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Transcript

CHINA IN THE WORLD PODCAST

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Guest: **Zhao Hai**

Episode 72: Electing Donald Trump: The View
from China

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Haenle: Today I'm delighted to welcome Doctor Zhao Hai, a research fellow at the National Strategy Institute of Tsinghua University to the China and the World Podcast. Doctor Zhao earned his PhD in international history at the University of Chicago, and worked at a variety of think tanks include the 21st-century and U.S.-Asia Institute. After returning to China, Doctor Zhao joined the National Strategy Institute here at Tsinghua University, where he's done research on topics ranging from U.S.-China relations, China's civil-military integration, counterterrorism in Western China and South East Asia, to Asia Pacific economic relations. Currently Doctor Zhao is working on a report concerning the connections between ISIS and terrorism in South East Asia. Today, I'll be speaking with Doctor Zhao Hai about the topic on everyone's mind: the U.S. Doctor election. We'll be discussing the impact of a Trump victory, and what Trump's election means with respect to U.S.-China relations, and we'll hear from Doctor Zhao Hai on the reaction here in China. Doctor Zhao Hai thank you very much for joining us for the China in the World podcast, and I look forward to our conversation.

Zhao: Thank you for having me, Paul.

Haenle: Let's just start out; I understand yesterday we were in the same place watching the returns, that is at the U.S. Embassy, and I want to just start out by asking you—were you surprised?

Zhao: Uh, yes, I was truly surprised, but not shocked, to some extent, because there are signs in the summer of this year, there is continuous signs that there will be some irregularities or abnormal outcomes of this election. For example, there's two episodes, two things that gives me pause. First thing is that I heard something Michael Moore said, I think in May or July, he said something about...

Haenle: ... This is the documentary...

Zhao: Documentary maker, yes, he said that Mitt Romney lost 64 electoral votes during the last election circle, and he said four states—Michigan, Wisconsin, Ohio, and Pennsylvania combines—they have exactly 64 votes, and in this region [which] we usually called the Rust Belt of the United States, there are a lot of people disfranchised or disengaged or angry about the current establishment in the United States, so I think there's danger in there. And then, later on, there's Brexit, showing exactly signs that this anti-globalization, anti-elite movement is going on, and in Europe as well as in the United States, but people are not really paying enough attention to it. So I think there's early warning signs over there, but, we were satisfied with the polls, and pundits speaking on TV and everywhere, so, we're not prepared for the result.

Haenle: Well, people are going to be looking at this for a long time to figure out how, and why we were not able to predict a more accurate outcome. But let me back up a little bit if I could—how have the Chinese—how have the Chinese leadership and Chinese scholars and experts been looking at this? Have they preferred—did they prefer a certain outcome? How did they view the candidates, Hillary Clinton and Donald Trump, in the context of U.S.-China relations?

Zhao: I think first of all ,the Chinese government as well as Chinese people are not really knowing which outcome is better for them. They're trying to figure out who will be beneficial to

the future U.S.-China relations. Generally speaking the Chinese government, and in academia and the business world, if people prefer stability and continuity, people would prefer Hillary Clinton to be the next president, because Trump for everyone is a big unknown. The government continually tries to figure out who is on the foreign policy team of Trump, and then there's no result.

Haenle: But Hillary Clinton, of course—you could see who would be on her team, that's pretty...

Zhao: Exactly, and people expect from the Obama Administration that Hillary's administration would continue the policy and probably the "rebalancing" act will be even more.

Haenle: There's some tough—I notice in China that people have strong views of Hillary Clinton, many negative views actually. Why is that?

Zhao: I think there are two things. One, if you look at history, the Chinese government is more comfortable with Republican party than with the Democratic party. And Hillary Clinton has a sort of negative history with the Chinese, first from 1995, and then later on...

Haenle: ... sThis is when she came for the Women's Conference...

Zhao: Women's Conference, exactly.

Haenle: "Women's' rights are human rights".

Zhao: Human rights, exactly. And then when she became the Secretary of State, there's this pivot to Asia program, and then later on you have rebalancing. And then, the tension in East China Sea and South China Sea are rising, and then there's a lot of disputes. So I think generally speaking the Chinese government feels uncomfortable dealing with Secretary Clinton, in general.

Haenle: So while you can predict more than you could with Trump—what a President Clinton might do, some of it was seen as hostile to China.

Zhao: Exactly, that's what I want to get to. That is, even if Chinese government is probably not really comfortable with Clinton, but, there's certainty over there. To continue this dialogue and relations that [have] already been built during the Obama Administration is good for the future of U.S.-China relations.

Haenle: And what about Trump? How have they, how have the leadership here, experts and scholars, been viewing Trump up till Election Day?

Zhao: So I think the academia, or the policy world is trying to figure out what future policy Trump will have. There are certain—a couple of speeches Trump gave during the campaign, and people are trying to figure out the effect of the policy suggestions in the Trump speech. For example, the future tariff, the currency manipulation, and also the immigration policy. So there are a lot of things people are trying to figure out, whether or not Trump will truly execute these policies. There [are] certain concerns. But then on the other hand, if you look at the general population—I mean the regular Chinese people—they are fascinated by the personality of Trump,

and his business history, and also his family. So there is generally excitement about the possibility of Trump becoming the president. Of course, there are certain people who are thinking that if Trump's ideological side is weaker than Mrs. Clinton's, then Trump's business side, making deals ability, may be beneficial to U.S.-China relations.

Haenle: So when you say his ideological side you mean that he probably won't lead with issues related to values and human rights...

Zhao: ... Human rights.

Haenle: ... and from a Chinese perspective, this is welcome.

Zhao: There's less pressure, I would say, to the Chinese government—not necessarily good or bad—but the Chinese government feels, and a lot of people feel, that maybe in terms of geopolitical tension, in terms of human rights and other ideological issues, Trump may be less intended to pressure China on those issues.

Haenle: So yesterday, when I was walking into the Embassy for the gathering to watch the election returns, I was walking in with a Chinese scholar. And I said, 'it looks like Trump may win this,' and he said, 'let's hope so.' And I was surprised at the response and I said, 'what do you mean by that?' and he said, 'well, many of us scholars have come to the view that, from a geopolitical standpoint, Trump would be better.' Why have Chinese scholars come to that view?

Zhao: I think there is a—my personal opinion—there is a divide between the foreign policy realm and the economic/business realm. So there is a lot of people from the economic perspectives saying that Trump's presidency may hurt U.S.-China economic relationship, may hurt the globalization and free trade. But on the other hand, you have people on the geopolitical and security side thinking that maybe Trump's presidency is good. So these two sides are not really in a dialogue to figure out exactly, in general, what's good and what's bad for U.S.-China relations.

Haenle: And in the geopolitical side, is it because Trump, the candidate, has indicated or has left the impression that the United States will draw inward, that we'll be less involved internationally, and from that standpoint, that means that there'll be less pressure on China, especially in the Asia Pacific region. Is that the thinking?

Zhao: No, I think there are many clear-minded scholars thinking that American retraction, or, the trend towards isolationism may not be a good thing for China, because when the United States is a big pillar for the current international system and China benefitted from the current international system. So if the United States suddenly and greatly retracted from the world stage, that may leave a power vacuum, and collapse a certain part of the international system which may be unpredictable and may cause harm to China's interests globally.

Haenle: So this is one view among Chinese scholars. Is there another view that says that if the United States pulls back internationally, this will allow China then to expand its own influence?

Zhao: Of course, of course. There are people thinking that if the U.S. spends less on, for example, military expenditure and other, and also supporting less of the global public goods, maybe its good for China, giving China's strategic opportunity to expand overseas, particularly for the Belt and Road Initiative. But me personally I don't think that's a good analysis.

Haenle: So, do you think the Chinese have been left with the impression that in the Asia Pacific, a Donald Trump Administration would be less present? He's made comments on the alliance relationships with Korea and Japan—that they need to pay their fair share. Has he left the impression with those comments and other comments that the US might pull back from the region?

Zhao: I think that's the impression, or the derived conclusion about what possibly will be the outcome of Trump's presidency. However, he, in his administration, who's going to be in charge of the Asia-Pacific policies, and we don't know after he became president, and getting all the intelligence information we think, we don't know

Haenle: What he'll actually do.

Zhao: What he's going to do.

Haenle: You know, I think you're right. I mean, we have seen a lot of rhetoric in the campaign from Donald Trump. But it has not been supported by comprehensive policy recommendation or comprehensive policy positions; he has used political rhetoric without getting into the details. I think what's interesting is there's a foreign policy piece out now, by Peter Navarro and Alex Gray, that talks about what a Trump Administration's Asia policy might look like. And what I find interesting in it is that, while there isn't support for TPP, because of course he has been, you know, in opposition to free trade and TPP in particular, there does in the article, as you read it, appear to be a large degree of support for maintaining, even enhancing, U.S. military presence, especially our naval presence. And the article talks about repealing defense sequestration, rebuilding our military, it quotes former Singaporean Lee Kuan Yew as saying that the stability provided by U.S. defense presence has benefitted the entire region, including China. And that military presence is very necessary—talks about a Trump naval program, where the United States would, under President Trump, would rebuild the U.S. navy from 274 to 350 ships, in line with recommendations by the bipartisan national defense panel. And you read that article, it indicated to me that, outside of the trade context, that our military presence will actually grow. I just wonder whether or not Chinese experts have come away with an opposite impression, and whether we might have an issue of misaligned expectations.

Zhao: I think there may be that possibility. I think the people that I talk to tend to think that there's a bigger possibility that the Trump Administration would withdraw more from the bilateral treaties, alliances, in the Asia Pacific, and that they consider the worst scenario will be that South Korea and Japan will arm themselves with nuclear weapons, or more independent military policies. But if what you said is true, then that has kind of proven my concern, my worry; that is, Trump will liken himself to probably Reagan; that he will [the] enhance military capability of the United States, and [have] a more aggressive or more hardened stance on China in terms of Asia Pacific security.

Haenle: The article also talked about the alliances, and leaves one with the impression that, while they'll review cost-sharing arrangements, that they'll still remain as the lynchpin of the U.S. approach to the region, on the alliances. That the alliances will remain key in U.S. policy toward the region, and from that perspective, do you think Chinese experts have come away with a different view in the campaign from his rhetoric?

Zhao: I think so. In his campaign, because Trump talked more about economic harm that Chinese industries cost [to] the U.S. workers, and he talked less about the security side of Asia Pacific, so I think in general people probably misunderstood his intentions and possible future policies. So I think people [are] still in the stage of trying to figure out exactly what he is going to do. That's just a one point view, one article, I don't even know whether Peter Navarro even...

Haenle: ... Exactly, we don't know what role he'll play. And I should caveat that, I mean, he is a name that has been sort of bantered about as someone who might play a role but again I think you're absolutely right, we don't know who his advisors will be.

Zhao: But there's one expectation that TPP or TIPP for that matter also BIT that is between the United States and China may be coming to an end at current form. So many Chinese scholars believe that if Trump became president, then TPP will be abandoned.

Haenle: And does that seem from the Chinese side as a net positive?

Zhao: I think yeah. A lot of people think it is positive. Because people think TPP is a component of the rebalancing policy, so, getting rid of TPP is a probably a good thing.

Haenle: On the [topic of] trade and economics, the other sort of campaign promise he made of course is that the United States under a Trump Administration would impose a 45 percent trade tariff on Chinese imports in the United States. Do the Chinese see that as something that could actually play out? Or do they see it as rhetoric in the context of a presidential campaign?

Zhao: I think the Chinese are really worried about it [becoming] true. I mean that's 45 percent, but however on the other side, whether or not it is in his power to do so is still a question mark. I mean, it is one thing to name China a currency manipulator, it is another thing to tear down the entire trade treaty, global treaty, and using that. However, I think the trade friction will definitely increase under the Trump administration because he has promised American people to bring jobs back, and without doing certain, you know, adding tariff and other policies, it won't be done.

Haenle: Of course a 45 percent trade tariff would also hurt our own exporters, who rely on an international market, and our own companies at home that rely on international commodities and also rely on manufactured products from overseas as well. And of course countries could retaliate with a 45 percent trade tariff. So I think we'll see, we'll have to wait and see what's done in that regard. But I agree with you, in general I think one of the issues that has emerged in this campaign is that free trade has not benefited large swaths of America. And I do think that the economic and trade piece under a Trump administration, and even under a Hillary Clinton administration, would have been, and will be under Trump, a bit tougher. And there's international dimensions to this of

course, we saw [them] play out with regards to Brexit, and here in the U.S. presidential campaign as well. What are some of the first things that you think are important in terms of a Trump Administration dealing with China? How should the Trump administration think about this from a Chinese perspective? How can the Trump administration move early on to a smooth transition, to ensure a smooth transition on U.S.-China?

Zhao: First of all, I want to go back a little bit [to] the question before. That is, if you look back into history, and in the 1920s and 30s, particularly the 1930s, when the global capitalist system and particularly globalization—or [what] today some people call neo-liberal globalization—ran into a certain wall, when [income gap between] the rich and poor became so large, and society was so divided, and when the accumulation of wealth suddenly collapsed—there [was] a great backlash from the society. And then, in that respect, there are two ways out at that point. One way on the left, people wanted to have domestic reform, and there are people who [were] suggesting socialism, but then on the other hand there's nationalism, you know, protectionism, and on the extreme right, there's fascism. I think today people are facing the same consequence of globalization and the social reaction is to a large extent similar to the 1930s. People need to worry about that general trend. And then, come back to Trump's policy towards China...

Haenle: ... Let me ask you about that. Because, we've seen these issues play out in a European context around Brexit, we see more nationalistic leaders emerging in Europe in France, in Austria, in other places. Of course in the U.S. presidential election we've seen these issues played out. But it seems that China is dealing with many of these issues as well—great concern over, you know, employment, issues around employment, making sure that Chinese people have jobs. The income, the wealth disparity between the rich and poor in China is a major issue, [as well as] protectionism, we can see that, and China's markets [being] closed off to foreign investment. So, is this actually an area where the United States and China should find greater cooperation around? Because we're experiencing, and in fact on the issues of globalization, many of the manufacturing jobs that originally came from the United States to China are now moving from China to other places in Southeast Asia, in Bangladesh and other places. So, can we see this issue as a potential area of cooperation, or will it be an area of friction?

Zhao: Definitely, I think after 2008 financial crisis, there is a genuine consensus that the powers, I mean the countries in the world should work together, and China and the United States at the time worked together to counter the consequence, the fallout, of the financial and global economic crisis. So I think that's good. But on the other hand, after a couple of years this kind of alliance, [and the] G20's kind of relaxing and dissipating. So now I think it's a good time to reiterate the importance of cooperation on economic issues and to forestall this kind of trend towards protectionism and [globalism], and nationalism. The way to do it is of course—I think, should be a priority for the next [administration], the Trump administration; that is, to coordinate policies with China—both supporting domestic reforms, both in the United States and in China. China now experiencing, and pushing forward the supply-side structural reform, by President Xi Jinping. I think Trump suggested U.S. domestic reform, reducing tax, and supporting economic growth domestically and bringing jobs back, particularly manufactured jobs, back to the United States. So that's another rebalancing between the United States and China globally. So I think in that respect, if China and the United States can coordinate their policies [and] work together, then we will have economic ties continue to be the good side for U.S. and China relations.

Haenle: Let's talk about early on, the Trump administration. I understand the Chinese government now is trying to figure out who is going to be key officials in a Trump administration, where those communication channels will develop, where those important communication channels play out. What should the Trump administration think about early on, in terms of its approach to China?

Zhao: I think the top priority should be for President-elect Trump to set up channels with President Xi Jinping and meet him as early as possible to establish [a] personal relationship and, you know, so that they can talk with each other and build personal trust, so that they can navigate future U.S.-China relations.

Haenle: That personal relationship between the leaders is important, do you think?

Zhao: Yes, I think it's critical, because for the next five years Xi Jinping will be in power in China and Trump will be for the next four, five years, possibly not four, so this is the start, at the start of the next administration. So if Trump and President Xi Jinping can establish a good personal relationship, mutual trust, that will be very beneficial for U.S.-China relations.

Haenle: And how about our current dialogue mechanisms? Such as the U.S. strategic and economic dialogue? Is this something that, from the Chinese perspective, that is seen as important to maintain? And if so, are there ways that we can even improve that?

Zhao: I think for now the strategic and economic dialogue is still the highest level, the top level communication between U.S. and Chinese governments. So I think they should continue this track, and probably even elevate the current talk to more essential and important issues, yeah. So for that matter, I think they should continue the dialogue through this form, and then improve it, I think—make it more comprehensive for both governments.

Haenle: What if, what are the concerns from the Chinese side about a Trump administration, and what should Americans understand as potential danger zones or pitfalls to the relationship going forward?

Zhao: I think the fear or the worry is that if the rhetoric during the campaign by Trump became true, you know, for example China became a scapegoat for what's happening in the United States, the job loss, the division, and everything—that would be a very bad sign for U.S.-China relations. So good thing for the future, is [if] U.S.-China wanted to establish a more stable and prosperous relationship, it needs to work together on particularly global issues to provide public goods globally and to support each other on maintaining current global infrastructure. And also the United States should allow Chins to play a bigger role—gradually—in the global system. But that's a very delicate and complicated thing to do, so it needs both leaders to have a deep understanding of the U.S.-China history and also how to open up the way forward.

Haenle: Well Doctor Zhao Hai I've appreciated your views and perspective this morning and I want to thank you for coming and joining us on the China in the World podcast, and we hope to have you back again.

Zhao: Thank you very much, it's my pleasure.

Haenle: Thank you. That's it for this edition of the Carnegie–Tsinghua China in the World podcast. I encourage you to explore our site, see the work of all our scholars at the Carnegie–Tsinghua Center. Thanks for listening and be sure to tune in next time.