

UNEDITED TRANSCRIPT

Superpower Showdown: Discussion of New Book by Bob Davis and Lingling Wei



**Becker Friedman
Institute China**

芝加哥大学贝克尔-弗里德曼经济研究所

bfi.uchicago.cn

Superpower Showdown: Discussion of New Book by Bob Davis and Lingling Wei

ZHIGUO HE: Good morning to those of you in the United States. And good evening to those of you in Asia. Thank you for joining the BFI China and ABFER today for a dynamic discussion on US-Chinese trade relationships.

My name is Zhiguo He. And I'm a professor of finance at the Chicago Booth and the director of the Becker Friedman Institute for Economics in China, or BFI China.

We have chosen today's timing deliberately to include the audience participation by the broadest group possible. And in some way, thanks to the pandemic, we can hold a conversation virtually without any excuse.

Today's event about the changing US-China relation and its implications. It's my pleasure to introduce today's panelists who will join me for this exciting discussion. First, let me begin by introducing two veteran journalists from The Wall Street Journal and authors of the new book, Superpower Showdown, How the Battle Between Trump and Xi Threatens a new Cold War.

Our first panelist is Bob Davis. Bob Davis is a senior editor who covers issues out of the Washington, DC bureau, especially those that will play out in the presidential campaign. He was covering the China topic from 2011 to 2014 and is still reporting the changes that will make-- remaking the United States in a global economy.

Our second panelist is Lingling Wei-- Wei Lingling. She is a senior China correspondent who is an expert in China's banking and financial system. She leads a team of reporters who cover all aspects of China's economy and its macroeconomic policies.

Next, I would like to welcome our two distinguished economists who will join today's roundtable discussion. As the tradition of UChicago Economics, where intellectual debate is our daily life, obviously, these economists' views may be different from those expressed by the book. So just to keep front on that point.

Our first economist is Chong-En Bai, Bai Chong-En, is a dean of the school of economics and management at the Tsinghua University. By the way, this is a [INAUDIBLE]. As a renowned Chinese economist, Chong- En Bai was voted as the 2019 Influential Person of the Year by China Newsweek in Beijing. That's pretty good, high honor. We are thrilled that Chong- En is joining us today. And I'd like to note that all views expressed in this event are his own and do not represent that of Tsinghua University or the Chinese government.

Last but not certainly not least, it is my pleasure to introduce my colleague at the University of Chicago's Booth School of Business, Chang-Tai Hsieh, Hsieh Chang-Tai, professor of economics and the director of Chinese Growth Economic Initiative of BF

China, who has been making tremendous impacting the field of growth and development.

OK, we look forward to a great discussion for a topic that attracts the whole world's attention and needs no introduction. The format of our event, we'll be following our 60-minute roundtable discussion, we will open the discussion to the audience Q&A around 8:30. So this is my time, 8:30 about, at home. At any time during today's program, the audience can submit questions using the Q&A box at the bottom of the screen. Please identify yourself by name and affiliation as you send me your questions so that I can't read out. Without further delay, let's get started. OK?

So the format of our discussion will be have three sets of questions. So we'll be dividing it into three broad topics. The first question will be about China. The second section will be about the United States. And the third is about this negotiation trade. I will direct the questions to each of our panelists, but you should not feel shy to jump in to share your views throughout the discussion. So that's the rule.

The first question is on China's goal. We all know that China grow so fast in the past 40 years. And during that time, obviously, the leaders, Beijing, would form some goals, both long term and medium term. So what in our mind that is important is to first understand what should inform the Beijing's mind? You know, they are sitting [INAUDIBLE]. And think through it. What should China looked like like in Beijing's mind in terms of economy, society, and the politics, especially in the long run or in the short run, OK?

So let me direct this question first to Lingling and then Bob. You know, when you write your books, you must have some feeling about that. And we think that this is a very important question to ask before we delve into to the details of the trading negotiating tactics. OK, Lingling, the floor is yours.

LINGLING WEI: Yes, sir. First of all, thank you very much, Zhiguo, for this great opportunity to interact with some distinguished economists from both the United States, you guys and Chong- En, one of the most prominent economists in China. I'm really honored to be here.

So you talked about the goals. What should be-- what are China's goals? That's a very big question. Part of-- there is a chapter in our book specifically talked about China's rise. As you mentioned just now, for the past 40 years, China's economic development, economic ascent, was one of the greatest economic miracles in the whole world.

And that was largely because of a combination of reasons. You have a really right policy, you know, Deng Xiaoping's reform and opening-up policy. And you have a huge population that is really hunger-- have this huge hunger for a better life, extremely entrepreneur, you know, this kind of spirit getting unleashed by this reform policy.

So upon taking the power in late 2012, President Xi Jinping advanced, basically-- in China, we know [CHINESE] two centenaries. So those two centenaries basically refer specifically to two 100 anniversaries.

The first anniversary would be next year, 2021. That's the 100-year anniversary of the founding of the Communist Party. So how do you define that goal? The specific term, quantitative term would be, according to the party's blueprint, is to have a per capita GDP doubling from the level in 2010. So build China into a moderately well-off country. In China is a very Confucius term-- [SPEAKING CHINESE].

The second 100-year anniversary would be 2049. That is the founding of the People's Republic of China. So that goal is, obviously, more longer term. What the government hopes, the leadership hopes, is that by then, China will become strong, unified, civilized, democratic global power.

So why I am mentioning these two goals is because this two centenaries of the basic foundation of, I believe, President Xi Jinping's China dream. And so that means building China into a global powerhouse that is strong economically, politically, militarily, and geopolitically. So that's basically-- as I understand, that's the overarching policy agenda for the current leadership.

And you talked about also the economic goals. In the shorter term, as we know that China just has this tradition of setting specific economic targets for every year. That practice dates back to 1987, when former leader, Deng Xiaoping, started to specify growth targets, per capita income targets that gradually translated into specific growth targets for every year. So for a long time, those specific goals really played important role in motivating local governments and local cadres in terms of carrying out reforms, building local economies, et cetera, et cetera.

However, in recent years, there are also negative effects associated with those targets. It's mostly because the old model, economic model, driven by exports, debt. And that old model is increasingly reaching its limits. So having specific targets oftentimes means that local officials would try to develop the economy, try to bring it to a certain growth target at all costs. So they're borrowing a lot. They're building a lot of projects, some of which might be wasteful. So that led to a big accumulation, a fast accumulation of debt in China's economy these days.

So in most recent years, especially starting with President Xi Jinping's second term under the guidance of the economic czar, Liu He, the Chinese government has been trying to de-emphasize the specific growth targets in order to what they say, to achieve what they say-- better quality of development as opposed to just focusing on the growth rate.

So it's easier said than done because local officials, SOE executives, and all of those people were doing the grunt work, they have been used to having these growth targets as an incentive for them to do the work, basically. So if you really completely move the

growth targets out of the matrix that's measuring their performance, what will be replacing those growth targets that matters for their performance?

So that's explained-- sometimes when we are in China, we talk to provincial leaders and city officials. They said, no, we still care about growth targets. This is how we are being evaluated.

So most recently, as you all know, China doesn't really have a growth target for this year. Obviously, the situation's kind of unique because of the pandemic. Nobody saw that coming. And it's really hard to set a growth target for this year. If it's too low, then how do you anchor market expectations? Of it's too high, it's just not realistic, so meaningless, having that unrealistic target.

But the bigger question is whether or not this is just one-off issue, one-off elimination of the growth target, or going forward, China would just really-- let's focus on-- talk about the structure issues, better quality of development and not care about the development targets anymore. That jury is still out.

I guess a bigger-- we should be able to find out soon because right now, the leadership is drafting the next five-year plan. So let's see if the next five-year plan that starts next year will have any number of numerical targets, or they would downsize that as well. So that's basically [AUDIO OUT].

ZHIGUO HE: Thank you, Lingling. That's a really good point. I remember-- I believe that [INAUDIBLE] later that I also talk to other people, other important officials. The removing the numerical target was in the debate for a while, even in public opinion, all these things. But this COVID thing give the government the best excuse to do that. So maybe as always, Chinese opening all these reforms needs the right moment, the right timing. So maybe this is one.

So let's move on to Bob.

BOB DAVIS: I'll answer the question.

ZHIGUO HE: The same question.

BOB DAVIS: Yeah. I'll answer it a little differently from a US perspective, a Washington perspective.

ZHIGUO HE: Great.

BOB DAVIS: So I think from the Washington perspective, the goal-- for many years, the goal was to encourage China to adopt more market-oriented economic policies and to do that in any number of ways-- by example, the US being the strongest economy in the world, so China wanting to emulate that, not politically, but economically in any event. And also, by pressure, pressure on China when it came to trade practices, particularly

to get into the World Trade Organization, in an effort to get the two economies more or less on the same path, more or less on the same path. There are always going to be differences. I mean, China was always going to be, to some degree, a socialist economy and the US far more of a capitalist society, a capitalist economy, but more or less along the same lines.

And so constant, endless pressure on China to let its currency rise and fall with the market, for instance, just as a for instance, endless pressure to get the Chinese leadership to lay off of the goal setting that Lingling talks about, which required a lot of state-owned-- state power and a lot of state-owned companies operating.

I think a big break with this administration has been their belief that it's kind of like a fool's errand. China's not going to change significantly in the way that the US wants. And let's just accept the Chinese state-owned, state-run model the way it is.

And so with this particular deal that we talk about a lot in Superpower Showdown, how it came to be, the phase 1 deal, they have they have purchasing targets that seem pretty much inconceivable to meet unless the Chinese government and the party presses private companies as well as state-owned companies to buy no matter whether it makes sense economically or not.

And I think that is the way they look at it. You're not really-- I mean, their view, their view. It's not necessarily mine. Their view is that China is what China is, and all we can do, all the United States can do is try to cut a deal and work with China in a way that benefits the US. And this idea that we're going to really change China is just-- it's not really going to make a difference. So be more realistic. In their view, be more realistic.

ZHIGUO HE: Thank you, Bob. Chang-Tai or Chong-En? Who wants to? No?

CHONG-EN BAI: Let me jump in first. Chang-Tai, let me have something.

I would like to add something to Lingling's description about the short-term goals. I think one of the most important short-term goals that has to be achieved by the end of this year-- or now, with the pandemic, we may have to postpone that until next year. That is the eradication of poverty according to the World Bank standard, that is \$2 a day. I think that goal is still taken very seriously by policymakers in the short term. And a lot of effort has been put in to that goal.

And if you ask local officials what keeps them from waking up at night, that's probably it because each of them is given a target of helping a certain number of families to get out of poverty. And if they cannot achieve that, they will be in trouble. So that's-- for the short term, that's a very important goal.

For the longer term, I think that there are five areas that the government says that we have goals in those five areas. I think it's pretty much agreed by most people that these goals in these five areas are important.

One is to make the economy an innovation-driven economy so that China becomes a global leader in innovation longer term, either by-- we set two more-- I think two more stages. One is until 2035. The other is until 2050. There are different standards of achieving that. So innovation-driven economy is one of the longer-term goals.

The other one is to make the economy more environmentally friendly. I think in the last couple of years, before last year, actually, the government really came down very hard to firms that are polluting. And some people even explained the slowing down of the economy by these harsh environmental measures, environmental protecting measures. I think the determination is there to keep doing this, although the pace may slow down a little bit. So that's another goal.

I think the third goal is to keep the economy open. But that goal, recently there is a change. I think open and secure now. Previously, openness was very much emphasized. Then with the recent frictions between China and the US, then economic security becomes up in front. So it's a very important goal there. So it's to try to become an open-- try to maintain openness, at the same time, paying more attention to economic security.

Then the fourth goal is very much part of the socialism with Chinese characteristics, that is, the socialism part. The government emphasizes equity a lot more. So that's very important for social stability. The government is doing a lot, trying to make the access to public services more equitable. So that's another goal.

I think, finally, according to all the government documents, we still want to maintain a market economy. The official phrase is that the market played the decisive role in resource allocation. So however, adding to that, there is another sentence that is the government plays its role better. So the combination of market mechanism and government policy measures will always be there.

So how to balance those two is always the center of debate. It has been the center of debate for a long time. I think it will keep to be the center of debate-- where to draw the line between the market and the government. So I think by now, at least according to the official statement, it's still a goal to have a market-based economy, although the government plays a big role in it.

ZHIGUO HE: Thank you, Chong-En. Chang-Tai?

CHANG-TAI HSIEH: In that press-- I'm going to ask a question of both Chong-En and Bob here, that the way that Chong-En described the goals of the Chinese government, it seems completely consistent with the goals on the US side. And if you look at-- I mean, so if you look at China in the last 40 years, if you want to think about the term "market" and incentives broadly, there's no question that China is much more of a market economy now.

So I want to ask, is it really? I want to ask, is it really that the goal is that China is not a market-oriented economy, and the goal is to make it a market-oriented economy? Or is it really something else?

So maybe the way to ask this question is to ask about-- to bring up the case of a specific company that has been in the news a lot in the last few years, which is the case of Huawei. Is there a scenario in which that company is the leading company in the world in what it does, and the company would be acceptable to American authorities?

BOB DAVIS: Let me try to--

CHONG-EN BAI: OK, Bob.

BOB DAVIS: Yeah, I mean, it's a Washington question, so let me answer it. Let me give the Washington perspective on it.

So with this administration, the answer is no. There's no way they would accept Huawei, if they have anything to do with it, as the global leader.

So look at what they've done. On the one hand, they've shut off the US market to Huawei. In some sense, you could say, well, that's sort of fair. I mean, the Chinese market's shut off to Western companies. And so there's no US champion at this point, so that's Nokia and Ericsson. So essentially, Nokia and Ericsson get the US market as a protected market, and Huawei gets China as a protected market. That is effectively what's happened. So then there's the rest of the world, which is an enormous place, to say the least.

From the US perspective, from this administration's perspective-- but I don't think only this administration's perspective. I think this would be consistent. If a Biden administration-- if Joe Biden won the presidency too. There is this belief that Huawei is an arm of the Chinese government, the Chinese military. And that is shared across the executive branch and the Congress.

So what does that mean? It means that the administration tries to convince third countries not to adopt Huawei. We've had not very good success in that. Huawei continues to do pretty well.

And then there is the question of does the administration try to cripple Huawei. And there, it's more nuanced than one would imagine. They have taken a number of steps to put Huawei on a variety of blacklists. However, each time they've done it, they've left considerable loopholes for companies to continue to provide to Huawei. And it's not clear whether the loopholes are on purpose-- in other words, sound really tough but understand that Huawei is a very big market for American companies, and those American companies need the revenue to continue their R&D and so on. So you know, sound tough but basically allow US companies and other companies to continue to

supply Huawei. Or are they drafting errors which will be remedied at some point, and they really will try to cripple Huawei?

I'm personally undecided as to which it is. The usual way of thinking about it in Washington is, if you have a chance, if you have a decision between something being a very clever and sophisticated and hidden sort of policy or it's incompetence, it's usually incompetence. And so they have a campaign. It has been marginally effective, I would say, other than shutting off the US market.

CHANG-TAI HSIEH: What about the recent thing that they did, which is to force TSMC to shut off sales to Huawei.

BOB DAVIS: They actually haven't done that. I mean, they say they have done that. But they actually haven't done that. There are gigantic loopholes in that regulation that would allow TSMC to continue to supply Huawei or media tech, or other companies to step in for them. Again, well, was that done on purpose? Or is that something that they just screwed up and that they will now tighten up? They are in the process of rejiggering that rule. And we'll see. I think that's the reason you don't see China or Huawei reacting very strongly at this point because they realize that there are enormous loopholes in that rule.

ZHIGUO HE: Chong-En.

CHONG-EN BAI: Yes, may I? Yes, there are debates about whether Huawei is supported by the Chinese government, whether it is tied to the military. I think it's-- no one-- even if you present a lot of evidence, no one is going to believe one way or another. It's depending on where you sit.

However, I think I would like to ask a follow-on question to Chang-Tai's. Even if, even if Huawei, there is no doubt about this-- suppose Huawei is a completely-- everyone agrees Huawei is a completely market-driven company. Will Huawei still be allowed to operate in the US? It's a hypothetical question.

BOB DAVIS: I don't-- here's the way I think about it. So let's take the American example. AT&T used to be the American telecom market. I mean, there was essentially no competitors. The National Security Agency relied on AT&T to help out in any number of ways. AT&T helped. Without a doubt, AT&T helped. AT&T was a private company, market-driven, but felt it had either a responsibility, or it had no choice. But in any event, operated with the National Security Agency.

I don't see that-- I mean, I understand the hypothetical. But I don't honestly see that there is a way that the US government will see that Huawei could operate independently of the Chinese government, given that it's a Chinese company and is obligated to work with the Chinese government. So I understand the hypothetical. I just don't see that it's-- I'm not sure that there's anything, honestly, that Huawei could do to convince the US government that it won't operate on China's behalf if the Chinese government presses.

Let's say even if they really don't want to, but if the Chinese government presses them that they would be able to withstand that pressure.

CHANG-TAI HSIEH: So here's so here's the follow-up question. For is for both Bob and Lingling. I wonder whether the fundamental superpower battle is fundamentally about the combination of national security and different political visions, rather than the battle over tariffs, or intellectual protection, or subsidies, or credit, or things that were actually negotiated about, or whether it's just a proxy battle for something else.

LINGLING WEI: Well, I think, fundamentally, this battle is a battle, a clash between two completely different systems. For the current US administration, they are also very ideologically driven. You can tell that from the speeches given by Secretary of state Mike Pompeo. It's really interesting. I mean, especially most recently. When they talk about China, the specifics-- they were very clear. They're trying to distinguish the Chinese government from China as a nation. So whenever they talk about the government, the term they use is Chinese Communist Party.

So that really was quite different, as far as I can remember-- Bob can correct me-- from the past practice. The previous administration, they often would talk about Chinese government. But this time around, it's not, especially after the pandemic broke out. It's always Chinese Communist Party.

So it just shows that they felt like China also doesn't hide it anymore. China talks about all kinds of confidence. And core to that is the confidence in China's own system, confidence in the party. So in China, it's very-- and Chong-En can disagree with me on and elaborate on that. Right now, there's very heavy emphasis on the party's status in the country and strengthening the party's rule, basically across every aspect of the Chinese society. So from the US perspective, it's like-- you made it obvious. There's no mistake anymore. So more and more, when they talk about Chinese government, they use the term Chinese Communist Party.

So for the longest time, as we detailed in the book, there was maybe too idealistic a goal-- hopefully, bringing China into WTO, that could lead to greater political liberalization in China as well, not just economic liberalization. So China will become more like the United States. But obviously, that's not the case. China did emulate certain aspects of the American economy-- building stock exchanges, capital markets development, stock trading. That's how they emulated. But in terms of the political system, especially recent years, it's completely the opposite of what the US was hoping for initially.

So that also extends, I believe, the kind of frustration on the US part. And OK, they realize China is just different from us. And you know, the question is do we still want to deal with them? Or we think it's so unfair-- the word US officials use often, very frequently is "reciprocity."

You talk about Huawei. Aside from the all the national security issues is that our companies can't operate in your markets. Why should we let a national champion of yours extend in ours? So just on that ground only, that would be a no for Huawei. So that would be how I characterize it.

CHONG-EN BAI: Yeah, may I talk a little bit about reciprocity? I think for many years, the Chinese telecom companies used US and French equipment. So for many, many years. Only until recently was the domestic suppliers becoming stronger than-- the Chinese firms use less US and French equipment.

So if it's only reciprocity, I think it will be easier just to solve the issue. If both sides agree to open to each other, then that's fine. But I still I am troubled that even though Huawei submitted their source code to UK, to German authorities, and these authorities looked through, studied those source codes and found no possibility of security loopholes there-- at least that it's not contained there-- still, it's not accepted.

So I am just wondering. There are ways. There are ways for Huawei to license the technology to a US company or to submit the source code to the US authority to determine the security of the system. But still, it's not-- their offer it's not taken up.

ZHIGUO HE: Before Bob says something, I would like to just to direct the discussion slightly but to also echo the main point is that I feel Chang-Tai's point. And also, that I heard from many of my Chinese friends on this type of discussion is saying whether the politics is just the means or politics is the end. The sense is that in the end, it's all a power struggle.

I can feel Chong-En 's also kind of that feeling is that this is a very, very good company, Huawei. We can do a lot of things. But because of the power thing, then finding some other excuse to say that no, no, no, we are not trusting you, that kind of a logic. Now I am just relaying people's feelings. So I would like to see whether Bob has that kind of a view, and also, then move on to the next question, which is that given that kind of thing, do we still have some certain ground to get to some agreement or certain things that oh, maybe we just shift away and then just to keep it for the next thing, next administration to deal with those things. Bob.

CHANG-TAI HSIEH: Or maybe before Bob talks, I mean, this was sort of a question for both Bob Lingling next is that you start off your chapter with a narrative of what happened in the spring of 2019. I think it was chapter 1 or chapter 2, about how both sides just completely missed each other.

So one question though for you is that suppose that didn't happen. So suppose that both sides reach an agreement. And then there weren't all this miscues and misunderstandings on the two parts, and there was a comprehensive agreement in the spring of 2019. What would that actually solve? So first--

ZHIGUO HE: Whether it's a power struggle, right?

LINGLING WEI: Or whether it's-- yeah. Yeah.

BOB DAVIS: That's a lot to keep in my mind. So excuse me. I do think that the trade and economic issues are a reflection of broader political struggle. I mean, I agree with that entirely. I think what we were writing about was that's the way the fight was carried out. The fight was carried out in the beginning over trade and economics. And that's what we wrote about. So I agree with that.

You know, I was just thinking when Chong-En was talking about the hypothetical, here is-- I hadn't really thought about this. But let's say, for the sake of argument, Huawei Weight comes up with some innovation that US companies, every company just needs. So say, just thinking back, Intel was the leader in microprocessors. Whether you liked dealing with Intel or not, you needed that technology. If Huawei came up with something like that, well, then that would be pretty interesting, right?

I mean, as you say, would US companies really need, to be forced to license that technology at the very least, or use that technology? Because it would leave them otherwise so much in the dust. I don't think we're at that point yet. But that would seem to me a possibility. I mean, that would be a very interesting issue.

And forgive me. Chang-Tai, the question again was-- gosh, I was trying to keep so much in my head.

ZHIGUO HE: What if they reach a deal? It's, again, hypothetical.

BOB DAVIS: So what would happen. Right, right, right, right. So let me just--

CHANG-TAI HSIEH: Chapter 1 is different.

BOB DAVIS: Yes. Yeah, yeah, yeah. Yes. Yes. So let me just say, Lingling and I signed-- we basically signed the deal, or had an offer for the deal in December 2018. We thought it would be over by the summer of 2019.

[LAUGHTER]

We were sure. So it was a big surprise to us.

I mean, if the deal, as described to us, had been carried out, that would have been quite different, I think. Because as our understanding of that deal, China agreed, at least preliminarily, China agreed to change very specific laws and very specific regulations, which, as we detail, the standing committee didn't accept. But also, isn't that unusual for a trade deal. China agreed to change all sorts of laws and regulations as part of the China-WTO deal-- I mean, just as a reminder.

But had they done that, I think there would have been a lot more trust between China and the US. They would have-- you would have avoided-- the world would have avoided rounds and rounds of tariffs.

And maybe, I mean, in a positive way, maybe the two governments would have felt more comfortable and more trusting in one another so that when the pandemic hit, maybe it wouldn't have been this horrible blame game on both sides. I think it would have been significantly different.

LINGLING WEI: I agree. I think the costs, if both sides have reached a deal by then, especially the hawks in Washington probably wouldn't have had the opportunity to seize on that moment and push through the sanctions against Huawei. Because as we detailed in the book, Bob found out this great anecdote about how John Bolton at the time just really capitalized on the anger from President Trump-- how dare they renege on the agreement?-- and really just pushed through those Huawei sanctions. And the economic costs would have been reduced as well.

However, this is our two most complicated nations in the whole world. Obviously, with all the ups and downs during the negotiations, had it happened in a certain way, obviously, the result could have been quite different. So we can only-- I don't think speculation about what could have been different is that meaningful.

But I do think, and I sincerely hope both sides can also draw lessons from those calculations and miscalculations, just because what's at stake is not just two governments. It's two nations, and individuals' lives, and businesses are at stake, and the entire world. So that would just be my add to Bob's point.

ZHIGUO HE: So in your book, you did a mention toward the end Lighthizer, Bob Lighthizer. At least he was telling Liu He, saying that, yeah, now, start to learn some things so that China would like to do things on their own or at least just seeing through the agenda that's on their side so that the reformists can push through in Beijing. This is what I feel that's the only way for kid and a student, and also, now coming here, grown-up in China. This is my feeling. I don't know if Chang-Tai would like to add on this at this point.

CHANG-TAI HSIEH: I am-- so the last time that we spoke, Lingling, you asked a question that I didn't know the answer to. And I wonder whether Chong-En has an answer. Lingling, when we were talking--

LINGLING WEI: Please let Chong-En answer that question.

BOB DAVIS: Yes.

[LAUGHTER]

CHANG-TAI HSIEH: So Lingling knows exactly the question. Who are the reformers in China now? Is there the equivalent of the group associated with Zhu Rongji 20 years back? Is there an equivalent group in China now? So to go to Zhiguo's question-- is there something to that logic?

[LAUGHTER]

CHONG-EN BAI: If that question is too difficult to Lingling to answer, the same is true here.

[LAUGHTER]

I think we may just underestimate how difficult it is to carry out further reforms. There are reforms that should have been done, which I believe are feasible, that we can accomplish that. But there are others that are just simply very difficult.

I think, if you ask me what are the most important misconceptions from the US part about China, I think one of the-- my feeling is that one of the most important misconceptions is that all these problems can be solved if there is a will. But sometimes, some problems are just so difficult to solve.

Let me give you an example. Earlier, when Lingling talked about the growth targets. And now, as I mentioned earlier, now we have-- our targets are in many different areas. Economic growth is one of the targets. Environmental protection is another. Then equitable distribution of income, et cetera, et cetera. So now, local governments are evaluated by many indicators.

However, different indicators are administered by different government ministries. They don't always communicate with one another all that well. They are under the leadership of different vice premiers. And we-- I think this is a very difficult issue.

The Chinese ministries don't coordinate that well. So often, you see the problem that's when one ministry does one thing, another ministry does another thing, they are completely in conflict. And enterprises simply don't know what to follow. If you follow the rule of one ministry, you will certainly violate the rule of the second. Then the only thing you can do is to shut down.

And I think in a lot of US policymakers' mind, this shouldn't be an issue in China. China is viewed as when President Xi says something, everybody implements it instantaneously. It's not the case at all. Sometimes, it's so difficult. It's not that-- in some cases, it's a lack of will that certain reforms are not carried out or lack of consensus when certain reforms are not carried out. In other cases, even if the political will is there, even if the consensus is there, but still, it's really hard to push through the reforms when it involves many different government agencies.

So when I heard about the initial agreement that will be signed, I cringed. I was thinking, talking to myself, how do you expect it to be implemented? How do you expect it to be implemented? Especially when allegedly, the agreement says the US can unilaterally determine whether it's implemented or not, can unilaterally impose sanctions, and China cannot retaliate. To my mind, there is no chance for this to be accepted. It's not a reformer, or not reform, non-reformer. Even for a reformer, this cannot be accepted because simply, it's just not feasible.

I don't know whether I answered this question or not.

Then there is another question about after China joined WTO, whether China complied with all the commitments-- well, that's also a subject of debate. Who is to determine whether it is compliance or not? So I think it's more workable if we still go back to the multilateral mechanism-- instead of disbanding the multilateral mechanism, we try to improve it, try to reform it, so that it works more efficiently, instead of having one country making judgment about whether another country is in compliance or not.

ZHIGUO HE: Before we talk about next question, let me just reminded the audience that you have the opportunity to submit your questions. And we will-- in the next half hour, we will move on to these questions.

I have a question on Bob and then Lingling. There is one sentence I read in the book. It was a very, very touching on me. And also-- it's on the Hank Paulson's statement. Let me find that line. It was basically, he was saying that how can it be that-- you know, Hank Paulson delivered a speech at Singapore. Maybe Lingling or Bob wrote it, that it's basically that the Beijing tried to resort help from the traditional old friends. You have a chapter on that.

And it's saying, "how can it be that those who know China best, work there, do business there, make money there, and have advocated for a productive relationship in the past are among those who are arguing for more confrontation? The answer lies in store-to-store competition policy," et cetera, et cetera.

So it's kind of like I was-- I read his book on the handling China or something. Is that right? The--

BOB DAVIS: On China.

ZHIGUO HE: There's a book.

LINGLING WEI: --on China.

ZHIGUO HE: Yeah, so I had a little bit of skeptical view on that and the way he said it. You know, I've just-- you know, it sounds like I agree with him. But actually, I was thinking he's turned over his views is too fast in the sense that I feel like maybe he had a little bit of political pressure from the US side and then say those.

Because before that, still, before the Singapore talk, he seems still kind of-- I listening to his speech. At the Chicago, there's some commercial event, et cetera. It seems like he's much softer on that point. So I just leave that question to Bob or Lingling. What do you think?

BOB DAVIS: I don't think it was pressure. I mean, he is a person who was a Never Trumper, doesn't go into the White House, avoids Trump, voted for Hillary Clinton. I mean, he was President Bush's Treasury secretary, and he voted for Hillary Clinton. That says quite a lot about what he thinks about Trump.

So I don't think it was pressure. I think-- I don't know about the earlier speech. I know from having talked to him a few times, I think he just wanted to-- the message was certainly directed at Beijing. And the idea was, really, listen, I'm your friend. I'm talking from Paulson. I'm your friend. I've been there since the early '90s. I've helped China do some of the earliest public offerings. As the Treasury secretary, I did my best to improve relations. And even I, even me, realize that the US business community is disappointed and fed up in China, that it feels that it's under unfair pressure, that it feels that promises weren't kept. I think it was a plea to the Beijing government to take this seriously, that there's really a across-the-board disappointment and anger at Beijing that you really need to take seriously.

LINGLING WEI: Right.

CHANG-TAI HSIEH: Can I ask a follow-up question?

BOB DAVIS: Yeah.

CHANG-TAI HSIEH: Lingling, do you have-- do you know what the response in Beijing was to that?

ZHIGUO HE: [LAUGHS] Nice.

LINGLING WEI: Well, obviously, Mr. Paulson, he goes to Beijing often. And he still gets to see his old friends there frequently.

ZHIGUO HE: Mr. Wan?

[LAUGHTER]

LINGLING WEI: So well, I think the role he's playing, he has been playing, he really, as Bob can probably put it in a more elegant way. I believe he still wants to play a more constructive role, building bridges as opposed to burning bridges. And he's one of the many-- not too many, but he's one of the few remaining back channels between Washington and Beijing.

Obviously, I guess one message that-- I'm not necessarily talking about Mr. Paulson's conversations with Chinese leaders. I'm talking just basically, generally about my impression of some of the messages coming out of Beijing is in the past, foreign pressure was good for reform in China-- back in the '90s, the WTO concession. And so China did do a lot of really meaningful and drastic reforms-- the SOEs and reform, et cetera.

But just Chong-En said, reforming China, really, traditionally very hard to carry out. And back then, you have someone like Zhu Rongji. He really pushed through downsizing the state sector. Obviously, his main policy agenda is let go of the small ones, grab the big ones.

So I guess, just as Chong-En pointed out, it's getting much harder to push through reforms now because yes, the state sector has been downsized. All the smaller ones are gone. But now the big ones, how do you really reform-- make the big ones more market-oriented?

So the low-hanging fruits have already been taken. Now, the bar for reform is so much higher. And the added foreign pressure now is really being seen within China as just not well-meaning, right? It's trying to keep China from rising. That narrative really has taken hold.

And also, just the fact is, China has become a much more developed economy. In the past, it was so poor, it had this sincere need to get US help to advance its economy. Now, is the number two-- second largest economy. And leadership is very conscientious about being seen as caving to foreign pressure.

So all those reasons combined, you are seeing even more so now than ever before, reforms are getting harder to be carried out, especially when it comes to industrial subsidies, SOE reform, et cetera.

CHANG-TAI HSIEH: So I want to follow up. SO is it possible that what's happened is that there's been a change-- there's also been a change in China. There's been a change in China from, say, the world that Zhu Rongji was in, where he was able to push through changes that now seems pretty incredible-- the reform of the financial system, the reform of the state-owned firms. And now, what's going on is that there's this conflict between the view that, say, people in Washington have of China, that all of these things is being driven by some-- are driven by some uber party state versus the alternative, that no, it's not being driven by an uber.

So what I mean by uber party state, what all of the problems that American firms in China have been facing as outlined by Paulson is the consequence of some big strategy by the party, and the view that people have in the US about the China 2025 plan and a whole variety of things versus an alternative, which is what Chong-En-- the world that Chong-En was outlining, that it's by no means an uber party state, that it's a typical bureaucracy. It's a typical bureaucracy, where some things get done. Other

things get done. Most things are not that well-coordinated. And what we're seeing is just the consequence of that.

Sorry. So the question is, is that part of the possible tension?

ZHIGUO HE: Lingling?

LINGLING WEI: It's for Chong-En, right? I think that question is for Chong-En.

CHONG-EN BAI: OK. I think that's part of it. That's-- I was saying this is a big misconception about China.

In the past few years, if you read all the Communist Party documents, economic reforms, people would say, wow, such a good plan. Then if you ask people about the implementation, people would say, well, it's certainly not all implemented.

Then the question is why. I think Lingling's term that all the low-hanging fruits have already been picked. The remaining issues are more difficult. I truly believe that's true.

Also, when you-- another, more difficult issue is that when you have just one objective, if the growth target is the only thing you care about, then it's easier to coordinate everybody's actions because there is this single target. When you have multiple targets, then it becomes so much more complicated.

If you talk to enterprises, they will tell you that the biggest headache they face is that when the environmental protection agency simply don't talk to the economic agencies. They just don't communicate. And then you have a range of other issues as well. So I think it's becoming very difficult. But also, still, if there is some more consensus about some issues, then it's probably easier to become implemented. Consensus building is still very important.

If-- I like another point made by Lingling. That is, if people feel that this is due to external pressure, most of the time, it becomes even more difficult to implement the policy. External pressure, now, often becomes counterproductive.

ZHIGUO HE: Thanks, Chong-En. So I would say that your first part of it, as the Chong-En, the economist will say that the way to address it will be more market-driven, prioritized, et cetera, right? When you have multiple goals-- this is the word-- from the bottom up. That would be much more productive.

We will move on to the next stage on the questions. So the first question pops out, and I believe that everybody want to know-- I also want to know-- is that should a Biden win the November election and assume the office-- so let's say Democratic. Let's just put a Democratic guy come in office. In what ways do you see a change?

CHANG-TAI HSIEH: I think a couple ways. One, the rhetoric would ease, certainly. The sort of nastiness and the communications out of Washington, I think, would end, at least from the White House. So there's that, which is not nothing.

I think also a new administration would try to revive multilateral institutions that this administration has undermined. I think a Biden administration would try to rejoin the Trans-Pacific Partnership, whatever it's called these days. And I think it would end the war on the World Trade Organization that the Trump administration has carried out, which, if the Trump administration gets a second term, that could be the end of the WTO as an adjudicating body. So there's that.

I presume that Beijing would make some overtures of some sort or other. But-- oh, and also, probably on scientific matters, I think you'd find a resumption of efforts to work together. Who knows what the status of that virus will be. But that's the most obvious thing to work together on.

On the other hand, remember that a Biden administration would inherit tariffs on 3/4 of everything China sells to the US, substantial tariffs. And a Biden administration is not going to-- I don't think-- is not going to just repeal those tariffs as a gesture of goodwill. It will need concessions on the part of China. And I'm not clear what those concessions would be.

As we've discussed, the economic issues get harder and harder. And a Democratic administration, I think, would push harder on human rights issues in Hong Kong, Xinjiang, Tibet, Taiwan, and also bring up labor issues and environmental issues, all of which are harder to settle than trade issues.

So I think there would be definitely a change in tone, a definite change. But the underlying issues and the underlying kind of disunity and disengagement would continue. There is a greater bipartisan concern about China than is commonly understood. And again, those tariffs, easy to put on, not so easy to take off.

ZHIGUO HE: Great. Thank you. The next set of the big questions I like everybody to, if you have views, to jump on is the role of other parts of the world-- let's say, European. Let's say Germany, other big powers, when the US, China is fighting, whether their role is stabilizing or make it worse. And how does we understand that each side of approaching to these other side of the big powers? Anybody would like to start with that.

LINGLING WEI: So sure. I want to talk a little bit about China's relationship with Europe and how it's fitting with the broader standoff with the US.

So I remember as recently as the end of last year, the hopes were running very high in both China, Beijing, and Europe, that the bloc and China could reach some sort of investment treaty, investment agreement that could hugely benefit European companies in China's markets and vice-versa. But obviously, this year-- the past six months felt like six years. The pandemic really changed a lot of things.

One major change that is happening in China right now is this uptick in xenophobia as associated with the virus situation. For example, the latest outbreak in Beijing was very often associated with foreigners and imports and all that. So that really soured the mood in both China toward not just Americans but Europeans. And same in Europe.

So we just had EU-China summit that I think just ended earlier this week or last week and didn't have any kind of breakthrough. The only positive outcome was both sides agreed to keep talking. So that was significantly below expectations at the end of last year, when both sides actually were closing to reach an agreement.

And obviously, there was a lot of disappointment on the European side. I haven't talked to the Chinese side yet.

However, the reason I'm mentioning this is during the US-China fight, Beijing, one strategy-- and that makes perfect sense-- is reaching out to the traditional allies of the US that have been alienated from the US because of Trump administration policies. So there was a period of time that, for example, China and EU and Japan, they're moving closer, closer.

However, despite the official talks and all that, fundamentally, there still hasn't been much movement, for example, European companies investing in China. They share. They really share the same kind of concerns the Trump administration has over IP protection, over technology transfer, over market access. You name it, they share all those things.

But you know, they're-- so for the US right now, I mean, looks like there is this United front, very gingerly and tentatively developing right now. But of course, it's not about trade issues. More about the Hong Kong issues and the pandemic-related issues. You're seeing a united front about things, including US, Europe, Japan, some other countries confronting China.

So I think the challenges going forward for the Chinese leadership is going to get greater because you're not just dealing with one country, which is the US. You are really, really dealing with all those countries that are getting increasingly frustrated, or in some cases, even bitter about certain things. So I would just add that.

ZHIGUO HE: Chang-Tai or Chong-En? Would you like to--

CHONG-EN BAI: I think when Lingling talked about the effect of the pandemic, the popular sentiment, it's not just a China issue. It's an international issue. If anything, I think probably people in other countries have stronger reaction to the pandemic. The reaction is they see more risk associated with globalization, especially when critical protective gears, you rely on other people to produce them for you. So that's going to be a big challenge, at least in the short run, when these sentiments are very strong.

I think for people in China-- I cannot represent everybody. But a lot of people still hope we can reach some agreement, a bilateral investment treaty with the Europeans. I think the lack of progress of this summit that just happened also illustrates the limitation of online conferences.

LINGLING WEI: (LAUGHING) Oh, I see.

[LAUGHTER]

CHONG-EN BAI: It's-- when you sit in a room, when you can have talks on the side, with bilateral communications with people, it's so much easier to get things done, to reach an agreement. But when you talk over the computer, in front of 29 other people, it's more difficult. So hopefully, this is the main reason. I would suggest that next time, when we can have face-to-face meetings among these leaders, that there will be better results coming out.

ZHIGUO HE: You also need the champagne, wine, all these things.

CHONG-EN BAI: Yeah.

[INTERPOSING VOICES]

ZHIGUO HE: To get you less calculating.

[LAUGHTER]

LINGLING WEI: (LAUGHING) Yeah, exactly.

CHONG-EN BAI: Yes. Yes. Yes. Yes.

ZHIGUO HE: So here is another question that I guess that it's a little bit of the coming back to the first question about asking the Biden thing. From the Beijing's perspective, I guess, who's better, in the sense that do they hope that Trump is going to be still remain in office, or they hope the other way around?

LINGLING WEI: Chong-En is in the best position to answer that.

ZHIGUO HE: Chong-En, yeah, yeah.

[LAUGHTER]

I'm looking at Chong-En. You cannot see it, right, because it's an online thing. All right. OK.

CHONG-EN BAI: Yeah, I don't know. I think I'm for multilateral approach.

ZHIGUO HE: So yeah, so this is exactly what Bob was saying, that the Democratic side seems to be more pro-multilateral at WTO, right, those type of things.

LINGLING WEI: Right. Yeah.

CHONG-EN BAI: Again, what I said is not the Beijing perspective.

[LAUGHTER]

LINGLING WEI: One person in Beijing thinks this way.

CHONG-EN BAI: Right. One person.

LINGLING WEI: At least one person. [LAUGHS]

CHANG-TAI HSIEH: There's--

ZHIGUO HE: Chang-Tai.

CHANG-TAI HSIEH: I must say that one of the things that struck me about your book is just this impression that Beijing feels most comfortable negotiating with wealthy businessmen. That's what-- I don't know whether you intended that to come through. But that was the impression I got. It's just a level of comfort that they have with negotiating with people that are-- And you didn't say this. This is nowhere in your book. But I also have the impression that they're also most uncomfortable negotiating with, I'm going to say, with the Democrats, with Democrats who have non-business goals in mind.

So I wonder whether there's some of that-- and it might be the case that that's the way that-- that was initially how the Chinese thought about Trump, that he's just another businessman. We know them well. We know them well, and that he turned out to be different.

ZHIGUO HE: He has two sides, as Bob-- as Chong-En and Bob have in the book. Two sides of it, blue collar, Wall Street, blue collar, Wall Street. And switching around. Bob.

BOB DAVIS: Well, why don't Lingling answer in terms of what Beijing is more comfortable with?

LINGLING WEI: Well, sure. I mean, the Chinese market is Beijing's biggest Trump card, right? Of course, that's the leverage they have. You know, in terms of your opposite side, of course, you want you have the biggest leverage possible over your opponent. And for the business people, China does have a huge leverage over them, which is access to China's market. So that really explains why.

And yeah, right. So in many Chinese officials' view, Trump is transactional. Everything is on the table. Everything can be negotiated.

But you know, I would just say one thing people in China have missed is not so much about Trump, but the fundamental shift in Washington overall in terms of their attitude toward China. So Trump is open-- Bob would illustrate much better about Trump. So we've seen that Trump constantly being pulled in two different directions because he's really torn. So I think that really is something. They really didn't realize sooner that there was a fundamental shift in Washington's attitude toward China and also US business, in the attitude of among US business toward China.

CHONG-EN BAI: May I add something? I think, given the current situation between China and the US, given all these conflicts, it will be really important if the two countries can find some common cause to work together on. I see climate change as one of these causes. And so no matter who is the leader, if the US can move the priority of climate change upwards so that China and the US can work together to deal with the climate change issues, that will be hugely beneficial for building some trust between our two countries. Right now, we don't see any common causes between our two countries. That's terrible. It's not going-- we don't have any chance to build, to have trust-building possibilities.

BOB DAVIS: Yeah, I just-- if I might add. I mean, I think in a Biden administration, you would see that. I'm not sure, honestly in a second Trump administration you would, given the president's skepticism on the impact on-- the human impact on climate change. My guess is, if it's his second Trump administration, the most likely-- I mean, assuming there is some interest in Washington on working together, it would also be on scientific issues, but maybe around vaccines, pandemics, that sort of thing, health issues.

ZHIGUO HE: All right, let's have the last set of questions, which I also am interested in. And also, we will discuss-- Chang-Tai and I were discussing on the difference between the US-Japan conflict and the way it gets resolved, and that the causes, the outcomes versus now, which is the US-China. A lot of people draw connections, draw comparisons, draw similarities. And obviously, I'm too young to know that in great detail. Bob probably knows more. But I feel like the way-- Chang-Tai and I agree on that. I feel like at least the Trump administration's view that as very similar perspective.

BOB DAVIS: Yes. So since I'm way-- since I'm way older than Lingling, let me answer this question.

[LAUGHTER]

I did actually start covering trade and globalization issues when Japan was an issue in the early '90s. And some of it is kind of funny when I think back on it because I wrote a lot about it. And the pressure the US put on Japan was quite similar. But it is almost ridiculous, honestly, when you sort of think about it, that the US was worried that it

would be eclipsed by a country with 1/3 the population of the United States, meaning that, essentially, that Japan would have to be three times more as productive than the United States. I mean, does that really seem realistic? And also, was 100% dependent on the US militarily.

But still, there was a genuine fear in the US of being eclipsed, and our US is better days were behind it. And it went back and forth and back and forth.

But the issues were different. With Japan, it was market access. And it was definite market access. US companies were kept out, felt they were kept out of the Japanese market. Semiconductor companies couldn't sell there. Car companies felt that they were blocked. That's very different than in China, where I've-- and also, Japan didn't encourage foreign investment. Very, very different than China, obviously. And also, Japan was a developed country. So the intellectual property issue wasn't really an issue. It was more of that Japanese companies were better than US companies at a lot of things, making cars, making electronics.

But you know, the funny thing is the way it went away was because Japan's economy tanked. And it became less of an issue. I mean, Japan opened up to some degree. But it just didn't seem as important anymore because the US economy was doing well without Japan. Japan, obviously, was in a funk. And so the issue faded.

I think the differences with Japan-- and also, let me just say that Donald Trump made his reputation on these kind of matters, picking on Japan in exactly the same kind of language he uses with China.

So I mean, it is possible. I mean, I know people don't want this to happen. But let's say, for the sake of argument, the Chinese economy tanks. You know, the Chinese economy goes into a Japan-like swan for a decade or more, which is certainly possible. I think everyone would agree with the debt issues and any number of structural issues we can all name here that it's a possibility. Probably, the issue would fade, although there would still be the military and--

Yeah, there'd be the military issue, which is different than Japan. But the ideological issue would also fade because in that kind of scenario, China would no longer look like a good alternative to the American model. Again, we're assuming here that the US economy continues to grow, and China-- not collapses. That's too strong. But like Japan, basically, fades away and at a stage of development where it's much lower than Japan's. So the poverty issues aren't really alleviated.

That's not anyone's favored way of making things better or ending this confrontation. But having lived through it, I saw that's what happened. It just became like, oh, yeah, Japan. And it just was less of an issue.

Americans are very good at frightening themselves to death, right? I mean, during the '50s, it was the Soviet Union and the launch of the first artificial satellite, Sputnik, that

panicked Americans. John Kennedy ran a campaign against Richard Nixon, where he accused the Eisenhower administration of allowing a missile gap with the Soviet Union, when, in fact, the US was way ahead of the Soviet Union in missiles. The Reagan administration, the Bush administration, early Clinton, picked on-- looked at Japan as a way of-- or thought of Japan as this enormous challenge. And now, this administration and the one before it look at China.

I mean, the only positive parts about that is that it does-- it has, in the past anyway, motivated the US to take the steps it should domestically. You know, if you're really worried about the Soviet Union, spend some money on R&D. If you really worried about Japan, get your act together. You And if it has that beneficial effect, that would be a good thing. That would be one of the good things, given that there are so many negative things about the confrontation between the US and China.

ZHIGUO HE: Chang-Tai, you want to add something?

CHANG-TAI HSIEH: Yeah, I want to--

ZHIGUO HE: And it will be the last one.

CHANG-TAI HSIEH: Last question. So this is the follow-up question for Lingling. So Bob painted a scenario that one way in which the issue goes away for the US is if China stops growing. So it's not growing. What would make the issue go away for China?

LINGLING WEI: Well, I think, for China, especially this day, they really want respect. And they think they really deserve respect. So when Chinese officials talk about mutual respect, negotiations on the basis of equality, those are not just empty words or slogans. That's really what they think they deserve, China deserves.

So I don't think the issues will ever go away. It will-- I mean, if we're lucky, the next few years, we can avoid literally a hot war, but can maintain the status quo, which is talking while fighting, fighting while talking. That, to me, probably is the most optimistic scenario.

But obviously, as Chong-En said, at least he prefers this multilateral approach. I mean, if Trump does get re-elected, I don't think that channel is open for China. But you know, then it depends on a completely different outcome from the presidential election.

So I am optimist but not too optimistic about the future of this-- the bilateral relationship. I think the best scenario is just talking while fighting, meaning the fighting, not the big gunfight, but you know you what I mean, just the war of words.

ZHIGUO HE: OK. So thanks, all the panelists, for all of this great event. And I took away a lot, especially the last part. As a Chinese citizen, and also, living to the rise part of the China, indeed, I really, really much-- with the Lingling in the sense that this government already made their words, and also, really feel they should get at least the respect for

treatment in terms of negotiation. And when I read the book by Bob, getting to know a lot of details, which I learned so much in the Clinton era and all these eras that seems like this is not the way that Confucius or Chinese way of doing it. I was very happy that seeing Robert Lighthizer saying, oh, you know, I'm getting to know Liu He said that this is the start of wisdom. That was the very, very best line of that I was reading.

And as I suggest or encourage everybody to buy that book. This is a really nice reading. So--

LINGLING WEI: Thank you.

BOB DAVIS: Thanks very much.

ZHIGUO HE: And I hope that this is a start of a discussion, but also the end of conflict, which is I guess that's not the-- even though there's a high hope, but I don't think this is the in the near end.

Thanks again, Chong-En, Lingling, Chang-Tai, and Bob. I'm using the audio on my screen, OK? So hopefully, it's very-- inputs all random things. And I hope to see you the next time when BFI China has another event. Thank you.

LINGLING WEI: Awesome.

BOB DAVIS: Thank you so much. It was great.

LINGLING WEI: It was really great.