there. The key point I want to make here is twofold: One is that other countries will not want to be forced to --

Mr. Himes. Ms. Sumpter, if I understand you there, that word gets used a lot, "existential." What do you mean by that? Does that mean they may have a better model and that market capitalism is going away?

Ms. Sumpter. No, it doesn't. What it means is that Beijing decisionmakers believe that their state-directed economic system is the foundation of the livelihood of their political system. In other words, we have been spending our energies trying to force China to change, and China is not willing to change an economic model that it believes underpins its political longevity. That is what I mean by "existential."

So there are limits to how much we can force China to not be China. And China is working to try to create space for its own unique model within what has been, up until just now with this competition, a largely western-based market consensus of how economic systems should work.

Mr. Himes. Do we care if they have a more state-directed model? I mean, what we care about is -- like I just said, this room is full of stuff that has Chinese inputs in it. What we really care about is do they send us stuff is that of high quality, and gee, do we really care? You know, I mean, the Swedes have a much more state-directed model than we do, so do we really care?

Ms. Sumpter. We care so long as we don't see China's model as impairing on our own ability to viably compete fairly, and so this gets to that level playing field. And ultimately, this is not about the political ideology-driven Cold War of the past, but it is really a competition over which economic model will deliver greater prosperity and more opportunity to our people in the years ahead.

So in the short term, there is all of this focus on China's incredible rise, and the success of its economic model, and it is not trying to export that model, per se. It wants to create space for its model to coexist in this market-led global economic system.

As my colleagues told you previously, we need to rethink what competition actually means with that model coexisting alongside our own market-based model.

And while I think most of our energies have been focused on trying to change China, my view is that a key element of our success will be upon the extent to which we can demonstrate the strength of our own economic model in delivering that broad-based prosperity and opportunity, both here at home, and for our partners abroad. So we need to be investing more in our own domestic renewal and sources of competitiveness to viably compete with China in the years ahead.

Mr. Himes. Thank you. I appreciate that. I am out of time, and I don't want to encroach on the time of my colleagues. But Mr. Schell, I do believe if there is a second round of this hearing, I want to see if your rather pessimistic take on the relationship sort of accommodates the economic partnership.

I will yield back. I have used my time.

The Chairman. Thank you.

Ms. Sewell.

Ms. Sewell. Thank you, Mr. Chairman. I want to thank our guests for their willingness to help us understand this really difficult time that we are in. The COVID-19 pandemic has been a destabilizing force across the world, and it will continue to be until there is A widely accessible vaccine that is distributed globally.

As you mentioned in your testimony, Dr. Sumpter, until there is a vaccine, economies around the world will face a drag on long-term growth due to the start-stop nature of reopening. We have seen that in spades in my hometown, home State of Alabama, where COVID-19 cases are surging. As you said, the economic inequality that we will see as a result of this pandemic will place unprecedented stress on governments to provide for their populations. I am particularly concerned about the competition countries around the world will be in to gain that vaccine if it is not distributed globally, and the broader impact any amount of vaccine scarcity, no matter how short-lived, will have on our economic and security ties, particularly those with countries dependent upon China for economic aid.

Dr. Medeiros, you made mention in your testimony of how the global spread of COVID-19 has fostered a climate that will make any sort of cooperation with the U.S. and China on vaccine production and distribution more difficult. As we have seen throughout this pandemic, production of antibiotics and ventilators and other supplies have been complicated by the difficulties in obtaining supplies and products from China. While China hasn't instituted politically charged cutoffs of supplies, the threat is always there.

So my question is to you. If you were in your previous position as Senior Director of NSC, at the NSC, what steps would you be taking right now or advising this President to take to reduce our vulnerabilities to supply chain sabotages, whether that be sabotage with medical supply chains or other supply chains important to our economy?

Mr. Medeiros. Congresswoman, why don't I go first, and then I will pass it over to Meredith.

So if I was back at the NSC, first things first. I would say that we are in the middle of a pandemic. It is getting worse in America, not getting better, as we all heard from Dr. Fauci yesterday. So now is not the time to begin focusing on diversification. Now is the time to make sure that American citizens and healthcare workers have access to the products that they need. And to the extent that PPE and ventilators are produced in China, I would focus on security of supply.

And I would not politicize this issue, either China in American politics, or the COVID issue, you know, with the President using racially motivated slurs. I wouldn't do that at a time in which Americans still rely on access to, you know, basic medical supplies in order to, you know, fight the pandemic. So, first of all, stop digging.

Second of all, I would initiate a study that looks at supply chain vulnerability for key medical devices when the time is right. And doing it in a pandemic is not necessarily the time to do it, but you want to look at where the vulnerabilities are, you know, to what extent do we rely on manufacturers in China for producing ventilators, for example, since that is such a key technology in treating the virus. And I would look at how many of these ventilators are produced by, you know, private manufacturers in China versus those that have some ties to State-owned enterprises, et cetera. I would look at what the opportunities are for diversification, because that is really the only answer is you diversify supplies, or suppliers.

And then the question becomes, you know, to what extent is America so reliant on certain technologies that it may want to begin thinking about providing subsidies to suppliers in the United States? So if we find that it is very hard to diversify to non-China suppliers, then we are going to have to subsidize, you know, some manufacturers in the United States. I would take a look at that.

So determining the scope of the vulnerability, determining what the alternative sources of supply are, determining whether or not some kind of policy intervention is going to be necessary would be the normal, natural things you would do from the White House to begin delineating a response.

But first things first, is we have to fight this pandemic, and it is getting -- you know, it is getting worse, not better, and now is, you know, now is not the time to be fighting the China fight, now is the time to be making sure that, you know, Americans stay as healthy and safe as possible.

So over to you.

Ms. Sewell. Dr. Sumpter?

Ms. Sumpter. Yes. I would just add that there are real concerns both within international institutions and with emerging market economies about the prospect of whichever developed market economy or the companies therein is able to produce the first viable vaccine. That country will prioritize the distribution of that vaccine for their own population, or sell it to other countries and other populations who can afford it. This would be disastrous for emerging markets, and many of those markets could very well be facing a herd immunity context by the time a vaccine is made available to them sometime next year.

So for those countries that feel powerless because they don't have high tech companies or medical companies that work within their borders that are producing the vaccine and have concerns about the extent to which such a vaccine will be made globally available in a relatively fair manner, they are really wanting and looking for powerful countries to lead a multi-lateral response to how such a vaccine would be distributed. And that is certainly one area, if we decide to go back and reengage the World Health Organization in the middle of a global pandemic, this is one area where these emerging market economies don't feel comfortable with no leadership at the helm, and certainly wouldn't feel comfortable with just, you know, China at the helm. They are looking for

U.S. leadership to be part of this solution.

Ms. Sewell. Thank you, Mr. Chairman.

The Chairman. Thank you.

Mr. Quigley.

Mr. Quigley. Thank you. Thank you all for participating. If I could, I would like to go back to the China-India boundary issues that are taking place right now. And, Doctor, if you could -- a little deeper dive. How far are these two sides willing to go? What triggers should we be concerned about in the likelihood of escalation?

Ms. Madan. Thank you, Congressman. The two sides, in my opinion, do not want to go to war. We have in place and over 20 years from about the early 1990s, put in place a whole set of agreements and protocols at the boundary to ensure that while they have frequent standoffs, because both sides patrol these areas that are essentially both man's lands, but they have been bumping up against each other during these patrols. And as these standoffs increase, there have been concern that they could escalate. So these agreements were put in place to ensure that they would not escalate to the point of violence.

One of the things that makes this particular crisis different, and there have been three other crises of this sort during or while since Xi Jinping has been in office. This one is different because it has turned violent. It is concerning because it suggests those agreements and protocols are no longer working. It also tells you what the triggers potentially could be, which is that they were actually supposed to be in the process of disengagement. They had met on June 6 to actually disengage, and on June 15, something went wrong during the disengagement process. Both sides accused the other of instigating the clash. But what essentially resulted in deaths, as Chairman Schiff mentioned, for the first time in a number of years, and that suggests that they both first need to get back to the table which is what they are doing. They are in dialogue at both the military and diplomatic levels to at least disengage.

The problem might be and where the triggers of escalation might be is either there is a misunderstanding, or not respecting the agreements that are reached during these disengagement and de-escalation talks, all, frankly, accidents.

This is an area that is rough terrain, high altitude, not great weather, and troops from both side deployed at a fairly high rate in a fairly high number and strength than they have been in decades. And so there is always the potential for accident, but the two sides are at the negotiating table even as they have kept this buildup and, in some cases, are increasing it.

So I think the situation remains serious. There is -- I cannot rule out the potential for escalation. Having said that, they both have clearly shown a desire to at least stem the escalation for now. Whether or not they can actually resolve it in the near term is questionable, because the two sides seem to want very different things. The Indians want the Chinese to move back to positions as they were in late April. It is not clear that the Chinese would be willing to do that or that India has the leverage to make that happen.

Mr. Quigley. Thank you. Your testimony is very helpful.

Ms. Madan. Thank you.

The Chairman. Mr. Swalwell.

Mr. Swalwell. Thank you, Chairman, and thank you to our panelists. If this was playground choose-up basketball, and we get four other countries to pick to be on our side to counter China, who are the four that you would pick? It sounds like India is one of them.

Mr. Schell. Let me jump in here. I think one of the most striking things to me in the last year or so is the way that China has succeeded in alienating some of the most, you might say -- these were almost nonaligned countries like Sweden, Canada, India. These are the old classic 1950s nonaligned countries, Australia.

I think that the landscape is ripe for the picking, if you will, to regather up countries that were in a state of ambiguity or greater ambiguity, if there was some American leadership to do it. Now, I know Secretary Pompeo has been talking with the EU, but even in Europe, we just released a report 2 days ago on the state of sort of the atmosphere in Europe. It is radically different now than it was just a few months ago in regard to China.

So I think that you ask which of the main players. Well, certainly, the EU as one player is, I think, very ready to reengage with the United States in some posture towards China. I think definitely Australia which is in a state of rather high alienation, and India. It is very, very striking what has happened, just in a matter of weeks there, in terms of their attitude.

So it is a moment that is very propitious for the United States, but at the same time that we have that situation, we seem to be focusing on alienating our allies rather than uniting with them.

RPTR MOLNAR

EDTR CRYSTAL

[1:01 p.m.]

Mr. Swalwell. Thank you for that answer.

And, Chairman, I will defer to other members so we can get more questions in. Thank you.

The Chairman. Thank you, Mr. Swalwell.

Mr. Heck. Actually, Mr. Quigley asked exactly the question I was going to, so I pass, Mr. Chairman. Thank you very much.

And my thanks to the panelists. Fascinating, provocative, important conversation.

The Chairman. Thank you, Mr. Heck.

Mr. Welch.

Mr. Welch. Sorry, I am unmuting.

The Chairman. We can hear you now.

Mr. Welch. Can you hear me now?

The Chairman. Yes.

Mr. Welch. Thank you very much.

Professor Schell, it is very good to see you again.

In your --

Mr. Schell. Good to see you.

Mr. Welch. -- you talked about the implicit -- actually explicit -- premise that has guided our policy for years, and that was that if we engage with China, China would change. It turns out they haven't.

And the first question I have is, was that a naive assumption or does the failure of that to materialize really be attributable to the current leader of China?

Mr. Schell. Well, that is a good question.

Was it naive? My own estimation is that it was not naive to presume that with some leadership it was possible to engage China as it emerged from its Maoist revolution and slowly help guide it in a temperate and patient way into some different form. That was the presumption. And indeed during the 1980s there were many, many reasons to believe that that was actually happening and was successful.

Then 1989 and the Beijing massacre came, and you all know what happened, and that threw things off track. And yet [inaudible] and of the trip that President Clinton made to Beijing in 1998, and it was very striking to see how President Clinton and Jiang Zemin, they were actually friendly and enjoyed each other's company, and we had reforged a relationship. Reform was a hope that was restored.

And then, of course, we had another interim with Hu Jintao, and then you all know what has happened with Xi Jinping.

So I think it wasn't naive. And in fact, we have changed, I think helped change, catalyze, many aspects of China through educational exchanges --

Mr. Welch. I am going to interrupt just 1 second because I only have 5 minutes. But I really appreciate that. That is very helpful.

Ms. Sumpter, I was interested in all of your testimony, but basically what I understand is that the best thing for us now would be to rebuild at home and would be to approach countries with whom China is trying to compete with us and basically show up and say, "How can we help?" with a total focus on the economic issues, because you have outlined what a savage future is in store as a result of COVID.

Is that a fair characterization of your testimony?

Ms. Sumpter. Thank you, Congressman.

I would say not a total focus on the economic. What I would say is to balance out our approach so that we are not overprioritizing national security arguments for government leaders who are consumed with economic recovery and are looking for lifelines to be able to provide for their own people.

Mr. Welch. Okay, thank you.

And, Professor Medeiros, you mentioned right now we don't want to get into a competition about supply chains that is going to in any way jeopardize our ability to protect our citizens. That makes total sense. But going back to what Mr. Himes asked, do we have to begin a strategic decoupling in order to have maximum flexibility to assert U.S. interests and to protect ourselves against Chinese activity?

Mr. Medeiros. So, Congressman, thanks for the question. It is a big strategy question because it really comes down to whether or not the American people, American businesses, American political leaders, want to pay higher costs for everything.

So, sure, if you want to decouple, that is something that the U.S. could start to do, but it would have a major long-term economic impact on the United States. There is a reason why there is such economic interdependence, because it serves the economic interests of U.S. businesses, U.S. consumers, and U.S. workers.

And so the question becomes, from my perspective, at what cost are we really willing to engage this economic decoupling? Is it really in the economic interest of the United States?

And my view is, where there are national security risks, and we need to identify those, and I know there are some studies going on right now, that there is probably some limited-focused economic decoupling that needs to occur to make sure that we don't rely on suppliers in China for key technologies, key widgets, that are necessary for national security.

But beyond that the question becomes, do you want the U.S. Government to begin getting involved in shaping international economics in a way that it is not clear really gives us that much leverage?

So I think it begins with, what is it the United States wants to accomplish? And how is it that decoupling is the right tool as opposed to other tools?

Mr. Welch. Thank you very much.

I yield back, Mr. Chairman.

The Chairman. Let me unmute here.

We will now go to Mr. Maloney.

Mr. Maloney. Thank you, Mr. Chairman.

And thank you to the panel for a fascinating discussion.

My question is for Mr. Schell, although others are welcome to answer.

I had an opportunity to be in the region right before the pandemic, and one thing that is fascinating is how some of our partners tend to be shifting in the region. We seem to be exploring interesting opportunities with Vietnam. Singapore has become increasingly important to us. The Philippines tend to be receding.

And I had an opportunity to be in Taiwan and to spend some time with Tsai Ing-wen, who seems like a remarkable person and partner and who very successfully stood up to an onslaught of efforts by the Chinese to undermine her election.

Who are our most important partners in the region? And could you say a word about Taiwan, how much threat you see it being under, given what is going on in Hong Kong, the temptation that might exist for President Xi, with the U.S. distracted with the pandemic? Could you say a word about our partners, and particularly Taiwan, and where they fit in this conversation?

Mr. Schell. Well, I think with Hong Kong, as of last night really being moved into the column of being absorbed essentially in new ways into the People's Republic of China, then Taiwan will be the next on Beijing's sights. So it is very worrisome, extremely worrisome. And the South China Sea I think is also very worrisome. Those two flash points.

You asked who are the logical partners we should pay most attention to? Well, I mean, we do have an alliance with Korea and Japan. Neither want to have to completely move out of China's orbit, nor can they economically. But that takes some very delicate diplomacy to reaffirm that alliance, which is very strong.

And what do you do about the Philippines? Well, it is an alliance partner but still a bit errant at this point.

And then there are these other countries, like Vietnam, Singapore, India, that are definitely in play. And, of course, don't forget Australia. It is an alliance partner too.

So we have some very good allies and partners if we treat them well. China has none. It doesn't even have a friend, except North Korea it has treaty obligations with, but that is not much of a friend.

So there are plenty of resources. The question is, does the U.S. have the leadership capacity and the vision to reweave that fabric in a way which will be in our national interest or not?

Mr. Maloney. Thank you.

Ms. Sumpter. Congressman, may I jump in as well?

Mr. Maloney. Please.

Ms. Sumpter. Just to align with my colleague Orville's comments. He said China doesn't have any friends, and in a sense it is true. But if you look at how other countries assess their interests with regard to China, it is a sea of red in terms of disinterest, with the exception of economic growth, and then it is a column of green across the line with these countries who see China as an important economic partner.

So on one hand, the United States coming in and saying, "You have to choose between us or China," it is just not going to work for these country governments who want to prioritize choice, to build economic resiliency, when they are in such a fragile economic state.

I want to quickly go back to Congressman Swalwell's question about the basketball team, and on this, I am going to take a slightly different take in that I am assuming that Japan might be our deputy coach. But I would prioritize countries that are critically important within their region. And some of them may not be fully aligned with U.S. and Western interests, but if they do fully align with U.S. economic and Western interests, that would certainly be to our benefit.

And I would definitely include in that basketball team India, Germany as an individual country if not the EU, Brazil for Latin America, and then, importantly for broader Asia, Indonesia, which is sort of the sleeping giant of the region, but certainly one geopolitically that China does quietly pay a lot of attention to.

Mr. Maloney. But if I could press on the point just for 1 second. Obviously, we have nothing of the scale of the One Belt, One Road Initiative. Any amount of time spent with it, it is hard not to be impressed by the scope and the scale and ambition of that effort. It is alarming how closely tied it is to their strategic interests and co-located with important assets of ours.

What should we be doing about that? And what would an effective response to address that green column you are talking about look like in terms of the United States engaging? What level would we have to engage at? Is that possible? Is it necessary?

Ms. Sumpter. So this gets back to my comments on really taking a hard look on what our economic strengths are and how we are using those economic strengths to build prosperity, both at home but really with our partners abroad.

And that is a narrative that China has been trying to take. Their model, I believe, doesn't work as efficiently or as well as ours in building that shared prosperity. I think that is something that we should be focusing on.

In terms of the infrastructure and BRI, it is critically important, not just from the technical infrastructure but the digital infrastructure, and now the trade and financial infrastructure that Beijing is trying to overlay on it.

If you are an emerging market economy that is in desperate need of funds to build out an infrastructure, to connect your economies to others, and you are underbanked and the traditional international institutions are not going to fund you, you are going to take the money, you are going to take the investment.

But you don't want to only have one choice. You want to have options. And that is why the Japanese have been trying to build out their own infrastructure offerings.

I think critical here, Congressman, is rather than say it is a competition between U.S.- or Japan-supported infrastructure and China-supported infrastructure, what would really be powerful is to take the example from U.S. companies who are currently in China, who are specifically taking steps to diversify their supply chains. But even with all of this talk of decoupling and the increasing protectionism and tech pressures, they are not leaving China. They are working to develop models that would allow them to bridge these two world's largest economies.

And, likewise, as Beijing has already built out this pretty impressive infrastructure system, which is not without fault, and not without issue, notably, we should be finding ways to, rather than forcing these countries to choose China or a non-China option, we should be finding ways to complement that infrastructure where appropriate, provide better options where we can, and really focus in on how our actions are viably allowing that country government to build connectivity and to realize the growth that they are going to need to be able to serve the needs of their constituents.

Mr. Maloney. Thank you. I yield back, Mr. Chairman.

The Chairman. Thank you.

We will go to now Mr. Krishnamoorthi, then Mrs. Demings, and then Mr. Castro.

Mr. Krishnamoorthi. Thank you, Mr. Chairman. Can you hear me?

The Chairman. Yes, I can.

Mr. Krishnamoorthi. Great.

Well, I want to direct my first question to Dr. Madan.

As you had talked about, it seems like China is throwing its elbows in the neighborhood. It is throwing its elbows in the South China Sea. It is throwing its elbows with regard to Taiwan, of course Hong Kong, and now on the border with India.

And I wanted to ask you, without taking steps that would escalate the crisis, what can we do, the United States, to assist India with regard to productively responding to this situation, and more broadly getting China to comply to a rules-based order?

Ms. Madan. Thank you, Congressman.

In previous crises, and even in the last one in 2017 which involved the Chinese and Indian militaries standing off on the eastern side of the border, which was in a kind of a claim difference between Bhutan and China, you saw the U.S. support India through diplomatic support. And we have seen statements supportive, and I think they have been appreciated in India, from both the administration, but also from Members of Congress and from both sides of the aisle, that conveys to India, which is always concerned about external partners' reliability, this is a consistent and bipartisan support for countries who are facing this kind of pressure from China.

There has also been American capabilities, for example, are being seen, already being used by India, during this boundary crisis. So you have seen Apaches and Chinooks, helicopters that India has acquired. P-8I reconnaissance aircraft are not just operating in the maritime zone, but in the territorial area as well.

And you have also seen India's strategic airlift capability, which has been advanced considerably by C-130s and C-17s, really make a difference. These are the aircrafts that India is using to supply its troops in these high altitude areas.

So I think in terms of capabilities, we have also seen information-sharing in previous crises. And I think the ability for the U.S. and India, for the U.S. to be helpful to India, has been enhanced by a number of agreements and dialogue mechanisms that have been set up over the last decade or so.

And so I think that the structure is in place. I think it is helpful often, because there is a concern that this doesn't become a geopolitical football between the U.S. and China, that the administration has taken the stance to let India set the pace of asking for that support. I think that is a good idea.

And so I think there are a number of ways, some of which have already happened. I think the others, from what I have heard, they have shown a desire to be supportive.

Mr. Krishnamoorthi. I understand. I am just going to switch topics very briefly. Thank you.

Dr. Sumpter, one of the big kind of revelations from the recent John Bolton book, which you may have heard about, was that President Trump talked to Chairman Xi about, quote/unquote, lightening sanctions on ZTE, which had really been a bad actor in the telecommunications space. And according to Bolton, President Trump said he was doing this as a, quote/unquote, favor to Chairman Xi.

I wanted to get your reaction on how, based on your experience, the Chinese would have viewed this type of offer and how this type of interaction with the Chinese would either enhance or detract from U.S. national security.

Ms. Sumpter. Thank you, Congressman.

Yes, I think what is interesting about that particular exchange is that I believe the President assessed that he could have the same effect by placing sanctions on Huawei, a year later, as a means to pressure China to do more in the negotiations for the trade deal, for that phase one trade deal. And it actually backfired.

So such a transactional approach to our relationship with the world's second-largest economy is not helpful. It certainly didn't put our current government in the space that it thought it would when it tried to use that play again.

Mr. Krishnamoorthi. Thank you. Thank you very much.

The Chairman. Thank you.

Mrs. Demings.

Mrs. Demings. Thank you so much, Mr. Chairman, and thank you to everyone who is with us today.

Dr. Sumpter, you talked about our open market-based economy versus China's state-directed economy system, and you also said perhaps we should focus not so much on getting China to change its ways but to rethink what competition actually means.

Could you just give us some examples of what you mean by that and go a little deeper for me, please?

Ms. Sumpter. Absolutely, Congresswoman, and thank you so much for that question.

So this whole focus on changing China -- and I want to get my other colleagues on the panel to weigh in on this as well -- we are placing overemphasis on our ability to change China when the changes are viewed as an existential issue by Beijing's leaders.

So it is going to be remarkably hard to get them to move the dial, especially when we are acting on our own.

When we are acting in concert with like-minded allies, like the Europeans and other sort of non-Western market economies, who recognize that the Chinese model comes at risk to the functioning and the competitiveness of their own model, that is where you are going to have a much greater chance of changing China.

But rather than focus solely on trying to change China, I think, especially at a moment when COVID is upending our own social and economic fabric, now is the time for us to invest in our own domestic renewal and natural sources of competitiveness.

So this means significant investments across the board in R&D, in education, in healthcare, in infrastructure; also readying our workforce to excel in a 21st century, post-COVID, American and global economy.

We could also be doing more to support U.S. companies who will be competing for consumers in those overseas markets and especially those critical emerging markets that are so central to future growth.

So my argument is such concentration on domestic renewal and the external contest would shift the U.S. approach from just trying to change China's model to finding a way to viably compete with it.

And I think you have heard elements of that in my colleagues' comments as well on the panel this afternoon. I would love to hear their thoughts as well.

Mrs. Demings. Thank you, Dr. Sumpter. Just one more thing for you.

The list that you just gave sounds like things we should have been working on proactively in the first place. The fact that it is post-COVID-19, or we are in the middle of the pandemic, does it make it more difficult, or does it provide the greatest opportunity to bring about the change?

Ms. Sumpter. It provides the greatest opportunity. And for all of us here, if there is anything we can do to support the work of Congress and moving us in that direction, please count me as a ready supporter. And thank you for your efforts.

Mrs. Demings. Thank you.

Are there other witnesses who would like to add anything to that statement?

Mr. Schell. Orville Schell here.

One thing it is important just to footnote a moment, that the idea of changing China, of course, is a bit naive, to assume that history is on our side and they will change.

However, I think what is really wanted as the first point is to inhibit China from doing things like the South China Sea, what it has done in Hong Kong, what it might do in Taiwan. And don't forget the East China Sea, where it is up against Japan, a major power in the Pacific.

So it isn't a kind of a naive missionary issue alone. It is also a question of trying to set some kind of guidelines that China is willing to operate within rather than to overthrow the regime as it currently exists in the construct of power in Asia.

Mrs. Demings. Thank you, Dr. Schell.

Any other witnesses?

Thank you very much, Mr. Chairman. I yield back.

The Chairman. Thank you.

Mr. Castro.

Mr. Castro. Thank you, Chairman.

And thank you to our witnesses today for your testimony and insight.

China has gotten less respectful of both sovereignty and autonomy. Obviously, with Hong Kong that is a case of being less respectful of their autonomy. In terms of sovereignty, they have gotten more aggressive in the South China Sea, with Japan on the

Senkaku Islands, obviously with India recently.

They have also gotten less respectful of human rights over the years, with respect to what is going on in Hong Kong now and with the Uighurs, who have been basically held in concentration camps.

And so I think the fundamental challenge for the United States, obviously, is what you do with that when we are talking about our largest trading partner. And so for me, I think part of what has been missing in the Trump administration is a fundamental understanding of what our posture and strategy is comprehensively with respect to China.

And so the way I think about it is how we allow China to compete but not cheat on all of these things, and that is the question that I would pose to you.

Considering they do all these things, considering they are also our largest trading partner and the second-largest economy in the world, how do we allow them to compete, but also how do we not allow them to cheat?

Mr. Medeiros. Congressman Castro, this is Evan Medeiros from Georgetown. Why don't I take a crack at that?

I couldn't agree with you more in terms of the diversity of challenges that China poses, including in the human rights realm. I very much agree with your point about the Trump administration.

But first and foremost, the United States is going to have to have a debate -- and I think Congress is a good place to start -- about what it means to define the U.S.-China relationship in terms of strategic competition.

And everybody talks about strategic competition, it is the buzzword in Washington these days about U.S. policy, but strategic competition really isn't a policy. It is just a description of the condition of what exists between the United States and China.

And so the question becomes, what combination of unilateral, bilateral, multilateral, and global policies can the administration adopt that begins to specify on what issues, in what theaters, and importantly, at what cost the United States is going to begin going at many of these issues?

And a huge part of it is on these issues, given how big China is, given how interdependent we are with China, is going to be multilateral. The U.S. is going to have to decide how much it wants to invest in multilateral organizations, both ones that exist and perhaps future ones.

Number two, putting together coalitions of the willing, like on issues, the issues like the Uighurs.

And then, of course, number three, working within existing organizations or building new ones.

And then there is the issue of allies, as the others have discussed before. There is strength in numbers in international affairs. Aggregation of capabilities matters. The Chinese pay attention to when there is a chorus of international voices condemning them for their practices.

And given how interdependent we are with them economically, perhaps the U.S., in concert with some of its allies, is going to be willing to adopt economic sanctions, limitations on investment, so the Chinese actually feel a little bit of pain associated with their policies.

In a globalized world that is becoming more multipolar, where multilateral organizations face some challenges, there is strength in numbers. The U.S. is going to have to play more of a broader game involving building coalitions, and I think that is going to be essential going forward.

We don't see a lot of that from this administration. I think it is one of the critical core weaknesses of their China strategy. But I certainly applaud your framing of the challenge.

Mr. Castro. And can I ask you, because I only have about 40 seconds left --

Mr. Medeiros. Yeah.

Mr. Castro. But just as a broad impression, which of our allies are willing to take on China? I mean, who is willing to press China as far as you can tell? How willing are our European allies?

Mr. Medeiros. It depends on the issue. It varies. There is no one list of allies for every issue. On the South China Sea, there is one issue. On East China Sea, there is another. On human rights, it is another. So I think the U.S. is going to have to get a lot more nimble.

The countries that come to mind are the ones that were referenced before -- Japan, Australia, India, South Korea, the EU. But, of course, the EU is big and diverse.

Look, nobody wants to choose between the United States and China, but also people don't want China to dominate and they don't want Chinese values, especially its restriction on ethnic and religious minorities, to prevail globally. Countries are increasingly concerned. The U.S. needs to play a leadership role.

Mr. Castro. Thank you.

Mr. Schell. One quick final thought.

China really cares what the outside world thinks about it. And it particularly cares what the liberal democratic world thinks about it, even though that it often seems that it doesn't. So this is a point of leverage that is noneconomic that makes a great deal of difference to Beijing.

Mr. Castro. Thank you.

The Chairman. Thank you.

We have a bit more time if our witnesses are willing and members have any final questions.

I would like to start with pushing back on one of the points that was made, and I would love to get your feedback on it, anyone who would care to share their thoughts, and this is the idea that we can't change China.

I certainly appreciate there are real limits to our ability to change any other nation, and more profound limits in any effort to make nations look more like us.

But I think there are important ways that we need to try to change China. For example, China's imprisonment of millions of Uighurs in concentration camps. I don't think we can view that as inevitable, inexorable, it will always be that way, we are powerless to do anything to change China and its policy toward the Uighurs, for the reason that, Mr. Schell, you mentioned. I think they do care what the rest of the world thinks of them. And we are in a position, if we show leadership, to impose costs on those kind of human rights violations.

I would certainly concur with the sentiment that China views its state-run economy in existentialist terms, that it is necessary to the maintenance of its form of rule. But I don't think that means that we can't change China or should stop trying to change China's theft of intellectual property, the unfair trading advantage it has by subsidizing state-run companies like Huawei to compete in market-based economies that don't have heavily state-subsidized companies or industry.

So I would like to get, I guess, your further thoughts on what you think is within our ability to change in terms of China's behavior, what is the best way to approach it. In particular, I am deeply concerned about their export of their digital totalitarian model, their digital Safe Cities Initiative.

They may not care whether other countries adopt their state-run economies, but they do seem to be taking steps to help other countries maintain autocratic rule.

So would love any of you that would like to share thoughts on those matters.

Mr. Medeiros. Chairman Schiff, I would love to come in on this, and I couldn't agree with you more about the direction of your comments.

You know, first and foremost, I think, as Orville pointed out, history suggests we should be humble and judicious about changing China, and I think that broadly that is true.

But number two, the history of the U.S.-China relationship, and as both a professor at Georgetown and a former staffer on the National Security Council, the history is pretty clear of the U.S.-China relationship.

The U.S., both itself and in concert with others, has been effective at shaping the direction of both China's foreign policies and its domestic policies. When it comes to issues of arms control and nonproliferation, when it comes to issues of China's participation in multilateral organizations, when it comes to the overall trajectory of economic reform in China, the U.S. has had a positive effect on shaping China's behavior. I think the empirical record is very, very strong on this point.

Number three, though, going forward that is going to be more challenging, simply because the fact that the party-state system that Xi Jinping has built, I think, is very prideful and proud of their accomplishments. They are increasingly resistant to pressure from the outside simply because the Chinese economy is bigger and has a more global footprint. They are resistant to pressure from the outside. That makes it more difficult.

But number four, they also have their own interests. And the issue is, how do you connect American strategies and global strategies for shaping China with China's own interests? And I think that becomes the core strategic question, because I do think Chinese choices are shapeable.

But I think for the United States, it is going to require a lot more sort of diverse strategies, incentives and disincentives, bilateral, multilateral, even global.

And the frank reality is, America is simply going to have to get more patient. The idea that you can adopt a series of sanctions and expect Chinese behavior to change in 6 months is limited. China is a big, complicated place. Xi Jinping has been very effective at consolidating political power.

So it is shapeable. I think it is just going to take a much more diverse, variegated strategy to do so. America is capable of that. But I think that is going to mean rebuilding our credibility in international institutions, rebuilding some of our alliances, and then revamping and revitalizing our approach to strategic communication with China, full stop.

Mr. Schell. Chairman Schiff, if I may, if you had been with me in 1975, when I went to China while Mao was still alive, and have seen the changes since, I think you would be a bit more optimistic about those ways in which China has both changed and which I think the United States has exerted pressure to change in a constructive way. The real challenge is to not be naive about it, to be realistic about it.

But I think we have had a profound effect on China, the civil society, the government, you name it, culture. And even in Beijing today, if you talk with people who have been educated who are in the cities, there is a tremendous amount of disaffection.

So we shouldn't lose heart and just say, "We can't change China, we failed, we will always fail," and just give up. No, I don't think that is the question. But a certain realism is required. And naivety, it sounds often a bit arrogant and a bit intemperate.

So I would say we have to try but be modest in our aspirations.

Ms. Madan. Chairman Schiff, if I may, just to add one very kind of visible example of where the U.S., working, as Evan said, with allies and partners, can actually -- have actually have made a difference, and this is in terms of the Belt and Road Initiative.

Along with the U.S., Australia, Japan, India, the EU, and others highlighting some of the downsides of the project, the kind of high levels of debt it has caused, et cetera, but also helping third countries, smaller countries, like Myanmar for example, scrutinize these contracts better, the U.S. has actually helped, along with allies and partners, made the Chinese have to up their game in terms of these projects. Not across the board. They are still problematic in a number of cases. But they have had to already up their game.

And even in the last few weeks and months, in terms of debt restructuring, because a number of these projects are not investments, they are loans, after a number of other countries announced, and so the collective action, announced that they were going to either forgive debt or restructure it, China announced that it would do so as well.

The Chairman. Thank you very much.

Ms. Sumpter. And, Mr. Chairman, if I may, just to align my views with those of my colleagues who have just spoken here for the record, and as a former government official who served in Beijing and saw firsthand how U.S. diplomacy did cause China to shape its behavior, both economically and in terms of external policy as well, I do think if we can take a long view of the path to change for China, that we shouldn't give up on shaping Chinese behavior and showing that there is a better pathway than the current pathway that Beijing has chosen to take.

But in all of this, I think we also need to be crystal clear that Beijing will act according to its view of the Chinese Communist Party's interests. And so we need to be mindful of that when we are working with our allies to try to get them to steer in a direction that is different from one that Beijing has determined is in its own best interest to do so.

The Chairman. Thank you.

Mr. Himes, anything further?

Mr. Himes. Yes, just one quick question. I keep sort of noodling on this interaction between the Chinese economy and its political system and our political system.

Without getting into an argument over exactly what the Chinese economy looks like in terms of state control and market capitalism, it is undeniable that the increase in per capita GDP, the creation of a several hundred million people middle class, of some very wealthy people, it has been a dramatic change.

And the story around the world, whenever that happens, has always been that as people get money and become middle class or become wealthy, they begin to demand that government be responsive to their needs and their desires, and they begin to demand government accountability. And I am not saying that the Chinese necessarily are going to demand someday to look like a New England town meeting.

But can we expect to see a strategic undercurrent as individual Chinese become more middle class, more wealthy, a strategic undercurrent of demanding some form of less autocratic, more responsive government, or are the Chinese just very different?

Mr. Schell. Well, the old presumption used to be that open markets equaled open societies, and if you developed a middle class, they would want to have better housing and more consumer goods and ultimately a say in their government.

I think, sadly, it hasn't quite worked out that way. I think what we have discovered in the case of China, that this middle class, which is quite vibrant and quite dynamic and large now, also is quite conservative. And the party has made a kind of Faustian wager with them: You leave the driving to us and we will let you go to the mall.

And it has worked pretty well, except when things happen and people need to voice grievances, like a pandemic, like a flood, like many things that we are all too well acquainted with. But it is very hard to gauge the level of dissent.

But only to conclude by saying that I think the middle class in China has proven to be more conservative than we imagined it would be and more malleable to the party's bidding than we thought.

Mr. Medeiros. If I could come in on this. I completely agree with Orville, that is a conundrum, why the middle class hasn't asked for more.

But it is important to focus on issues of accountability and efficiency, because one of the things the Communist Party has sought to do in the last 10 to 15 years is improve the accountability and efficiency. So in other words, improving their ability to deliver services to this growing middle class. And that is one of the reasons why Xi Jinping has made anticorruption such a big part of his own tenure as China's top leader.

And so I think that to some degree the Communist Party has focused on these questions of accountability and efficiency. It just hasn't extended to liberal politics, as Orville rightly pointed out.

And what is interesting, and I agree it is a conundrum and it will be an interesting question to see how it plays out, is why it is that as people have grown wealthier in China they have become more comfortable with growing, not declining, Communist Party control in their lives.

And I think the next 10 years are going to be important in this regard because the middle class is getting pretty big. I mean, we are talking about hundreds of millions of people.

I teach the students of many of these middle class families at Georgetown, and students themselves are grappling with many of these issues, because they enjoy rights as students at Georgetown that perhaps they don't have going to a major university in China.

So I don't think the story is over on the question yet.

The Chairman. Thank you.

Mr. Swalwell, any further questions?

Mr. Himes. Thank you. I yield back.

Mr. Swalwell. Yes. Thank you, Chair.

Just quickly, it does look like this was a global final exam that everyone was given as it relates to COVID-19, and we have monumentally failed it. And as the chair pointed out, there is no evidence that this virus came from a biolab.

However, does China view this now, seeing that wearing face masks and taking public health precautions is actually a political statement in the United States, would China view this as an opportunity if they wanted to develop a bio -- develop a virus? I mean, is that crazy to think about, that they may have stumbled upon a real weakness that the United States has and something they could exploit?

Mr. Schell. That is a hot potato, and that is a difficult one to answer. But I think we should never underestimate the degree to which China -- and this is borne of a lot of historical sense of inadequacy -- wants to regain an ascendant position in the world. We see a little of this in Russia too.

It is a society that's ideology is one of grievance, against imperialism, capitalism, colonialism, the outside world, just as Putin's is as well. But China's is much better developed.

And so this means that it really, in its loneliness context, it can -- and I don't predict it will do something as you suggest -- but it can do some pretty brutal things in the name of gaining its ascendant place in the world again, which it feels is its rightful place and which it was denied by the great powers over the last century and a half.

Mr. Medeiros. This is Evan Medeiros.

I would only add that I think if there is one lesson that we have learned with COVID, as distinct from SARS or avian flu, is how interconnected the world is and how quickly these things travel.

So I am no microbiologist, but it is not really clear to me how you would develop a biological weapon that you could keep contained in one particular location without triggering a pandemic that would hurt your own country, regardless of how bad the grievance is, and the Chinese understand that quite well.

The Chairman. Mr. Welch.

Mr. Welch. Thank you very much.

We have been talking about the contradiction in China where, with the rising middle class, there hasn't been a rising aspiration towards traditional democratic values as we see them.

But there is a contradiction here as well. In the last Presidential campaign both President Trump and Sanders actually were making a huge case about how the trade deals, especially with China, have been extraordinarily harmful to average working American salaries, and that has not been addressed.

And one of the goals that, of course, President Obama had with the Trans-Pacific Partnership was based on trying to establish more foreign policy credentials with the region.

I am wondering -- I will start with you, Professor Schell -- how do we address that domestically? Because I think it is necessary in order to do that in order for a President to have some support for a more assertive policy with China.

Mr. Schell. Well, I mean, I think there is a tremendous opportunity here if there is a new administration. I wonder, in the waning months of the Trump administration, just what can be done. And I think if there is --

Mr. Welch. I am talking forward. Nothing is going to happen with the current administration.

Mr. Schell. Yeah. I mean, I think that we really do need some kind of a major new reckoning, a new effort, to see if we can't winnow out with China those areas where we might be able to cooperate, even as we get into a more antagonistic relationship in other areas.

And here I think the Soviet Union and the Cold War, there are some very modest examples here that might help us. I mean, we did ultimately end up with a rather stable relationship with Russia. We worked some things out. We got some things done. We licked smallpox, you had the Helsinki Accords, you had various kinds of START treaties, things like that. We just don't have any of that musculature with China right now, and it is needed.

Mr. Welch. Thank you.

Any of the other witnesses want to weigh in on that?

Ms. Sumpter. Sure, Congressman. Just in terms of your question with regard to what we should be doing with the trade pacts before us and with a mind towards American workers, I would highly hope that the next administration takes a serious look at the TPP, now called the CPTPP, and find a way to rejoin as a means of reinforcing the market-based processes and practices and values that are important and critical to our own competitiveness here at home, as well as abroad.

China is looking very closely at the makeup of that trade pact, and it is constructed in a way in which it is really -- it was the first instance of having regulations on the digital economy. That didn't even come from the WTO. It is actually in this pact.

And so as you begin to watch the success of this pact and the value of the trades and goods and services that will now go between these economies, not being part of that value creation is actually going to hurt U.S. companies and U.S. workers here at home.

I think in terms of the wage issue, we do need to be focusing on scaling up our workforce to produce goods and services that are the U.S. comparative advantage in a 21st century economy and making sure that their work is valued with liveable wages.

Mr. Welch. Thank you.

I yield back, Mr. Chairman. Thank you very much.

The Chairman. Thank you.

Votes have been called. So I guess what I would suggest, I think we have three more members who are still on the line with us, Mr. Maloney, Mr. Krishnamoorthi, and Mrs. Demings.

If any of you have any remaining questions, maybe you could pose them together and then our panel could wrap up with their conclusion to any of the questions that you may have.

So if Mr. Maloney, Mr. Krishnamoorthi, and Mrs. Demings have any further questions, please ask them now.

Mr. Maloney. Well, Mr. Chairman, I was just curious on following up on the issue of linkage and being able to get things done even amid competition.

So, for example, on North Korea, do the panelists think it would be possible to engage with China in a cooperative way to reach some sort of acceptable situation with the North Korean nuclear program even amid all these other tensions, or does that cooperation depend on lessening the tension in other areas? Will it be possible to walk and chew gum at the same time, I guess, is my question with North Korea.

The Chairman. And, Mr. Krishnamoorthi, any last question to pose for the group?

Mr. Krishnamoorthi. I was just going to say, what would be the number one thing that you would advise the next President in dealing with China in the first hundred days?

The Chairman. All righty.

And Mrs. Demings.

Mrs. Demings. I have no questions. Thank you, Chairman.

The Chairman. All righty.

Well, if our panel could address both the North Korea question, as well as what advice you would give the next administration on what they should try to accomplish in the first hundred days.

Mr. Medeiros. This is Evan Medeiros. I will take both.

So in China-North Korea, in my experience from my time at the Obama NSC, the U.S. and China can walk and chew gum at the same time. I think that one of the unique features of the U.S.-China relationship is the Chinese willingness to compartmentalize certain issues.

I think the challenge, Congressman Maloney, that we face on North Korea is that our interests are not perfectly aligned with the Chinese interests. I think the Chinese, as much as they don't like Kim Jong-un, I think that they are willing to sort of settle with a stable North Korea that has a recessed nuclear capability as long as that North Korea is basically aligned with China.

And so we could go back to talks with the Chinese on North Korea, they would love that. The problem is, I think it would be very difficult to accomplish anything substantial at this stage because as long as North Korea is not conducting provocative activities, nuclear tests and missile tests, the Chinese are willing to live with that, albeit reluctantly.

Now, regarding the question about the first hundred days, I would have two recommendations for the President.

Number one, to launch a domestic revitalization initiative. The single greatest step that America could take to signal to both China and American allies in Asia and Europe that the United States has the wherewithal to compete for China over the long-term is investment at home. That would fundamentally reshape international calculations about American resolve and American capability.

Number two, I would launch an initiative in terms of foreign policy about re-embracing American allies, getting back to the basics, rebuilding that alliance framework that is in Europe, that is in the Asia Pacific. Don't make it about China, but the Chinese will draw the very obvious lessons of the implications for them.

You want to shape Chinese behavior, those are the two best places to start, in my assessment.

Thank you very much.

Mr. Schell. Orville Schell here.

I would agree with Evan. I think let's begin at home. Our example is our best medicine.

I think in a cryptic way, though, if the pandemic is followed, which it seems inevitable it will be, by an economic downturn of some real consequence, this may be the thing that bends China and makes it more willing to concede, to accommodate, and to get together and work things out. I think short of that, it is going to be very, very difficult.

Ms. Sumpter. And I would just lend my support to the remarks of Evan Medeiros and Orville Schell. My two wish list items were, number one, that domestic reform and revitalization program, and number two, re-engaging the international community as a global leader.

Thank you, Mr. Chairman and members.

The Chairman. Thank you.

And, Dr. Madan, do you want the last word for the hearing?

Ms. Madan. My two points were strengthen the U.S. and strengthen the network of allies and partners. So pretty much what my colleagues have said.

The Chairman. Okay. Terrific.

Well, thank you so much to our incredible witnesses. What a broad range of experience and knowledge you have brought to our committee. We are very grateful. And continued success in your work. I hope you all stay healthy and stay well.

Thank you to our members for joining.

Thank you for the public for tuning in.

And this concludes our hearing. We are adjourned.

[Whereupon, at 1:55 p.m., the committee was adjourned.]