

SCHANZER: Hello, and thank you for joining us today. I'm Jonathan Schanzer, Senior Vice President for Research at the Foundation for Defensive Democracies. Today, I'm honored to interview Dr. Peter Berkowitz, Director of the State Department's Policy Planning Staff. He and his staff recently released a timely and detailed 70-plus page report titled, "The Elements of the China Challenge."

Before we jump into today's discussion, a bit of housekeeping. FDD is a nonpartisan, nonprofit organization focused on foreign policy and national security. We take no foreign government or corporate funding. We are pleased to bring you today's event as part of our China Program, where our experts provide timely research analysis and policy options for Congress, the administration, the media, and the wider national security community. For more information on our work and on our China Program, please visit fdd.org.

With that, I am pleased to introduce today's guest, Dr. Peter Berkowitz. Dr. Berkowitz joined the State Department from the Hoover Institution at Stanford University. His scholarship has focused on, among other things, constitutional government, conservatism and progressivism in the United States, liberal education, national security and law, and Middle East politics. He has authored hundreds of articles and essays and four books on a wide range of subjects. He has taught on those subjects in both the United States and Israel. So, Peter, I want to thank you for taking the time to speak with us today on the challenge of China and how to leverage the full scope of American power to counter that challenge.

BERKOWITZ: Well, thank you, Jonathan. It's great to be with you.

SCHANZER: Well, great. Let's dive in. Let me start with maybe an easy question. If you could describe for our audience the role of Policy Planning at State. This is a very specific arm of the State Department with a somewhat powerful role historically. If you would take a few minutes to just explain the organization that you run and what it does.

BERKOWITZ: Sure, happy to do so. The Policy Planning staff is a relatively small office all-told, 22, 23 members. We're researchers, administrative assistants, 30 people. And we are part of the Office of the Secretary of State. The Director of Policy Planning reports directly to the Secretary of State as a senior advisor.

What are our tasks? There are a number of principal tasks. For one, we engage in the work of clearing papers within the State Department. That's actually an important role. We ensure that the writings that go to the Secretary and go out the building conform to building protocols, the Secretary of State's sensibility, that they're well-argued and so on. We're not the only office that does that, but we are often a crucial part of the clearance process.

In addition, this policy planning staff writes notes to the Secretary. Our notes are distinguished in that our notes are not cleared by anybody else. We write short notes, usually not more than two pages. They go directly to the Secretary and these notes are intended to involve a stepping back from the hustle bustle of daily diplomacy, take a look at the big picture, provide analysis of how well policy's doing, what steps we might take to improve policy, to anticipate unintended consequences, and to put alternatives in front of the Secretary. You can imagine that that sometimes creates clashes within the bureaucracy since in a sense, the job of the policy planning staff is to meddle in the affairs of every other office and every other Bureau offering opinions to the secretary. Both about how to approve and how to avoid mistakes.

In addition, the Policy Planning staff is occasionally tasked with special projects. One special project, for example, was the work of the Commission on Unalienable Rights, which the Secretary created in July 2019. He gave that commission, for which I served as the Executive Secretary, was chaired by Mary Ann Glendon. He gave the Commission the special task of re-grounding America's undoubted commitment to human rights and foreign policy in America's

founding principles and constitutional traditions and re-grounding America's undoubted commitment to human rights and the obligations that we took on in 1948, when we led the fight to pass the Universal Declaration of Human Rights in the UN General Assembly. One special project.

Another special project that the Policy Planning staff has taken on during my time here is the paper that has brought us together today. "The Elements of the China Challenge." And again, what distinguishes this paper, or one feature that distinguishes it, is we step back. We take a broader look. Many papers have been produced by the Trump Administration on what we call the China challenge. National Security Strategy of 2017, National Defense Strategy of 2018, an important paper this spring by the White House National Security Council focusing specifically on China strategy. There are other documents. Our paper is designed to synthesize what has been said and capture the orientation of the Trump Administration. An orientation that we think represents a fundamental break with long-standing conventional wisdom about China.

SCHANZER: Thank you for that overview. It certainly sounds like Policy Planning operates like a think tank, almost, within the State Department. So that I can absolutely identify with. And of course, that Commission on Unalienable Rights, that was a speech that the Secretary delivered in my home town of Philadelphia. And that was a big moment, I think, for the city during the pandemic. So, we've been watching that with great interest. So, well, thank you for that overview.

Let's dive into the paper itself for a moment. The fact that you issued this paper out of the State Department is itself somewhat remarkable given how the U.S. China policy has really evolved out of State from the 1970s, when we first had that opening of China with the United States under the guidance of Richard Nixon and Henry Kissinger, of course. So, curious to just hear how you got to a place where that kind of paper could even be produced, given a certain amount of inertia that we had seen at the State Department and really across the U.S. bureaucracy for quite a long time.

BERKOWITZ: Yes. I agree with your account of matters and therein lies a story in response to your question. So, I became Director of Policy Planning staff in the summer of 2019. I had previously served on the Policy Planning staff as a part-time member whose portfolio was Israel. But I had absorbed some things during my first seven months in the State Department. What I absorbed was, in particular, the priority that Secretary Pompeo attached to the China question, the China challenge. I heard statements like this: "The China challenge is, in my judgment, the challenge of our generation." Secretary Pompeo speaking. Or: "My first thought upon waking up in the morning, my last thought before going to sleep at night, is China."

So, as a new director, I understood that our focus, the focus of the Policy Planning staff, would be the China challenge. Which is not to say that we would not deal with other areas of the world. As we will discuss, to deal with the China challenge is of necessity to deal with every region in the world because of China's ambitions and because of China's conduct.

Well, in addition to the Secretary's, in effect, his commander's intent, China is a priority. I also did what would I presume many of my predecessors have done upon assuming this position, I returned to George Kennan's long telegram of 1946. George Kennan, of course, being the founding Director of the Policy Planning staff. His long telegram of 1946, being not only probably the most famous cable ever written by a State Department official, but arguably the most important, the most famous document ever written by a State Department official. And I re-read it and I was struck by two features on that rereading in the summer of 2019.

First, Kennan emphasized that in order to understand Soviet conduct, it was – again, I should have said, this was a cable that Kennan drafted while in the U.S. Embassy in Moscow. Sent it back to Washington to help the State Department and the President understand the nature of the challenge. So, first point upon my rereading was his argument that to understand Soviet conduct, it was necessary to understand Soviet ideas. And there was not one but two sources of Soviet ideas. One of course, Soviet Marxism, Leninism, Soviet communism. But second, 19th century Russian nationalism, which of necessity placed Moscow at the center. To understand Soviet conduct and in order to craft a responsible response, we had to understand how the ideas affected the exercise of Soviet power.

The other feature, which leaped out at me in the summer of 2019, was the conclusion of the long telegram in which Kennan, it's brief, but he emphasizes two matters. One, he argues that the United States must really tool up. We must create a new generation of diplomats, public policy thinkers, who understand the Soviet Union. That means they got to study Russian, really learn Russian, and understand Russian culture and history. Not because we're not interested in power and interest, but because we want to understand how the Soviet Union understands its own interests and how it's inclined to exercise power.

The second point he made was in order for the United States to prevail in the struggle with the Soviet Union over the shape of international order, it would be very important for the United States to renew its commitment to the principles that have made it strong, a great nation. He doesn't use the language of founding principles and constitutional tradition, but in speaking of what is necessary to cultivate that civic concord that is so crucial to prosperity at home and prevailing abroad, he is highlighting what today we speak of as founding principles and constitutional tradition.

So, as I was working on our other special project, the Commission on Unalienable Rights, I was enabled to see a deep connection between that work, which was designed to recall Americans to what can unite us, and prevailing in the China challenge, in part, by understanding China much better, which means a new generation of diplomats and public policy thinkers immersed in the language, history, culture of China. And I should add of other strategic competitors, friends, and partners. So, that was the beginning of the China paper.

SCHANZER: That's incredibly important context. And of course, that memo is an historical one and, I think, one that students of the Cold War will refer to as a founding document, which actually raises a question about how the U.S. views the China challenge writ large. Now, there are those that are warning against the revival of that Cold War mentality, that of course we were entering into at the time of the Kennan memo. So, the question is, is that the framework for understanding this great power competition that we are entering into? And if not, how should we understand it?

BERKOWITZ: So, yes, of course it would be a mistake, a great blunder, to simply try to apply the Cold War framework to the China challenge. In important respects, the China challenge differs. Now, there is one large respect in which these challenges are similar. Moscow envisaged, if not a reconfiguration, because the post-World War II international order was still coming into existence in 1946, led by the United States, but the Soviet Union put forward a conception of world order that differed profoundly from that of the United States. The U.S. conception of world order, a world order in which we still live, is a world order that's based on freedom, openness, and rules, or the rule of law. It's an international order in which the fundamental units are free and sovereign nation-states. That's very important. The Soviet Union had a different view about international order. However you want to characterize it, it would not be an international order of free and sovereign nation-states. It'd be an international order in which nation-states had a relationship to the Soviet Union more like the conquered states of Eastern Europe.

So much for, right now, the Soviet Union. We believe that, similarly, China seeks – China has announced in official documents repeatedly its opposition to international order so understood. China puts forward an alternative understanding of international order with Beijing at the center. In that respect, an important similarity between the China challenge and the Soviet challenge, but here’s a fundamental difference. The Soviet Union proceeded in large measure by means of the exercise of military power. It held half of Europe through the exercise of military power. It exported weapons and military advisors, and supported guerilla fighters around the world. It propped up Marxist regimes. It installed Marxist regimes.

One could press this too far, but in contrast, China primarily proceeds by means of a degree of economic might that the Soviets could not even have dreamed of. China exercises through its military might. It seeks to co-opt and coerce nations around the world. That means that the China challenge is very, very different. There’s no major country, no powerhouse economy which is not already deeply entwined with that of China, including, by the way, the United States of America. That means how we proceed will be fundamentally different than how we dealt with the Soviet Union.

The fundamental point is this one. In every generation, we face challenges to freedom. In the 1950s and ‘60s, and until the United States prevailed in the Cold War, the Soviet Union was the principal threat to freedom worldwide. We regard China today, the People’s Republic of China, led by the Chinese Communist Party, as the principal threat to a free, open, rules-based international order. In “The Elements of the China Challenge,” the Policy Planning staff paper, we attempt to explain why we missed the challenge for so long, look at Chinese conduct that we regard as such a deep cause of concern, the ideas behind China’s conduct, and more. Happy to talk about that.

SCHANZER: Yeah, I want you to touch on the main components of that report in a second, but I do want to hit on one point that you just made, which is when we think about the Cold War with the Soviet Union, there was a lot of talk about mutually assured destruction from a purely military perspective. Right now, I am struck by the fact that we have this sort of mutually assured economic destruction because of those intertwined economies that you discussed. This idea of decoupling does seem like one of the greatest challenges that we have. In other words, if we want to start to really enforce and enact these new policies, we have to provide ourselves with the leverage to do so. And you can’t do it while the Chinese have our prosperity, at least to a certain extent, in their palms.

BERKOWITZ: Well, I agree to an extent, but we have to be careful here. I prefer to speak of reducing reliance on the Chinese economy. Radically severing our economies, surely in the short term, is not in the cards. We certainly have to reduce reliance when it comes to crucial supply chains, medical goods, essential parts for our high-tech economy. We have a lot of work to do. But there’s another side of the entanglement of our economies which is that prosperity in China is, in part, dependent upon the strength of the American economy and the strength of other economies. That provides some leverage.

I think what we need to work on is the terms under which we cooperate with China. The United States seeks cooperation with all nations, but the cooperation has to adhere to basic norms and standards of transparency and accountability. We will look for opportunities to continue to cooperate with China, provided that cheating, theft, other kinds of unlawful conduct are not involved. At the same time, we constantly have to be prepared to push back against China and to deter where necessary. From the point of view of the State Department today, this is an argument that’s also made in the report of the Commission on Unalienable Rights, we have to, at the same time, and this is complicated, not cease to be champions of human rights, the rights that inhere in all people. Wherever people in China are standing for freedom, the United States must find ways to signal support and, where practical, provide concrete means of support.

SCHANZER: Okay. With that, maybe, if you would, for just a few minutes, let's talk about the components of this paper. You broke it down into five parts, if I'm not mistaken. We'd love to just hear a top-line description of the areas that Policy Planning saw fit to include in this landmark report.

BERKOWITZ: Great. Thanks. Happy to do it. The first part of the paper addresses some of the questions you've raised which I have not yet addressed adequately.

Two big questions in the introduction are, one, what is the China challenge, and why did we miss it for so long? There are a number of ways to put the challenge. Here's how we put it in the paper. China is undoubtedly a great power today. It is to be expected that great powers will seek eminence and preeminence within the international order. But in our assessment, China does not merely seek preeminence within the established international order. China seeks to reconfigure the community of nations to make the international order much more friendly to China's brand of authoritarian government, a strange mix, as I have suggested, of the Chinese Communist Party's interpretation of Marxism-Leninism and the Chinese Communist Party's interpretation of Chinese nationalism, an extreme interpretation of Chinese nationalism. So that's the challenge. China seeks to reconfigure world order, place Beijing at the center.

Why did we miss this for so long? Well, owing in part to good reasons, owing in part to taking our eye off the ball. As you know, beginning in the early 1970s, we approached China, Nixon administration approached China, in order to balance against the Soviet Union. Eventually, as China began to grow and develop, this is a result of Deng's decision in the late 1970s, of course, to open the economy, to incorporate free market elements. As China began to grow and develop, hopes were raised in the United States, and in other liberal democracies around the world, that economic liberalization and the fruits of economic liberalization, modernization, raised standards of living, would have the effect of liberalizing the politics of the People's Republic of China. This reflects a conventional wisdom taught in political science departments around the country, that economic liberalization brings political liberalization often, but as we've now learned in the case of the People's Republic of China, not always, not necessarily.

During the 1980s and the 1990s, as China was still growing, as China was still developing, we saw a China that was often, in its outward speech, accommodating and conciliatory, consistent with Deng's famous formulation, "Hide your capabilities, bide your time," hide and bide. This is a sensible approach if you have world-transforming ambitions, but your economy is still relatively small.

But if one looks at the speeches and the authoritative writings of the Chinese Communist Party from Mao to Xi, one finds dramatic consistency. From the very beginning, there was an understanding that a top priority of the Chinese Communist Party was to realize the communist ideal and to shoulder the mission of national rejuvenation. From Mao to Xi, one can find this. However, as China grew, as China developed, one finds stronger affirmations of this, culminating with, of course, Xi Jinping, who came to power in 2012.

The United States was hopeful engagement, and we were, undoubtedly, overly hopeful because we didn't pay close enough attention to the conduct and we didn't pay close enough attention to the speeches and writings of the Chinese Communist Party, in which they explained their intentions. I've already said this, but it's worth emphasizing. The Trump administration has affected, I think, a sharp break with that conventional wisdom. Now, this did not come out of nowhere. There have been a number of scholars and writers now for over a decade. In footnote number nine of "The Elements of the China Challenge," you'll find a short list, it doesn't cover everybody, who has nevertheless been writing over the last 10 or 15 years, bringing into better focus the repressive one-party rule of the Chinese Communist Party at

home, and not only the defiance of international norms abroad, but the deliberate effort to reconfigure the system to make it more friendly to China's authoritarianism.

There has been a shift underway for quite a while. The Trump administration effects the radical break. We thought it was important in our paper to demonstrate China's conduct and to explain that a focus on China, I've mentioned this, worth emphasizing, means paying attention to every region of the world.

You asked about the composition of the paper. As we were undertaking the paper, now almost a year ago we began the work, I sent out a request to the various members of the Policy Planning staff and I asked each member to write a short memo, three to five pages, about China's activities in your region of the world or in the functional area that you cover in the State Department. And I was astounded by what I received. What I received were detailed accounts of Chinese inroads, in all regions of the world, which followed a common pattern or a common set of strategies, techniques, programs. Every region of the world. What are some of these? I'll run through them quickly. We're now moving out of the introduction and part two of the paper on China's conduct around the world. In general – and this is true if we look at the Indo-Pacific, if we look at the Middle East, if we look at Europe, if we look at Africa, we look at South America and if we look at North America – China has engaged in massive intellectual theft. Probably, over the decades, the greatest example of theft in human history. Hundreds upon hundreds, upon hundreds of billions of dollars, intellectual theft.

Second, China seeks to, you've already mentioned this Jonathan, China seeks to come into your supply chains and has done a pretty good job as we were rudely awakened to, some people were rudely awakened to, at the beginning of the pandemic this spring. But it's not only of course, in medical equipment, some supplies, but it's in critical high-tech sectors China has commandeered supply chains. Moreover, China has a very aggressive program to achieve industrial dominance, not only in critical high-tech sector sectors, but in other industries such as shipbuilding. China seeks dominance through the building of 5G networks around the world. Many people by now know the name of Huawei, one of its national champion companies. This is extraordinarily dangerous because a 5G system built by Huawei operating with Huawei components is almost certainly to be a system which provides information about individuals and about vulnerabilities of your nation's digital network directly to Beijing.

In addition to the aspiration to be the 5G provider of the world, China has launched the well-known [Belt] and Road Initiative. What is its purpose? Well, ostensibly, to link China to other parts of the world. But through debt trap diplomacy and other means of coaptation and coercion, China uses the Belt and Road initiative to induce economic and political dependence in nations around the world on China. China aims to build bridges and roads and railroads and ports and airports and civil nuclear reactors. Often, the deals that China offers initially are very attractive, but in reality, as Sri Lanka recently has found out, create terrible problems in trying to repay China. And in addition, and I think FDD has done work on this, China seeks to use the freedom and openness of liberal democracies against us, most notably with the proliferation of Confucius Institutes. We see this in the United States, universities signed deals with China to open these Confucius Institutes. Ostensibly, their purpose is to teach about China, maybe teach Chinese. In reality, these institutes are used to crack down, on American campuses, on the expression of opinions that the Chinese Communist Party believes are hostile to the interests of the Chinese Communist Party. In the paper, we trace out the Chinese Communist Party's implementation of these various programs in all the regions of the world. In part three of the paper, we examine the intellectual sources of China's conduct. We say there's a pattern and a purpose. That pattern and purpose is explained by understanding both China's specific understanding of Marxism-Leninism, and China's specific understanding of what Chinese nationalism requires. What Xi has called the China's dream of national rejuvenation.

And once again, we show that when these two streams of thought are combined, one reaches the conclusion, or at least the CCP has reached the conclusion, that is incumbent upon the People's Republic of China to not only induce the kind of dependence that I've already described, but to transform, to rewire international organizations from within to make them more friendly to Chinese authoritarianism. I'll be briefer here. Part four of the paper runs through vulnerabilities of the People's Republic of China, vulnerabilities of the Chinese Communist Party, and the fifth part called "securing freedom" lays out our view, not the specifics of what American foreign policy should be toward China, but rather a kind of framework which we think should inform the making of American foreign policy toward China and which should have as its overarching purpose, the securing of freedom.

SCHANZER: Okay. Well, thank you for the overview. And for all of you watching at home, we'll provide a link for this report. Certainly, worth reading and diving into all of these specific issues. But Peter, for now, let me try to drill down a little bit on some of the things that you mentioned, maybe in passing. To the extent that you can weigh in on it, that would be great. The first thing is something that some of FDD scholars have been looking at with greater scrutiny, and that is the issue of military-civil fusion. That the idea that the acquisition of some of this intellectual property that you've talked about, this transfer of wealth, that some of the technologies here that China is looking to acquire, they may seem like they're purely civilian applications, but in fact, China has a grander scheme for how these technologies can assist in the growth of their military might.

BERKOWITZ: Well, that's right. And we should, just for a moment, revert to the larger picture, of course. Military-civil fusion is an application of a socialist understanding of the economy. A socialist's understanding of the economy says that the government controls both society and the economy. In this particular case, military-civil fusion means that China's biggest companies, and many companies that are smaller, are an integral part of China's national strategy. It means that any information, any knowledge, any know how that the company acquires is the property of the government. And what that means is that any cooperation with these Chinese companies, any potentially dual use technology is automatically available to the Chinese Communist Party. That means that the United States, fellow liberal democracies, friends and partners around the world have to be extremely cautious in doing business with these Chinese companies for fear that some of our most sensitive technology goes straight to the Chinese Communist Party and which means also to the PLA, the military forces in China.

SCHANZER: So, to a certain extent, I guess we could basically say that commerce with certain Chinese entities, state owned companies in particular actually undermines, well, it might enhance us, say, through commercial means short-term. Long-term, we're undermining our own security, which of course is an issue that must be ironed out. Another issue that we've been seized with here at FDD is the question of China's influence within the international system and international organizations. We actually received a question from a journalist at *Axios*, Bethany Allen-Ebrahimian. She asked about this most recent report and mentioned the possibility that the China challenge may require the creation of a new or some new multilateral organizations. Can you explain what that means and what you have in mind?

BERKOWITZ: Sure. Let's back up for a moment, though, about China and international organizations. Xi Jinping, other top figures in the Chinese Communist Party have a phrase they like to use. That China should promote a community of common destiny for mankind. A community of common destiny for mankind could seem desirable. It is clear that what China means by that, is that it is incumbent upon China to rewire international organizations from within to infuse them with norms and standards that are more friendly to China's understanding of authoritarian governance. And China has made considerable inroads within international organizations. And the State Department under Secretary Pompeo has pushed back and has pushed back hard against China's work inside international organizations. We have

been aggressively arguing that international organizations and those who lead them must stand for transparency and accountability in these international organizations.

Having said all that, and in a way also addressing a question you asked at the beginning about the challenge today and the challenge in the 1940s and the 1950s at the beginning of the Cold War, many of the international organizations that are in place today have their origins in that period. It seems to me, and this is the argument of our paper, of our Policy Planning staff paper. The time is long overdue for a reassessment of those international organizations. Not because we contemplate a world, this would be absurd, in which the United States does not participate in international organizations and international institutions, but because we need a world in which international organizations and international institutions serve the purposes for which they were originally established. The purpose for which they were originally established was to construct a free, open, rules-based international order. There's no reason to assume that after 70 years and more that those institutions are performing as they should.

It's quite possible that a result of the reassessment, or I should put it differently, it's likely that the result of such a thorough-going reassessment will be that many international organizations need to be reformed. And in some cases, we will reach the conclusion that alternative international organizations need to be constructed. It's all important, though, to keep the purpose in mind. It seems to me that the proper purpose for the United States of America, again, is to shore up our free, open and rules-based international order. But that reassessment hasn't taken place. It seems to me though it is the proper next step, given the progress we've achieved in understanding the China challenge.

SCHANZER: At FDD, we have been looking at a lot of these organizations. And of course, a number of them really are acting against American interests. It's not just that they have kind of maybe lost their way a bit, but that they really have been turned against us. And of course, China's had a role in doing so. And so, we buy the notion that a reassessment is necessary and that perhaps new organizations may be necessary as well. On two specific jurisdictions that we've been tracking, I want to just get a quick take from you. U.S. policy on Taiwan, U.S. policy on Hong Kong. Two very different, but overlapping jurisdictions. Both great challenges for the United States. To the extent that your paper touches on these, could you explain?

BERKOWITZ: Yes. During the course of the work on our paper, the Chinese Communist Party cracked down on Hong Kong and contrary to its international agreements, imposed national security laws that effectively ended freedom in Hong Kong. We regard this as, one, an outrage against freedom and human rights and international agreements and something that the United States must find ways to oppose and oppose aggressively. The Secretary of State has spoken forcefully in criticism. We've gone beyond criticism. We've adopted measures that are designed to impose significant costs on the Chinese Communist Party for its outrageous unlawful action against free Hong Kong.

And we are concerned about Taiwan. We see China accumulating positions in the South China Sea. And notwithstanding what I said earlier about China's use of economic power in contrast to the Soviet Union, China has nevertheless quite explicitly been pursuing the construction of a world-class military that's designed to rival and surpass eventually the military of the United States. China now has formidable military forces in the South China Sea and the United States, it seems to me, must think – I'll put it differently. The State Department has been and the Defense Department has been thinking long and hard about how to assist our free and democratic friends in the region, Taiwan, but of course the larger Indo-Pacific region as well. Taiwan, as you know, is a major trading partner for the United States. It's a beacon of freedom and democracy in that part of the world, and it seems to me preserving Taiwan's freedom and independence is a priority.

SCHANZER: You know, that leads me to another question. At FDD we've been looking, for months now, at American deployments abroad. And of course, this is a somewhat controversial topic right now as the Trump administration has called for drawdowns or redeployment from certain key bases or areas around Asia, but also in Europe and the Middle East. And I think the question that we've been wrestling with and that I would pose to you is, does drawing down, is that going to help us or hurt us long-term? Of course, I understand you work for an administration that has been drawing down and certain places are redeploying, but this idea of maintaining that power projection capability of defending America from abroad so that we don't need to defend right at our shores, how does this fit into the broader strategy that you've outlined in the recent policy planning paper?

BERKOWITZ: I'd say, I think it fits nicely into the broader strategy. And again, we sketch a framework, but not specific policies. We actually call attention in the paper in part five, the concluding part, for the United States to improve its effectiveness in sharing responsibilities. So of course, we want an adequate military presence throughout the Indo-Pacific region to deter China. And that's why we are working with and calling upon our partners in the quad: India, Japan, and Australia, but other partners throughout the Indo-Pacific also South Korea to step up, contribute more to defending the area. You're quite right that we need to take the military challenge seriously. And our way of doing that, which I think is a way that shows great respect for our friends and partners in the region. We want them to be partners, fuller partners in defending the Indo-Pacific. And that's what we've been encouraging. And by the way, I can report, I think, great strides in enhancing our bilateral relationship with India and making the quad an effective forum for consulting about politics, economics, and security as well.

SCHANZER: So actually, to stay on the theme of partners for a moment, one issue that we've been tracking very closely has been the issue of the Israel-China relationship. It has been something that Trump administration officials have raised privately and publicly with the Israelis leading to a new screening mechanism for foreign investment in China, somewhat along the lines of our CFIUS process here in the United States. If you can, I would just love to hear about that mechanism and this relationship in general, because it does seem to me that Israel might be able to serve as a model for other countries that we're looking to enlist in helping to promote American policy as regards to China around the world.

BERKOWITZ: Well, I can't speak specifically about Israel's review process, but I can certainly say emphatically that the United States strongly encourages all of our friends and partners to establish review processes if they haven't, to review ones that they have them, to strengthen and refine them, because it's hugely important. As we discussed earlier on, near the very beginning, completely disentangling economies with China is neither practicable nor, I think, desirable. That means every nation state is going to face complex challenges of determining where cooperation based on transparency and accountability is possible. That means rigorous well-constructed review processes in every country. So, where progress is made in establishing such review processes, the United States is in favor, and we want more.

SCHANZER: Very good. So, I think when we talk about review processes, that's sort of the defensive side of things, right? It's about deflecting investments that are unwanted. Then there's the question of how to set countries on the right path toward cooperation with the United States on technology that the United States wants in this ongoing great power competition. And that actually leads me to another initiative. It's been led by my colleague, Brad Bowman, who's the director, Senior Director of our Center on Military and Political Power. He was the one who first suggested this idea of a U.S.-Israel operations technology working group. It's made its way into the NDAA so it's now something that is on the congressional radar. But the idea being that we might be able to lock in, with partners like Israel, this idea of developing technology that would be for America to use first and foremost, and then America would have a say on how that technology may or may not be disseminated. This is another idea that we've that we've been kind of promoting. I'm curious to get your thoughts on how this fits into the broader strategy that you've discussed in the paper today.

BERKOWITZ: Well, on questions of enhanced defense, the details of defense cooperation, probably better to speak to someone in Department of Defense. But I can say this, in the State Department, we almost always encourage greater cooperation, especially enhanced cooperation with such a close and important friend and partner as Israel.

SCHANZER: Fair enough. I'm going to ask one more question of you. This also came from Bethany Allen-Ebrahimian from *Axios*. And it's a question that I would have asked you anyway, but I think an important one. And that is, just in general, your advice to an incoming administration. I know that we're, obviously, there's still litigation issues that are ongoing and everything else, but assuming that the announcements of an incoming Biden administration are in fact where we're heading, we'd be curious, what advice would you give? Parting advice to your successor and maybe, broadly speaking, to another administration?

BERKOWITZ: Yes, well, I will speak in terms of what would be best for the United States of America, whoever is the next president, and we will know once the vote is lawfully certified. First, take seriously China's actual conduct. Second, take seriously what China says about the import of its conduct and its aspirations. Third, be in a position to distinguish between mere rhetoric that is designed for consumption in the West and what the Chinese Communist Party says to its members. You can only do that if you develop – build a new generation, cultivate a new generation – of diplomats and public policy thinkers who know Chinese, and who have studied carefully not only politics, international relations, and economics, but also culture and history. And finally, I would add, please – we must not neglect domestic foundations of a successful foreign policy. We must continue to educate the American people about the China challenge, and we must find ways to cultivate that – you can call it civic concord, you can call it speaking in less elevated ways – the ability of citizens who disagree with one another to get along, to see the larger picture, to understand America's shared interests in securing freedom. I think that's also very important to a successful American foreign policy that meets the China challenge.

SCHANZER: Well, I think that is an excellent way to conclude our discussion today. Dr. Peter Berkowitz, I just want to thank you very much for joining us from your office over there at the State Department. And we hope that we can have you back in one capacity or another to share additional insights on China and the many other issues that you track. So, I'm sure we'll have opportunities to chat again. And I want to thank our audience for joining us from home or wherever you may have been watching. For more information on FDD and the latest analysis from our China program, including events that will be coming soon to a laptop or desktop we urge you to visit www.fdd.org. Thank you very much.

BERKOWITZ: Thank you, Jonathan.

SCHANZER: Thank you.