

News; International

A Discussion About China and the Implications of What is Going on at the Congress

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CHARLIE ROSE, PBS HOST: Welcome to the broadcast. Tonight, all about China. The 17th National Congress of the governing Communist Party met this week. We want to talk about China and the implications of what is going on at the congress with former secretary of state, Henry Kissinger.

Then we continue the conversation with Orville Schell of the Asia Society, Li Cheng from the Brookings Institute, and Perry Link of Princeton.

(BEGIN VIDEOCLIP)

HENRY KISSINGER, FORMER SECRETARY OF STATE: For Hu Jintao, the problem is how can all these groups be heard in some fashion and yet retain control within the Communist Party? That`s a huge problem. Almost every Chinese one talks to talks about the need for political reform. By that they don`t necessarily mean, and frequently do not mean, a democratic government with multiparty systems, but they do mean that more groups should participate in the decision making process in some as yet undefined way. And the rate at which this occurs will be the drama of the next decade, not just of this presidency, but of the next one.

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CHARLIE ROSE: A program note: An interview with Tommy Lee Jones scheduled to air tonight will be seen tomorrow night along with the conversation with Jude Law. Tonight China for the hour. Next.

(COMMERCIAL BREAK)

CHARLIE ROSE: We begin tonight with China. The 17th National Congress of the governing Communist Party meet this week in Beijing. The event is held once every five years and gathers about 2,000 delegates from across the country. It is the time when the party chooses a new leadership and lays out its blueprint for the country for the next five years.

In a televised speech Monday, Chinese President Hu Jintao promised to address the gap between rich and poor, environmental degradation and corruption. He proposed only incremental political reform, reasserting the party`s monopoly on power.

Also this week, the Dalai Lama, the exiled leader of Tibet was honored in Washington with the Congressional Gold Medal. The Chinese government said the award was a gross interference in its internal affairs.

Joining me now Dr. Henry Kissinger, former secretary of state and the man who first went to China and began the relationship that the United States enjoys today. Welcome.

HENRY KISSINGER: Always good to be here.

CHARLIE ROSE: Tell me about what happens at a congress.

HENRY KISSINGER: Well, exactly what happens at the congress isn`t .

CHARLIE ROSE: Known .

HENRY KISSINGER: . fully clear.

CHARLIE ROSE: Yes.

HENRY KISSINGER: Theoretically, I mean practically, what happens is that the two governing parties of the communist party are reconstituted. New members are added to the politburo and a standing committee, which is the executive committee of the politburo, is also rejuvenated. This is made possible, because there`s now been instituted retirement rules. Nobody can serve more than two terms, in other words more than ten years. Nobody can serve, depending on their position, really basically beyond the age of 65. So, those two provisions bring about a rotation.

CHARLIE ROSE: The difference in the age of the leadership that you met when you went over there.

HENRY KISSINGER: Exactly. And in those days, there were no retirement rules.

CHARLIE ROSE: Yes.

HENRY KISSINGER: Then the composition - then since Hu Jintao, the current general secretary of the party and president of the country, since he will have reached the mandatory retirement age at the next party congress, the composition of the standing committee will give a clue, a pretty decisive clue as to the succession. In other, it will be somebody below 60. It will be somebody who is controlled some part of the party machinery so it`s likely to be from a large state or an important state. And so there`s a significant rotation going to take place. Apparently, the party secretary of .

CHARLIE ROSE: Shanghai.

HENRY KISSINGER: . of Shanghai is going to become the putative successor, by being moved into a position from which - and also he is of the age group.

CHARLIE ROSE: 52.

HENRY KISSINGER: And the party secretary from the province adjoining Korea, which is in the northeast. He will succeed the current prime minister. But then the tealeaf readers look at the composition of the standing committee and of the politburo as a clue to who had influence. It is a big change from the days of Mao and even of Deng, where one man could appoint all these key positions. It is now apparent that there is some - some trading going on between the various power blocks within the communist party.

CHARLIE ROSE: Including the military, including .

HENRY KISSINGER: Including the military and probably including all the industrial groupings, as long as they are within the communist party. But they were put into the communist party by the last secretary-general, Jiang Zemin.

CHARLIE ROSE: Yes.

HENRY KISSINGER: And Jiang Zemin, who still is - is still a significant force.

CHARLIE ROSE: Well, it is said that he is resistant to some of the reforms that Hu Jintao might want, and certainly some of the reforms that the more extreme reformers want.

HENRY KISSINGER: I think that is - that is true. On the other hand, he is responsible for significant reforms himself, Jiang Zemin, because at the last party congress, at which he presided, they adopted the doctrine that you - that people from classes that used to be excluded, it`s especially what we would call capitalist classes .

CHARLIE ROSE: Right.

HENRY KISSINGER: . are now -- can now be inside the communist party so that the communist party of China is becoming more like the PRI of Mexico used to be.

CHARLIE ROSE: Right. While it controlled, it had a certain democratic element.

HENRY KISSINGER: It established one-party control, but at the same time, in its internal structure, it developed some pluralistic tendencies.

CHARLIE ROSE: When they talk about reform in China today, what are they talking about?

HENRY KISSINGER: Of course, it depends who .

CHARLIE ROSE: Let`s say Hu Jintao.

HENRY KISSINGER: Well, Hu Jintao faces the problem -- any leader of China now faces this problem. That this is in its structure a pluralistic society in this sense. The coast is at the level of Western Europe in many respects. The interior .

CHARLIE ROSE: Growing, wealthy .

HENRY KISSINGER: The interior is underdeveloped and more like some of the underdeveloped regions of Africa. So, there`s a tremendous gap in wealth. But since it`s one country, at any one moment there can be as many as 100 million people on the road looking for jobs within the cities. What we could call - what they would call undocumented workers that come from the interior, looking for jobs, do not have full citizenship status within the city and they provide cheap labor by Chinese standards, which means even lower than what we confront formally.

So, every city has an infrastructure problem. I talked to the mayor of a Chinese city the other day and I said, what is your population? And he said the registered population is a million. The unregistered population is about five million. So, there are tremendous problems to be solved.

Then in the big cities like Shanghai, Beijing, Guandong, a middle class is developing of what we would call yuppies here that are focused entirely on material benefits. And their deal with the government is that as long as they can progress, they will not interfere in the day-to-day operation of the government, but they are a group to which more attention has to be paid.

So, for Hu Jintao, the problem is how can all these groups be heard in some fashion, and yet retain control within the communist party. That`s a huge problem. Almost every Chinese one talks to talks about the need for political reform. By that they don`t necessarily mean, very frequently do not mean, a democratic government with multiparty systems. What they do mean that more groups should participate in the decision-making process in some as yet undefined way. And the rate at which this occurs will be the drama of the next decade, not just of this presidency, but of the next one.

CHARLIE ROSE: How fast they can .

HENRY KISSINGER: Well, how they can keep these various potential tensions and some of which Hu Jintao identified like rampant corruption .

CHARLIE ROSE: Right.

HENRY KISSINGER: How they can keep it from creating unmanageable situations.

CHARLIE ROSE: Have they gotten over the fear of Tiananmen Square?

HENRY KISSINGER: If you look at Chinese history, it has -- it's always alternated between periods of great concentration of power and then a certain latitude in exercising that control. And the nightmare for all the leaders that I have known has been that China might fly apart again as it did in the 19th century, and as it has in other periods. So, the fear of something, I mean this Buddhist movement, which suddenly appeared out of nowhere, is sort of scary to the leaders. And they remember the Taiping rebellion of the 19th century, when somebody appeared who said that he was the son of Christ and established a Christian - pseudo-Christian kind of kingdom around Nanjing, and millions were killed before that civil war ended. I think that is a nightmare.

I talked to Deng Xiaoping after Tiananmen.

CHARLIE ROSE: Yes.

HENRY KISSINGER: And he said to me, don't they understand, I'm the reformer, and the other thing will blow the country apart. I'm not justifying it.

CHARLIE ROSE: But he wanted to reform at his own pace and by his own means.

HENRY KISSINGER: Yeah, he wanted reform as a centralized government and not through local autonomy.

CHARLIE ROSE: What do they fear from the Dalai Lama?

HENRY KISSINGER: For China, national integrity of the national state is a tremendously symbolic factor. What they fear from the Dalai Lama, is two things. One, losing the - their conception of territorial integrity, that when the Dalai -- even though the Dalai Lama says that he is not interested in Tibet, it's only autonomy, it could be, and I think it is the case that his definition of autonomy is interpreted by the Chinese as if it were separatists.

And the second is that the Dalai Lama is an absolute ruler of a significant and ethnically defined minority, and therefore, cannot accept the ideological jurisdiction of the -- certainly not of the communist party and in certain categories not of the national state either. And there are other regions not as distinct as Tibet, like Cinquian (ph), with different religions, or mostly Muslim religion.

CHARLIE ROSE: Did you support the idea of honoring him at the White House and that gold medal in the Congress?

HENRY KISSINGER: He was honored by the -- and gold medal .

CHARLIE ROSE: . by the Congress.

HENRY KISSINGER: By the Congress.

CHARLIE ROSE: But the president saw him, which was a .

HENRY KISSINGER: The president saw him, but that, I think, he's done before.

The issue is private Americans, organized American groups can express their commitment to the principles of Tibetan autonomy in any appropriate way that our political system accepts, which is when the Congress of the United States in the presence of the president honors a leader of a separatist -- what Chinese consider separatist, it must have foreign policy consequences.

CHARLIE ROSE: So, you think it was a bad idea.

HENRY KISSINGER: I think this - I think people who do it should not kid themselves that this is without consequence. And they have to weigh their commitment to a moral cause, which has great validity in many respects to the foreign policy requirements. And that's a judgment they shouldn't pretend act (inaudible) without consequences.

CHARLIE ROSE: Well, the consequences may have been, in this case they decided not to go the meeting to discuss Iran.

HENRY KISSINGER: Yes, and it will -- may or may not effect the intensity with which they pursued the measures that we would like to take about Iran, and we also need them with respect to de-nuclearization of North Korea.

CHARLIE ROSE: Well, we've got them there on so far.

HENRY KISSINGER: And one thing, which was surely a terrible idea was to do this during the Party Congress, where - where Hu Jintao has to explain his leadership to 2,000 assembled members of the Communist Party. And he, therefore, has very little flexibility of showing understanding of our necessities. So why it had to be this week and not two weeks later or

two weeks earlier, preferably two weeks later.

CHARLIE ROSE: But did you tell the president or the secretary of state that maybe it would be better if they do it later?

HENRY KISSINGER: It may surprise you, but not every decision is checked with me.

CHARLIE ROSE: Well, I'm not suggesting they check it with you, I'm suggesting that you might have means to communicate this idea. Not your idea, but I mean the idea -- whether you express it to them or not.

HENRY KISSINGER: No, I did not.

CHARLIE ROSE: Do you feel the same way about their vote in the Congress on Armenian genocide?

HENRY KISSINGER: Yes, I signed together with other secretaries of state his statement warning against it and it has some of the same qualities.

CHARLIE ROSE: Foreign policy.

HENRY KISSINGER: Undoubtedly, horrible events occurred during World War I. The question is whether at this moment, when Turkey is in such a tentative transition and when its support in Iraq, on Israeli negotiations, Arab - Israeli - Arab negotiations is vital. I thought clearly that this was not something that had no operational significance, but was a historic judgment. I - I was - thought it was unwise.

CHARLIE ROSE: Leave it to the historians.

HENRY KISSINGER: Leave it to the historians, but to make it an expression of the Congress of the United States, where it had had passed before already. It isn't the first time that this issue has come up.

CHARLIE ROSE: Do you think that we can expect significant cooperation with the Chinese when a new president takes office on important issues, Iran, proliferation? Nuclear proliferation in North Korea and other places?

HENRY KISSINGER: New Chinese or new American?

CHARLIE ROSE: Yeah, new Chinese.

HENRY KISSINGER: Well, first of all, I expect that China and the United States can and should cooperate on all of these issues. But we have a .

CHARLIE ROSE: But they seem to be doing exactly .

HENRY KISSINGER: No, no, but we have sort of a peculiar tendency of saying, nobody else is entitled to national interests except us. And we have a catalogue of problems that we consider American national interests, and other countries can earn their spurs and can prove their validity by following our agenda.

In the framework that is based on mutual respect, I believe that it is possible. Let's take issues separately. On Iraq and North -- Iran and North Korea, I believe that China can do more. On North Korea, they've actually done a lot. And it's important to North Korea that we keep the negotiations focused on the immediate problem, which is de-nuclearization, and put the other issues like peace agreements and Northeast Asia security conference, on the -- not on the same fast track, because it will then deflect us from the key issue, which is de-nuclearization. On that, I think there's a conceptual agreement between us and the Chinese, and they haven't dragged their feet.

On Iran, I think China will eventually come along. There, the key country will be Russia. I believe if and when Russia comes along, China will come along.

CHARLIE ROSE: The two of them have been most resistant to stronger sanctions in the Security Council? Right? Correct?

HENRY KISSINGER: Yes, but -- but it's sort of a -- it's a game. Everybody says nuclear proliferation to Iran is unacceptable. Nobody defines what they mean by unacceptable. Nobody has yet defined what the line is at which Iranian progress is irreversible and before which you have to do something if you want to determine whether an agreement is possible.

So, it's sort of the only country that has taken the consistent position on that issue is the United States, and lately the French. All the others have agreed to the principle, but not to the execution of a policy that will bring about the principle. And China has being sort of hanging back.

But it's true. Until that happens, we don't have any effective pressure on Iran. Venezuela, there's no doubt that a lot of these depend on the degree to which both countries respect each other's sensitivities.

CHARLIE ROSE: The United States and China.

HENRY KISSINGER: Right. So if China feels we're not respecting its sensitivities, it will be less sensitive to ours.

CHARLIE ROSE: How else are we not expressing our sensitivities other than the Dalai Lama?

HENRY KISSINGER: To the extent that there is -- and it is -- now, take Sudan. China has an interest in energy resources.

And I`m not saying they are -- they have a necessity to balance their national interest against their moral requirement -- against our moral requirements, the way I say we should also do. And I hope that China will play a bigger role on Darfur and will respect American concerns on Venezuela. But we should -- we should avoid this tendency of at any one moment having a checklist of things that we consider highly desirable, and then define those as an entrance price into the international system.

CHARLIE ROSE: You know, it is said that the mark of a good diplomat or a great diplomat is to be able to see the other person`s position and how they think and get inside their head. And you clearly know how to do that. Thank you for coming.

HENRY KISSINGER: Pleasure to be here.

CHARLIE ROSE: We`ll be back. More about China and where it`s going and the consideration of the foreign policy options for the United States and how it can be both sensitive and develop increased programs for the peaceful rise of the China. Back in a moment.

We continue our look at the very important congress taking place in China with three guests. Orville Schell is director of the Center of the U.S.-China Relations at the Asia Society. Li Cheng is a senior fellow at the Brookings Institute. With me here in New York, Perry Link, professor of East Asian studies at Princeton. I`m pleased to have them here as we try to understand and read the tealeaves from Beijing.

You`ve written a number of books on China, Orville. Tell me where you think China is at this moment, in terms of its development, in terms of its economic progress, in terms of its relationship with the rest of the world, in terms of its internal reform, in terms of dealing with the critical problems of the divide between, you know, the coast and the interior, between the poor and the rich, between those who want more participation and those who want to maintain power.

ORVILLE SCHELL, THE ASIA SOCIETY: Well, they`ve made, you know, tremendous progress. And I think everybody realizes that, particularly on the economic front. I have a friend who when asked how he is, has recently been describing himself as being in between transitions. And I think that would aptly describe China, that it is trying to mold, to evolve out of one political system into another. But it`s not yet clear exactly what that destination is. And that`s reflected in a myriad of ways in almost every aspect of Chinese life, whether it`s in its economic development, its political development, or the way its culture is evolving. It is in the state of very dynamic tension heading in -- in a direction very rapidly that we`ll only be able to see clearly after it gets there.

CHARLIE ROSE: And how long might that take?

ORVILLE SCHELL: Well, I think it`s going to take a very long time. And on the one hand, they`re reluctant to sort of let go entirely of the past of the revolution, of the institutions which China acquired after all in the `50s during the heyday of the Soviet Union and when Stalin was alive.

On the other hand, much has changed in a very dramatic way. But there`s this tension between the past and the future and what kind of an institutional arrangement and political arrangement China ultimately aspires to adopt. And some of that is being struggled out in the party congress, 17th party congress that`s under way at this moment in Beijing.

CHARLIE ROSE: Cheng Li, what would you say to the same question where China is at this moment and where it`s going?

CHENG LI, THE BROOKINGS INSTITUTION: Well, I think China is in the movement of second transition. If the first transition is economic transition from a planned economy to market economy, now it`s in the period of transition to establish a sound political system, which has lagged far behind during the past 20 some years, and that all the problems like the corruption, environment degradation, and that this -- economic disparity -- all related with that lack of the sound political system, you know, which really become incompatible or become increasingly inadequate in addressing the complicated needs of society, sometimes contradicting needs of a society. Now, this is the moment.

Now, this is important, because as we know, that China gave the world a big surprise with the economic miracle 20 some years ago. No one really could foresee such kind of miracle. But now, of course, most of China (inaudible) experts and those who were supporting this, are also very cynical about the way that China will make a transition to political democracy.

Still, we don`t know the answer. It will be very, very painful, but success or fail will have a strong implication for the most populous country in the world. Certainly, it`s -- the implication goes far beyond China`s national border.

CHARLIE ROSE: What do we mean by success or fail?

CHENG LI: Well, it`s whether they can establish a Chinese-style democracy -- this is their term -- which not necessarily the multiparty system, you know. Certainly, they are not ready for that. The Chinese leaders said very clearly they are not going to adopt western multiparty system. But the same thing, 24, 25 years ago, they said that China would not about market -- western style market economy. But as we know, now it`s very similar to a capitalism market economy.

And of course, they -- because the ruling party is -- still calls itself communist party. It`s a great irony. So they cannot, you know, lose that kind of legitimacy. It`s still very much a one-party state.

CHARLIE ROSE: It`s a revolution between -- for the lack of a better word -- haves and have-nots, whether it`s power or economic wealth or something else, a possibility in China?

PERRY LINK, PRINCETON UNIVERSITY: I`m not sure I`d use the word "revolution", but certainly your phrase that --

problems between the haves and the have-nots -- is the fundamental problem in my view.

I see China in longer terms as rebounding out of the Mao era. In the Mao era, there was a kind of an ideology that we should be equal, the workers should own their companies, and so on. And then with the disasters of late Maoism, there's been a terrible cynicism that has followed, and I think ordinary Chinese people are very clear-eyed about the transition that is going on.

CHARLIE ROSE: Let me just understand, cynicism on the part of the people in power, or cynicism on the part of the people who don't have power?

PERRY LINK: Cynicism among the people who don't have power about the rhetoric of socialism and then the ruling elite and whatever rhetoric, including Hu Jintao's new eight shames and eight virtues and so on.

CHARLIE ROSE: Right.

PERRY LINK: I give a lot more credit to the clear-eyedness of ordinary Chinese people here. And I think a lot of the potential revolution, if we can use that phrase, comes from the ones we've just heard about who are losing out, the laid-off workers or the farmers that get their land confiscated, or pensions that have just completely disappeared. And you don't see that in the glitz when you look at Shanghai and Shenzhen and the big cities.

CHARLIE ROSE: Right.

PERRY LINK: The party, in order to keep on top of this -- and of course, that's their agenda, how do we stay on top of this -- has to rely on the continued boom that helps to keep people more or less happy and optimistic, and then stoking nationalism when they can, which is why the Olympics are such a big deal and why so much huffing and puffing about the Dalai Lama went on.

CHARLIE ROSE: Yeah. And about -- and even rhetoric we understand we have a big role to play in the world today.

PERRY LINK: Oh, sure, that's part of nationalism.

CHARLIE ROSE: Exactly. That's part of .

PERRY LINK: Yeah. Right.

CHARLIE ROSE: That's another aspect of it.

PERRY LINK: And the third thing I would say is the police. That's often underestimated. Not only the formal police, but the plain-clothed police who can, you know, get in league with hired thugs when they need and stuff to keep the lid on when something in a local area pops up.

CHARLIE ROSE: Is something to be said, and I want to get all of you talking to each other, not just answering my questions. Is something to be said at least for the fact that they recognize the problem they have?

PERRY LINK: They meaning the top leadership?

CHARLIE ROSE: Yeah, the leadership.

PERRY LINK: Yeah, sure.

CHARLIE ROSE: They understand that they've got a real problem here.

PERRY LINK: Yes, they .

CHARLIE ROSE: When I was there in June, everybody I met said we understand that we have got to take advantage of this growth to do something. Otherwise, we're looking at a powder keg.

PERRY LINK: Well, they are smart. They know that to stay on top of the twisting ball, you know, the seal tries to stay on top whatever the ball does, they have to be tactical. And I see the tax reductions and the slogans about harmonious society and the -- just today they announced, or NPR had a story about putting in health care programs widely and so on.

I don't see that coming out of what used to be an old-fashioned in China idealism that in the early '50s, in the early stages of Maoism, these programs were put out because we want to make a great society. I see it more as tactical calculations in the leadership about how do we prevent rebellion, or discontent.

CHARLIE ROSE: How do we prevent losing our power.

PERRY LINK: Yes, and that's the bottom line.

CHARLIE ROSE: And the idea is that the tension that's within the Congress, is this about this? Is it about the best way to do this, or is it simply about power? About whether your guy gets it or my friend gets it?

ORVILLE SCHELL: There are two kind of grids at work here. On the one hand, I mean there are certainly political issues. And there are a number of factions. The old Shanghai group. The princeling faction, the sons and few daughters, I should say, of well-known leaders, and then people around President Hu.

But I think there's another grid on top of that, and that is, you know, these are sort of organizational networks of people who know each other, protect each other, feel comfortable with each other. And so it's once tribal at the same time that it's issue focused. And when it comes to issues, there's very, very daunting and challenging issues.

One, I think that is ever more occupying the minds of the leaders and particularly now at the congress, is the whole question of the environment. I mean, this has sort of sneaked up on them in a way that I think nobody accounted for. And they are reaching the edge of the envelope on certainly questions of water, air, natural resources, and now of course the second issue of global climate change is upon them, with some very frightening consequences.

There was one storm this summer that was just breathtaking in its sort of hint of what it portended for the future. Twenty-nine inches of rain fell in Zhenchang (ph) in Guandong province in 24 hours. Never happened before. And these things are occurring all over China, these very aberrant weather patterns, which I think has the leadership extremely alarmed..

CHENG LI: The leadership is not a monolithic groups. It has different factions. In my view, that actually it has two coalitions that compete against each other for power, for policy initiatives. They represent different interests in China.

One I can call that coastal region, maybe called the elitist contingent (ph), represents the interests of the rich entrepreneurs, emerging middle class, (inaudible) and the princelings, the children of high-ranking officials. The Chinese use a term called princeling.

And they usually come from the coastal region, usually very good economic situations. They are very comparable in term of foreign investments and foreign trade and et cetera. So they represent the middle- class interests.

On the other hand, there's another group, which I call populist coalition, led by Hu Jintao and Wen Jiabao. And they usually come from humble family backgrounds and move through political, you know hierarchy step by step, and usually represents the interests of migrant workers, Chinese farms, urban poor. And again, they usually in (inaudible), or maybe where someone can call China's (inaudible), China's small (ph) states on the other hand.

PERRY LINK: Cheng, would you say this adds up to inner-party democracy, this slogan that we've seen out of the congress? There are different factions. There always have been. And I think Orville is right that the grids intersect, some of the factions have different kinds of policies in mind, but personally I'm skeptical that we can call this democracy. I don't know what you think.

CHENG LI: No, no, no, they call this democracy. I do not call this democracy. But it's important, because at the moment no one believes that China could become a multiparty system overnight. So this kind of practice or experiment with Chinese characteristics is important, because Chinese leadership acknowledges for the first time that they need to institute checks and balances within the Chinese leadership.

Also first time in China's history, as Henry Kissinger mentioned earlier, strongman politics come to an end. Now it's a collective leadership. Then they wanted to have more compromise, more negotiation, more infightings. So that process reach out for support from general public.

Now, if we compare with Jiang Zemin's regime five years ago to Hu Jintao's regime now, you will already see the major policy from the coast development strategy to the inland development strategy. From talking about (inaudible) represents, represents the rich and the powerful, particularly the market force, the middle class, to now talk about a harmonious society, more concerned about these vulnerable social groups.

So that reflects the tensions and the different policy initiatives. So that is healthy if that can practice for next 10 to 15 years. Eventually, the factional politics will become increasingly transparent, become legitimate, very much like the Japanese LDP. So that provides some hope for China's political development.

PERRY LINK: Li Cheng, I don't know, have you read the book about Zhao Ziyang's talks with Zhong Foming (ph) that was published earlier this year? Zhao Ziyang of course is the leader who was deposed at the 1989 event. Because he has a blueprint for moving towards democracy that puts inter- party democracy at the very end of the process. He thought and says he would have done if he could have stayed in power, that we first need to do freedom of the press and association transparency, as he called it, and then move toward rule of law and the judiciary.

And the final step would be to go towards inter-party democracy first, and then general democracy later. So if you take his view of things, which frankly makes sense to me, going now to inter-party democracy, and the way they do it in the congress here, which seems to me just the old-style factionalism is not the way to go.

CHENG LI: Well, there's a big difference between Zhao Ziyang's approach, which had failed, and Hu Jintao's approach.

PERRY LINK: No, Zhao Ziyang never had a chance to do his approach.

CHENG LI: Well, that's precisely, and then you end up with the 1989 Tiananmen crackdown by the leadership, because leadership (inaudible) in a violent way. But now this is a time -- it's not necessarily will result in violent way. Zhao Ziyang favored the separation between party and the state. But Hu Jintao and Jiang Zemin to a certain extent, they favor the inter-party dynamic. Start with inter-party democracy, then reach out to general democracy or constitutional (ph) democracy. Of course, this takes a long time for them to move that direction, but there's some difference between Zhao Ziyang's approach, you know, almost 20 years ago and the current leadership.

CHARLIE ROSE: You started to say, Orville?

ORVILLE SCHELL: Well, I think what really impresses me now about the leadership, and we`ll wait and see what the new lineup looks like, is the fact that the old days when leaders wrote themselves very large, whether it was Mao Zedong or Deng Xiaoping, leaders that Henry Kissinger knew. Now, leaders tend to try to write themselves rather small. The cult of celebrity, of personality, of having a very mythic sort of figure in society is really something of the past. These new leaders are more managers rather than.

CHARLIE ROSE: They are more CEO-like?

ORVILLE SCHELL: They are more CEO-like, and they don`t even go on the **CHARLIE ROSE SHOW** to show their personality off. They would never come near your show, Charlie, because basically I think they want to kind of integrate the standing committee, the politburo, and not stand out too much. They want to kind of work inside, not outside. And that`s a very stark change. Whether it bodes for ill or well is an interesting question.

CHARLIE ROSE: But you can rest assured I`m trying hard, Orville, to make it happen.

ORVILLE SCHELL: Well, and I think it would be interesting if you could do that, but it`s precisely that unwillingness to be too public, to be too out there and to elaborate themselves as personalities with easily identifiable views which allows them to actually rule.

CHENG LI: One more point. I very much agree with Orville`s observation. If you look at the children of high-ranking officials now, look at the children of Hu Jintao and Wen Jiabao, Su-lung Zhi (ph), Jiang Zemin, almost all of them engage in business.

CHARLIE ROSE: Right, exactly.

CHENG LI: Many serve as a CEO for Chinese companies.

CHARLIE ROSE: And some have done very well.

CHENG LI: Sure. Definitely. So this tells a lot about the future. The rules of game will change. They already start to change. Now they are facing a very important dilemma. This is a selection of leadership. Previously, as we know that they always (inaudible) to one successor. But this time, there`s still option, because that option could provide the stability that the leader will not ask (ph) problem for future transition and et cetera. But there`s no such kind of apparent successor around, and everyone has serious flaws. And it`s compared with them, they are so similar, similar credentials, achievements and background.

But on the other hand, if you want to select two or three or four through the standing committee to let them to, you know, perform and let them compete against each other for the next five years, then you really leave the door open for factional politics, for political lobby. In my view, it already started. So both options really involve risk, but at the same time this is also really a test for China, whether they can make important breakthrough to leaning towards a more open, more competitive political system.

CHARLIE ROSE: Go ahead, Orville. And then I have a question, I want to move to foreign policy. Go ahead.

ORVILLE SCHELL: I think what is so interesting about what is happening now at the party congress is that we`re probably going to end up with a group of relatively unknown middle-range leaders contending. This in a curious way is a form of pluralism, but it also, as Li Cheng has pointed out, it can be very dangerous. And indeed a democracy can be dangerous because it can lead to struggles and factions. And this is something with which China is not well acquainted and has very little confidence that they can control.

CHARLIE ROSE: With the clear understanding that the leadership talks about, unless it takes care of its domestic problems, they will not have a foreign policy and will not have an opportunity to exert foreign policy or will be distracted by things so that there will be no focus on foreign policy.

What is its foreign policy, other than its national security interests and worrying about North Korea idea and what would happen if they come barreling across the border, and B, having a steady supply of energy?

PERRY LINK: I see it mostly as the latter. The approach to Africa and the Latin America in particular. Of course, it`s famous for saying that when the Chinese come into these places, they don`t ask about internal affairs. They don`t apply environmental or human rights standards.

CHARLIE ROSE: They don`t care about the nature of the government.

PERRY LINK: Yes, as long as you cooperate with us and we can get your oil.

CHARLIE ROSE: Can we make a deal.

PERRY LINK: . or cobalt or whether we can make a deal, yes. I see a lot of the foreign policy to what we used to call the third world as in that kind of mode.

ORVILLE SCHELL: They are really beginning to appreciate that if you are going to be involved in a continent like Africa, you may have the greatest aspiration not to be involved in internal politics and just get away with the oil and the minerals, but in fact, you can very quickly get sucked into things that have very dire consequences and get very complex -- to wit, Sudan and Darfur. And there are other involvements in Africa brewing, which are going to be very difficult for them, and I think --

and actually influence the way in which the world looks at them.

CHARLIE ROSE: Should they -- I mean, I know -- I talked to John Negroponte on last night's program, and he said, well, they are making -- they are beginning to have some benefit with respect to a solution in Darfur, but not nearly as much as they, the United States State Department, would like for them to do. I mean, if they.

ORVILLE SCHELL: They are trapped by -- you know, by their own sort of declarations of absolute 19th century sovereignty. Namely, you don't interfere in the affairs of other countries. And so what they are left to do in a place like Burma and Darfur is actually substantial, but it has to be behind the scenes. It can't be overt.

I think in Darfur, you know, the ambassador to the U.N., Wang Guangya, has played quite a substantial role. But they can't crow about it. They can't declare it too publicly because it would look like they are violating their own principles.

CHARLIE ROSE: What about Burma? What role have they played?

ORVILLE SCHELL: We don't really know, but I wager they are not too thrilled to see Burma blow up.

CHENG LI: I think on foreign policy, Chinese leadership has different views. Different leaders have different views on these. Some, more conservative faction, they believe that the whole thing is about Western conspiracy. It's a part of the color (ph) revolution, like what happened in the Ukraine, orange revolution. And now with Burma, with the Dalai Lama's visit, et cetera. They say that the Western use these kind of things to put China down.

But on the other hand, some other leaders, more liberal leaders, also understand that as China become a major economic player in the world, they also should follow the international norm and the standard, and should behave appropriately. And should be -- China's rise should be a peaceful rise or peaceful development. So they argue for that. But at the same time, they are concerned.

So in many ways, what happens in other countries all have an impact with China. On the one hand, the Chinese leaders -- the primary concern is domestic issues. The environment, energy, employment, disparity, et cetera. But increasingly, China's issues also link into international affairs. So we need to put that into perspective.

PERRY LINK: I can't help thinking that in the case of Burma, the ghost of Tiananmen haunts the question as well. Because if the Chinese government comes out explicitly and says we're against militaries repressing people and using guns and paddy wagons to do it.

CHARLIE ROSE: Someone says, "I remember."

PERRY LINK: And that's already happened. Chinese groups around the world have pointed this out. And I think at one level of the psychology of the leadership, they must feel that as well, which is just another reason why whatever they do do needs to be behind the scenes.

CHARLIE ROSE: The romantic side of me thinks, wouldn't it be great if we could do more of what happened in North Korea, where there will be some cooperation between the United States and China, and perhaps even Russia, with respect to Iran, and see some kind of solution that would extend out of the Security Council and make a difference in some of these hot spots.

ORVILLE SCHELL: I think it's coming, and I think it's manifesting itself behind the screen in ways that are very hard to see. But there's a process of evolution going on, which I think is hopeful, but it will take a while.

CHENG LI: We do see that increasingly, China wants to behave well. China wants to be in the international community, and China should play important role international, you know, peacekeeping, and et cetera. They also want to be -- have a (inaudible) relationship with the United States with issues like Iran, antiterrorism and North Korea. In many ways, it's not something they won't (ph) do. They have been doing that. But at the same time, they are also concerned that whether the American growing power and particularly the missile defense system and et cetera.

But at the moment, their central concern is still about Taiwan, and they want to get some bargaining power from (inaudible) other areas. And also, sometimes their good behavior is related with Olympics, because it wants to -- China, they don't want other people to boycott that. But there is also the understanding that the people saying that it's not just for Olympics, but for long-term, you know, emerge as a major power but also should be a responsible stakeholder. So there's a debate within China about what is the foreign policy objective for China in the next decade or so.

CHARLIE ROSE: There are those who would like to hope that economic success, being a larger part of the world community, WTO and other things, having more juice will lead to less repression.

PERRY LINK: Right.

CHARLIE ROSE: More freedom, more confidence of themselves. Is that likely? Is that happening?

PERRY LINK: That's been a favorite theory of Western governments for 15 years now. George Bush the first and Bill Clinton and Tony Blair have all said this, that they think that more money and more engagement with China will lead naturally to an opening, if not eventually to democracy. And I think in fairness, we have to say that some of that has happened. What you can publish, for example, now, as long as you don't cross the red lines where you threaten party power, is much broader. Much broader.

CHARLIE ROSE: So you can talk about politics as long as you don't threaten power.

PERRY LINK: Yes, and it depends on what level you are threatening, you know. At a local level, you don't want to tack the local guys. You can appeal to the top people about local people and so on. You can never directly attack the top people.

But back to my point. There's a lot more flexibility there. But I think the West in general has misperceived another effect of the rising economics and its relation to repression. That is, and I'm not the one that invented this, this growing gap between rich and poor and the elite, which used to be a political elite. Now it's used its political power in the last 15 years to take over what used to be state sources and become a political, economic elite.

And also unfortunately, because a lot of my friends are Chinese intellectuals, writers and so on, has successfully co-opted a lot of the intellectuals, who 15 or 20 years ago were the gadflies that were helping the students to protest.

So now you've got this political, economic intellectual elite that sees -- it's like one in my mind big interest group, vested interest group in the system, and more money for them who control the money means -- and we've got at the same time the Chinese people protesting more. I mean, this, again, comes from the Ministry of Public Security, not from me, but from the mid-'90s until now, the number of public protests that have been big enough that the police have to put them down have gone up by about six- or eight-fold.

More money now means more reason for repression, not less, because you've got to keep the lid on a bigger tinderbox.

CHARLIE ROSE: Orville, what should the Americans, as we look post new congress, new president of the United States, what ought to be the American -- elements of an American foreign policy and bilateral relationship with China?

ORVILLE SCHELL: I think we've got a lot of issues where there's contention. There's trade. There's intellectual property, human rights, Darfur, et cetera. I think what we don't have is we've not properly identified and moved to collaborate on any major area of common interest. And I think the new area that really suggests itself here, as I said a moment ago, is the environment. And I think if the United States and China, particularly on the issue of climate change, could come together in a common recognition and a major substantial new initiative to bring our two countries into some global regime -- and remember we're out of the Kyoto protocol -- this would be an incomparable step forward and I think then would cushion so much of the other contentious issues that often tend to derail us.

We'd have that confidence-building collaboration. And that we've not managed to accomplish yet.

CHARLIE ROSE: Would they feel strongly that they should not be held to the same standard as the United States because they have not been an industrial power as long?

ORVILLE SCHELL: Well, maybe not. There's a historical question of emissions of greenhouse gases. And these are the kinds of things which urgently need to be discussed and negotiated. And we need to ask each other what would it take to bring each side into some major collaboration where each side feels comfortable. And I think it's accomplishable. It's just that we've been both so nervous about compromising our own economies that we've been hiding behind each other.

But we reached the point where we can't do that anymore. The world is in too dire a strait, and I do think this is the challenge for the new leaders of China and the challenge for the new administration that will come into office here in 2009.

CHENG LI: I think that.

CHARLIE ROSE: Li Cheng, go ahead.

CHENG LI: One thing we should certainly avoid double standard. We should also make our ethical example. Certainly we should not just constantly lecture the Chinese. They don't buy that. Yes, we may be able to do so 20 years ago, but now they are very angry about this double standard and lecture in China. But they could be -- you know, very -- they could welcome if we just tell them that this is in your best interests.

We share similar problems with environment, and the shortages (ph) and the global warming, and (inaudible) economic problems. So with this kind of respect, at the same time to tell them what our values and why you should behave a certain way, and you should not just say that you are an economic power, but do not take responsibility, only get a free ride. I think they will understand that. They will respect that, but just lecturing them will not work.

CHARLIE ROSE: Do they have the United States right?

PERRY LINK: First, I need to ask you who you mean by they.

CHARLIE ROSE: OK, I would think -- well, I sort of suggested that both political leaders, business leaders, and most importantly historians and political scientists? We'll take all three.

PERRY LINK: It's complex and it comes in levels. What Li Cheng and Orville have just said about not lecturing Chinese is exactly right. There's this -- this pride -- and I don't mean that negatively -- that you know, we used to be the greatest civilization on earth and in some ways still should be, and we don't need to be lectured too. And there's a kind of a rivalrous feeling with the West, and there has been -- this is for decades.

CHARLIE ROSE: Is part of that, this is our century, folks? Your century was last century, and the previous century was the Brits or European. It's our time, our century, our moment?

PERRY LINK: But while there`s rivalry and while there`s this sensitivity, I don`t see it as fundamentally negative. I think down underneath -- and here I`ve talked about Chinese people, not just the leaders, too, there`s still an admiration. Of course, envy does that. At one level, you envy and on the other level you admire the person you are envying.

My favorite anecdote about this is when the U.S. bombed the Belgrade embassy in 1999 and Chinese students went to throw eggs and tomatoes at the U.S. embassy, and a number of reporters, "New York Times" I think or "Washington Post," asked students, "what are you going to do this evening?" "Oh, we`re going to go home and study for the TOEFL exam." And both of those levels are really in the Chinese psyche. Rivalry and get off our back and don`t lecture to us, but still admiration. And the to leaders, after all, for decades have sent their children to Harvard, Yale, Princeton, Drake, wherever. So that two-leveledness is certainly there.

And fundamentally, I think there is -- I have always felt that Chinese people and the American people have got a lot in common, just in the way they feel and act. And on that level, I`m optimistic about foreign relations, but that`s quite a different level from the governments. The governments are into their diplomatic dances that have to do with a lot of things that don`t necessarily reflect that lower level of the values.

CHARLIE ROSE: Thank you for coming.

Perry Link from Princeton; Li Cheng, the Brookings Institution; Orville Schell from the Asia Society.

Thank all of you for joining us. We`ll see you next time.

END

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