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## U.S.-CHINA RELATIONS: A VIEW FROM THE U.S. SENATE

**WELCOME:**
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**INTRODUCTION:**
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**KEYNOTE SPEAKER:**
**SENATOR JOHN F. KERRY (D-MA)**

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RUDY DELEON: Well, welcome, this afternoon, to the Center for American Progress and welcome to this afternoon's program on U.S.-China dialogue, a view from the chairman of the Senate Foreign Relations Committee.

Our featured speaker, Senator John Kerry of Massachusetts will be formally introduced in just a moment. Today's program with Senator Kerry is the third in a public series on U.S.-China relations that included the deputy secretary of State, Jim Steinberg, this morning and last week, the Chairman of the Joint Chiefs of Staff Admiral Mike Mullen.

These public presentations are part of a larger exchange between the Center for American Progress and the China-U.S. Exchange Foundation. Our conference is being moderated by my colleague John Podesta of CAP and Mr. C.H. Tung of the China-U.S. Exchange Commission (sic) so let me acknowledge John and let me acknowledge C.H., as well, here in the audience.

We welcome all of the participants of the Congress – of the conference, including Senator Tom Daschle, U.S. former Secretary of Defense William Cohen, now the chairman of the Cohen Group and Professor Wang Jisi the dean of the institute of international security studies at Peking University.

The conference participants have just finished an exchange that looks at U.S.-China relations in a changing world – responsibility, risk and leadership. And that well introduces our keynote speaker here today.

To introduce Senator Kerry is the 64th United States secretary of State, formally the U.S. permanent representative to the United Nations, professor in the practice of diplomacy at Georgetown University School of Foreign Service, the chair of the Albright Stonebridge Group, the Honorable Madeleine Albright. (Applause.)

(Break.)

MADELEINE ALBRIGHT: Thank you very much, Rudy. I'm delighted to have this opportunity. Distinguished guests from the People's Republic of China and visitors and friends, I am truly honored to be able to introduce to you today a person who's name and face and career are familiar to anyone who has been paying attention these past few decades.

John Kerry first appeared before the Senate Committee on Foreign Relations as a witness about 40 years ago. His hair, then, was dark brown, his face unlined and his words eloquent. One of the senators boldly predicted that the young man might one day himself become a committee member.

Today, as you will soon see, his hair is more distinguished, his face radiates the wisdom of experience and – (laughter) – he is here in his capacity not as a member of that Senate panel but as its chairman.

John Kerry was first elected to the Senate in 1984 and he quickly earned a reputation for expertise in world affairs and especially on matters related to Asia. During my years as secretary of State, I counted on his leadership, his superb counsel and his personal friendship. And in 2004, I was very pleased to support his candidacy for president of the United States.

Over the years, John Kerry's words have lost none of their eloquence. As chairman, he has restored the foreign relations committee to its historic relevance and prestige. And as a natural diplomat, in his own right, he has played an effective and appropriate role in his contacts with world leaders from Afghanistan and the Middle East to Latin America and East Asia.

He is one of those people who truly give public service a good name and I'm very pleased to introduce to you the chairman of the Senate Committee on Foreign Relations, our good friend, Senator John Kerry. (Applause.)

(Break.)

SENATOR JOHN F. KERRY (D-MA): Well, I've heard lines called everything – (laughter) – but the wisdom of experience is a really, really eloquent and polite way to put it – (laughter) – thank you. What a wonderful, wonderful privilege to be here with all of you today.

Thank you, Madeleine, Madam Secretary, for an extraordinarily gracious introduction and I want to just say how much – I think everybody in this room will join me in saying, thank you to you for your remarkable contributions to our diplomacy, to our thinking on the policy changes of the country and all of those issues facing the world and particularly, we thank you for your recent work on NATO which I think is so important.

It's been a huge pleasure for me, as chairman of the committee, to be able to rely on you for counsel, advice and input and I think everybody here just values your gracious statesmanship enormously. Thank you very, very much for all you do. (Applause.)

I'm also flattered and pleased that good friends are here from public service. People who know a lot about this subject, which intimidates me even more to, sort of, stand in front of you. But Senator Tom Daschle, our majority leader and my personal friend of a long time, Sandy Berger, who has counseled presidents and others on these issues for a long period of time. Wendy Sherman, Ambassador Sherman is here and others and of course, my good old friend, C.H. Tung. Thank you for leading this effort with this delegation and engaging with everybody here.

This is important dialogue and your wisdom, Mr. Chairman, has been an important part of our relationship and I appreciated the counsel you gave me as a young senator when I visited Hong Kong way before the turnover. We continue to appreciate your participation in this dialogue. Thank you for that.

Let me just finally say a special thank you to John Podesta. CAP has grown into this remarkable organization that, in a world where there is not enough thinking, helps us to find the time and forces us to think. We need a lot more of that in our policy deliberations.

I was thinking, driving down here, that I've enjoyed the few days ago as all of us have, a wonderful feast of turkey over Thanksgiving which has now been changed into a rather deadly dose of daily lame duck – (laughter) – and it makes me stop and think hard about, sort of, how well our process is working and how stuck we are and that's some of what I will talk about a little bit here today.

But it's really important for us to have an opportunity to discuss an issue that bears on so many of the global challenges that we face today, and that's the relationship between the United States and China. It's been 40 years since Henry Kissinger first shook hands with Zhou Enlai and, frankly, changed the world with that handshake.

And what we do in the coming months to shape our relationship with China is going to have a profound impact on the next 40 years and probably a lot of time beyond that. One thing is very certain as we gather here: China, the rise of China, is no longer an abstraction. It's not a provocative phrase for writers and scholars and policymakers to sort of sit around the table and anticipate in the future.

It's as present as those remarkable skyscrapers that rise in Pudong across the river over Shanghai or as – pronounced as the remarkable pageantry of the Olympics that we all witnessed recently. China's economy is now – it is the second largest in the world and moving rapidly towards claiming the number-one position.

It's grown almost 9 percent this year alone despite a global recession that has left our own economy stuck in neutral. And with this economic growth make no mistake; there has been a huge increase in China's influence in the Middle East, in Africa, in Latin America, across the globe. And to the awareness of all and the consternation of some, China is now bolstered by a military that is increasingly capable of projecting power throughout Asia.

Now, while China has worked hard to orchestrate a peaceful rise, inevitably this emergence as a world power has created friction and has raised questions of intention and direction. Earlier this year, China leveraged its dominate market position for rare-earth materials – minerals in a standoff with Japan.

Later, China shocked the region by declaring the South China Sea to be one of its, quote, "core interests" on par with Tibet and Taiwan despite the fact that six different countries have long laid claim to territory and to resources there. And just two weeks ago when North Korea shelled the South Korean island of Yeonpyeong, China refused to condemn the North.

Instead, Beijing actually warned our Navy to stay out of the Yellow Sea despite the fact that we were simply coming to the aid of an ally. So all of these actions have taken place against an often troubling backdrop. China's economic growth has been accompanied by an enormous

and still growing trade surplus with the United States, turbo-charged by China's undervaluation of its currency.

In addition, China's no-strings-attached approach to trade and aid has undercut our influence over states like North Korea, Iran and Burma. And China's transparent – nontransparent, I should say – transparent is the wish – its nontransparent double-digit increases in defense spending every single year for two decades are now raising questions about intentions. So it is absolutely not surprising that this newfound power has prompted anxiety within the United States and elsewhere leading to legitimate questions about China's rise.

I think it is critical – and I know a lot of my colleagues and others who stop and think about these issues carefully – think it is critical that we not allow speculation about China's ambitions to easily degenerate into fearmongering and demagoguery. There are those who would like to push for a declaration of China as somehow an opponent or even an enemy. From the days of Marco Polo until the present, the fact is the West has often gotten China wrong.

In the 1990s, some in the United States insisted that China was the next Soviet Union. Of course, 9/11 very painfully confirmed that China was not the next great threat to the United States. In fact, over the last 20 years, China has integrated itself – however imperfectly, it has integrated itself into the international rules and institutions that govern key issues like trade and nonproliferation.

But progress, stated frankly, has not been as comprehensive as some people predicted. Despite the dramatic growth of private enterprise, the government in China still controls key sectors of the Chinese economy and economic liberalization has not led to significant political liberalization.

Now, even though China does allow freer expression today than it did 20 years ago, we need to remember that we're also talking about a country that has imprisoned Liu Xiaobo for peacefully advocating democratic reforms – and that refuses to allow his family to attend his Nobel Peace Prize ceremony.

Frankly, China's failure to safeguard the basic human rights of all of its citizens, especially those most critical of its government, impedes its development and undermines its standing in the international community and the United States must continue to highlight that reality. But whether we're impressed or disappointed with China's progress, let me make this clear, the simple fact is we need China and China needs us.

We have to get this relationship right. After all, we're talking about our connection to one-sixth of humanity on this planet. The most serious problems that we face today from nuclear proliferation, to global terrorism, to climate change simply cannot be solved by the United States nor the United States and its current set of allies nor even one-half of the planet.

And economically – economically, which will be the great defining force of almost all of these issues; the fact is that our futures are already deeply intertwined and will remain so. If China succeeds in rebalancing its economy, then the global economy will benefit and so will we.

If China fails – or worse, if we cut ourselves off from China in a misguided attempt to, quote, "contain it" as some have suggested, then we will all suffer.

And even though we can't call China an ally today, we simply cannot treat it as an enemy. As Winston Lord recently reminded me in a conversation, the first of his two "Lord's commandments" are number one: Thou shalt not demonize China. And number two: Thou shalt not sanitize China and I think he's right.

Quite simply, we must not have any illusions about China, positive or negative. The most important thing we can do is really see China as it is. Now, I know it's always risky for an American, a politician to try to define any of that, but I'm going to do that nonetheless. The first step in trying to see China without illusions is understanding that while China has become a great economic power, it still faces extraordinary challenges at home and abroad.

When I met last year with two of China's next-generation leaders, Vice President Xi Jinping and Vice Premier Li Keqiang, their mood was not triumphant; their mood was determined. Why? Well, just consider that China's government, today, is responsible for more than a billion people.

Think about that. Those are a billion people who need jobs, who need health care, who need clean air and clean water and right now, many of them don't have those things. We sometimes have trouble taking care of 306 million or so people and we've been industrializing for more than a hundred years.

About 400 million Chinese still live on less than $2 a day and lack safe drinking water and adequate housing. China's poor are as numerous as the entire populations of the United States and Japan combined and China's per capita income is ranked about 100$^{th}$ in the world. So if it's a superpower, folks, it's the first poor superpower in history.

In the midst of this poverty, Chinese society is undergoing dramatic transformations. This country that once prided itself on egalitarianism is now experiencing vast income disparities. The government is trying to accommodate the move of some 600 million farmers into cities and the society is rapidly aging.

By 2030, there'll be 240 million Chinese over the age of 65. That will make it difficult to provide retirement and health benefits to the elderly without bankrupting the state or impoverishing working people. To fuel the economic growth that China needs just to keep the lights on for the entire population of China faces a large and growing dependence on imported oils. Sound familiar?

Twenty years ago, China was an oil exporter but today, China ranks second, after the United States, in oil imports at more than 400 million barrels a day. And all of this growth, particularly in the energy sector, brings a major cost: China's environment is deteriorating significantly. Because it relies so heavily on coal-fired electric power plants, China is now the world's largest, number-one emitter of greenhouse gasses.

And in the frantic push for growth, China has sacrificed environmental preservation. As a result, land, air and water quality have been seriously compromised. Sixteen of the world's 20-most air-polluted cities are in China and nearly 50 percent of river water in China is unsuitable for agriculture or industry.

These are just domestic challenges. China also faces a host of international, foreign policy challenges. There was a time when China's leaders were encouraged to pursue an even-keeled and modest foreign policy. As Deng Xiaoping said, China should "hide brightness, cherish obscurity." But more and more, as I mentioned earlier, China's actions have been anything but obscure.

The truth is China shouldn't be worried about containment, it should be worried about overreaching and that's because its increased assertiveness has done more to remind its neighbors of the value of America's presence in the Asia-Pacific region than anything our diplomats could have done on their own.

Frankly, to see China as it really is, is to understand that China doesn't yet know – and this is a little presumptuous but I acknowledge it, but I will say it – that China does not yet know what kind of power it wants to be and that it's still feeling its way on the world stage – that these kinds of challenges are something new to its leadership and something new to its public-value system.

So as President Hu Jintao prepares to come to Washington next month he has a good reason to seek a closer partnership with the United States. For our part, we will be seeking greater Chinese cooperation on a long list of issues. In particular, we want to talk about North Korea's recent provocations.

Beijing may think that it can restrain the North's bad behavior more effectively by deepening trade and investment; but the North's belligerent conduct – the sinking of the Cheonan, the construction of an illicit uranium-enrichment facility, the artillery attack on Yeonpyeong Island – undermines China's core interest in regional peace and stability.

China has a fundamental responsibility to its neighbors and to the rest of the world, as a member of the P-5 and as a great power, not to turn a blind eye to North Korea's military provocations. No other country has as much influence over North Korea as China does and it has to use that influence to bring the North's conduct in line with basic international norms.

Now, China could send and should send a clear message to North Korea, a very simple message: Its behavior is unacceptable. A good place to start would be strengthening its enforcement of U.N. sanctions. And together, China and the United States, in concert with our South Korean and Japanese allies, must eventually find a way to resume the dialogue with North Korea because sanctions alone will not convince the North to change course.

We also need to address the persistent issue of the value of the yuan which economists agree is significantly undervalued. Now, obviously doing that effectively makes U.S. exports

more expensive, it makes Chinese exports cheaper but – and it significantly contributes to the trade imbalance.

China's long-term interests are in changing that because it needs to build its own domestic, consumer-oriented economy. In recent months China has begun to adjust that currency but frankly, put again, not yet enough. A sustained appreciation needs to happen and it needs to begin sooner rather than later in order to help bring the global economy into balance.

If the G-20 can't deal with this problem, then we need to look at other multilateral tools – ones with teeth that can deal with it. By now, it ought to be clear that the United States Congress, all apart from the administration – we all have our domestic politics – the United States Congress is growing increasingly impatient and it may in fact in decide, especially with the next year's Congress, to take matters into its own hands.

I also think we need to continue to press China on a global agreement to reduce greenhouse gas emissions. Now, I know that in the wake of our own failure last year, that may not make sense to people.

But let me tell you, as somebody who's been involved in this issue since the first hearings we held with Al Gore back in 1988 and in all of the negotiations we've had and as all the science comes back faster and stronger in every single respect, it is clear that the simple truth is that the United States and China, together, account for almost half of the world's emissions.

China deserves credit more in some ways than we have because they've made significant efforts to reduce their energy intensity; but these steps are not enough. We and China need to agree to measurable, verifiable and reportable reductions in emissions and if we don't reduce our emissions and we don't move to cleaner energy either of us will not only set off an unsustainable competition for resources on a global basis, but we will witness the impacts of climate change that will become unmanageable at catastrophic levels for all of us.

When we understand the full extent of China's challenges, foreign and domestic, it really becomes very clear that to demonize China, to consider it the next great threat simply isn't based in reality. In fact, over the long run, I am convinced there is a remarkable potential for cooperation even as we have to deal with certain disagreements today.

So how do we manage this complex relationship? Over 40 years of engagement, we've learned that it's important to be flexible – that different types of problems require different types of tactics. We know that on certain issues it's best to engage bilaterally in order to reduce the mistrust that lingers in Beijing and Washington about strategic intentions. We need sustained, high-level military dialogue.

I'm glad that after a long a hiatus, a new round of defense talks is going to get underway later this week. That's critical and I hope that Presidents Hu and Obama will pledge to insulate these talks from political disruption. Precisely because this is a time of tension, whether over Taiwan arm sales or an incident at sea, our military officers need to have open channels of communication and we will all be better off when we do.

We also know that on other issues, we're going to be more successful when we augment bilateral engagement by weaving China into the fabric of international norms and institutions. The United States loses billions of dollars a year – billions – in exports because of China's failure to protect intellectual property.

In 2006, China committed at the bilateral Joint Commission on Commerce and Trade that its government agencies would only use licensed software but China has failed to follow through. In the next round of JCC talks that takes place next week, I hope China is determined to move on this issue.

The best solution may be to collaborate with other developed nations to convince China that its own long-term ability to innovate is being undermined by its failure to protect the intellectual property that it currently imports. And increasingly, China is developing that property itself and it's going to have an interest in making certain that, that property is protected for its own interests.

Now, while the United States is obviously not an Asian country, let me make it clear that we are nevertheless a Pacific country. There are few days of the year when we remember that, perhaps, more vividly, than we do today on December 7th. On this day, 69 years ago, Japan attacked us, triggering America's entrance into World War II.

Throughout the islands of the Pacific, thousands of American troops gave their lives to protect our values and to protect others. This anniversary reminds us that we never want to return to war but it also reminds us of the power of our engagement. Today, Japan is a peaceful democracy that we're proud to call an ally.

And let us never forget that the blood that we spilled those many years ago allowed China to emerge as the nation it has become today. Recent events on the Korean Peninsula in the South China Sea reaffirm the importance of alliances that came out of that conflict and at forging new partnerships in strengthening regional institutions in order to maintain peace and stability.

Two good places to start in that effort would be approving the new free-trade agreement with South Korea and fully funding the State Department's Lower Mekong Initiative. But we should also negotiate the Trans-Pacific Partnership trade agreement in order to balance China's economic influence in the region.

Now, some have called this intensified U.S. engagement in Asia a hedging strategy – insurance against the possibility of a China emerging as a regional hegemon. Frankly, I don't care what we call it. I just think it makes sense that we ought to do it. And so much of our conversation about U.S.-China relations, frankly, centers on a lot of these abstract terms.

We spent a lot of time talking about engagement and partnership, cooperation and competition, hedging and balancing. Obviously, we have to engage China. Obviously, we want to fully integrate China into the global community. And, yes, in the face of an uncertain future, there is a place for hedging as well.

But if we're going to adopt an effective China policy, let me make it crystal clear to any American who wants to rise to this challenge that we have to first and foremost recognize that our greatest source of influence is our own power. And our greatest challenge is to strengthen our own economic competitiveness. To see the U.S.-China relationship without illusions, you have to actually first see the United States without illusions.

We have to focus on some concrete facts. Here's one: The World Economic Forum publishes a Global Competitiveness Report every year. For years, we led the world as the globally most-competitive economy. But in 2009, we dropped from first to second place. And this year, we dropped to fourth place.

And this is in no small part because we are saddled with an enormous deficit, with an inadequate educational system and with a century-old infrastructure in place. We have to change that or we're going to sit around with all of these things I've talked about being mere theory. And we'll be dependent on others for the technologies of the future.

Consider – (chuckles) – I, sometimes, am baffled by this but consider this. China is the leading clean energy producer in the world – it wasn't 10 years ago. We invented solar panels 50 years ago in the Bell laboratories. But we don't boast one company in the top 10 of the world. China boasts the world's largest solar panel manufacturing industry which exports about 95 percent of its production to countries, including the United States.

In 2008 for the first time, China attracted more renewable energy capital investments than the United States. In addition, the Chinese government has announced a 10-year, $400 billion clean energy technology investment program. In fact, folks, $600 billion is going to be spent in the next 20 years globally on clean energy investments, and 90 percent of it is going to – at least right now – be spent outside of the United States. We're not in the game.

Now, it's true that an American company recently opened the world's largest private solar R&D facility, but you have to go to Xi'an, China, to see it. As Steven Chu said – as the secretary of Energy, he said, for centuries, America has led the world in innovation. Today, that leadership is at risk. So how do you ensure that innovation remains a hallmark of America? Tony Blair said that talent is the 21st century's wealth. I think he was right.

Unfortunately, we're failing to educate and prepare Americans for this global competitive economy. So we need a much more aggressive focus on math, science, engineering for our own people. And we have real problems when the Microsofts of the world say they can't fill all their high-paying engineering jobs with Americans because 59 percent of all U.S. doctorates in engineering and science are awarded to foreigners.

I don't know how many of you read Tom Friedman's brilliant memo the other day in The New York Times posing as if he were a WikiLeaks producer of information from the Chinese embassy back to home – but you have to read it. It's brilliant, and it tells a story of how we are sort of shooting ourselves in the foot.

And you may say to yourselves, why is this relevant to what you're trying to say about the dialogue? Well, I'll tell you why – because China makes its own assessments about us just as we make them about them. And if one of their assessments is that the United States is sliding in this direction rather than that, that will have an impact on leverage and on cooperation and on the future.

That's why I introduced legislation to provide visas to immigrant – to immigrants who have a significant amount of capital, who could come into this country – entrepreneurs whose startup ideas have the ability to be able to create new jobs and attract U.S. investment. So this is critical for us.

In addition, we also need to create new and strong incentives for the building blocks of economic competitiveness – roads, simple things. I mean, roads, airports that move goods rapidly.

While we spend roughly 2 percent of GDP on infrastructure, China is spending 9 percent. They are investing about $13 billion in another 25 new airports, including another one in Beijing. They've begun work on a brand new high-speed rail network that'll serve 90 percent of the country's population – over a billion people once it's completed.

If our ability to move goods, energy and ideas is a century out of date, you tell me how we say to businesses, this is the place to be? To help catalyze investments – including from China – in our infrastructure, I plan to introduce a major infrastructure bank piece of legislation early next January.

And we have bipartisan support – Chamber of Commerce, Mayor Bloomberg, Arnold Schwarzenegger, Governor Rendell, others. This is the direction I believe we have to move. It's one step toward getting America back on the path to global competitiveness.

Now, just because I'm looking at what we can do in America, in no way am I excusing China for any kinds of anti-competitive transgressions that are actually harming our ability, and the ability of other countries, to compete in a fair playing field.

But I'll tell you this – even if China does revalue its currency quickly and immediately, that's not a silver bullet. It will not bring a flood of jobs back to the United States and it will not instantly cause a rebound in the American economy. What's more important is that we decide what kind of economy we want to have and make that happen.

I have faith that we can get this right, folks. The 21st century can be a century of American renewal at home and continued leadership abroad, and it can be a century of opening up a remarkable new relationship between two enormous economic powers. We need to remind ourselves that it was our economic strength after World War II that gave us the ability to become the world's superpower. We were able to lift Europe and Japan and others all at the same time.

We need to put domestic economic strength back at the top of the U.S. national security agenda, as well as the jobs agenda, and at the center of our common purpose. The stakes could

not be higher. At risk is our ability to provide for the country and to promote our national security. And we have to understand the time for action is now.

If we do act, China's rise will do nothing to diminish our own power. On the contrary, it will allow us together to define the fullness of this relationship that I'm talking about. And China's rise will not disrupt the international system that we have built – it will be part of it. In fact, China's participation can renew that system and better equip it to deal with the challenges of the 21st century. That's what's looking us in the face. That's why this dialogue, C.H., is so important.

The story of U.S.-China relations can be the story of defining the 21st century. It can be a story of genuine cooperation, a fierce competition and of spectacular, ground-breaking human accomplishment. We're going to disagree sometimes, perhaps even strongly. But I am convinced that we can work together, that we shouldn't simply manage this relationship over the short term, but we should cultivate it and nurture it and believe in it.

We have to resist the temptations of those in China and the United States – both places – who seem to relish a relationship that is defined in terms of conflict rather than cooperation. Despite our differences, the two most powerful nations on Earth have to find a common ground. And in the doing so, we can write the history of centuries to come. Thank you. (Applause.)

NINA HACHIGIAN: Senator, thank you so much for those really terrific and very eloquent comments – and insightful, too. We have about 10 minutes for questions. So let me first turn to our visitors from China, and if there's anyone – yes, please.

SEN. KERRY: I have a piece of paper here, you can sign on the dotted line and we'll get going right away. (Laughter.)

Q: Well, thank you very much, Senator Kerry. I want to commend on your leadership on the issues of clean energy, climate change here in this country and the worldwide. And the last year, when you were visiting Beijing in May, you asked me about the data and how much of the power plant – it's the smaller and inefficient power plant, there was a cost – I didn't have – I'm sorry I didn't have the data for you, but I do have the data now for you. (Laughter.)

By the end of 2009, it was 60 gigawatts closed down – you know, shut down. Thirty (gigawatts) is just about how much the entire power supply – I mean, power generation in the entire United Kingdom. And this year, it added another 10 gigawatts. So that kind of a shutdown and closing of the power plants is an outcome without a price – actually, the price, it was very high, including the unemployment of, you know, tens of thousands and also the investment of the company – they now have to pay.

And this year, as you probably have heard, the prices will go even higher because with a lot of the local governments are forced to have power outage in many places. So the residents also suffer from that. My question is – just looking for – looking ahead here in this country, when do you think the governments and the Congress will have – will offer that kind of political

leadership and the courage to convince the American people to take a – such a kind of a sacrifice to fulfill a global responsibility of that kind?

SEN. KERRY: Well, thank you very much. It's a terrific question. And I appreciate your following up and getting the information very, very much. That's an impressive amount of power that's been taken out. And the size of it, obviously, is extraordinary when you think in terms of other countries. So everything that happens in China happens on a larger scale, obviously.

But let me say this. That nevertheless remains a problem because those plants are still being replaced by coal-fired power plants at a rate that is far in excess of what the climate can tolerate. The truth is, this is not known. And so you say, when will you and the United States take the steps to deal with this – I wish this was better known.

But the fact is, not one coal-fired power plant – not one, of any kind – has been licensed in the United States in the last two years. And states where it would surprise you – Utah, Idaho, Kentucky, North Carolina – are denying permits for coal-fired power plants. In addition, the private sector is negotiating on its own and they are engaged in a lot of fuel-switching.

So they are switching to natural gas and declining to go either into new coal-fired power plant or to even switch their current coal-fired plants into newer clean-coal technology – they're moving towards natural gas or some other forms, some of them investing in nuclear plants. I think we're going to have a resurgence of nuclear in our country because I don't think there's any alternative in the near-term for reductions.

But in this next Congress, we will have a major debate over energy policy in the United States. And we will – even though we may not have a cap-and-trade mechanism which prices carbon – we will have very significant measures adopted, I am convinced, that will move us towards energy efficiency. As you are doing energy-intensity reductions, we will have energy efficiency.

We'll have major conversions, for instance, of our trucks to natural gas, conceivably. We will have building efficiencies built into our codes. We will do various incentives for alternative and renewable energy. We will most likely set a renewable-energy standard for the United States. I think all of this is achievable in this next year.

And so, even though we may not get the cap system, we can get in the next 10 years almost equivalent level of reduction of emissions as if we had put that trading system in place – providing we do the right things in this legislation.

Final comment I'd make to you. Also not well-known – when you say, when will the United States begin to do this, you should tell your leaders – please, on our behalf – that over half of the American economy today is already under a voluntary mandatory-reduction system. We have 13 states in the Northeast in a program called RGGI, the regional cooperative system – and Massachusetts is one of them – where we are committed to a trading system to reduce emissions.

In the Midwest, you have four or five states that have joined a compact. And in the West, they succeeded in beating back a referendum that would have undone the requirement for them to proceed forward with clean standards – clean emission standards – and California, Oregon, Washington and British Columbia are in a compact to proceed in a trading mechanism.

So over half the American economy is already voluntarily reducing – not even waiting for the United States Congress. I believe that's going to grow over this next year. And I'm determined to help make it grow because we're going to go out to the country with a national effort to educate and organize and do what we did back in 1970, when 20 million Americans came out and demanded that we do something about rivers that would light on fire and water quality that gave people cancer.

And our citizens demanded that we do something. So in 1970, those 20 million people translated that into political action. And it resulted in the creation of the Environmental Protection Agency, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act. And we made enormous progress. We're going to rekindle that effort in this country. So please – we're just getting going. And we're going to continue this fight.

MS. HACHIGIAN: Thank you. Yes.

Q: This is Francisco Rodriguez, I am Fulbright visitor and scholar in George Washington University. I would like to thank Senator Kerry for this interesting conference. I still – I missed one topic in your conference, if I might say that – is that's a question of, how do you think that soft power and public diplomacy will affect to the relation in China and the United States?

Because as far as I know, Chinese soft power literally is working quite hard through the Confucius Institute. And at the same time, as far as I know – for instance, USIA was dismantling at the end of the '90s and there are also some voices like Heritage Foundation planning to –

MS. HACHIGIAN: Thank you. I think – I think we've got it, thank you.

SEN. KERRY: Well, I think – look, we're going to have a combination. As I said in my speech, I made it very clear there are some things where we're going to disagree. And we may have to take tougher steps even as we build a stronger, broader bilateral relationship. Some of it will be soft diplomacy, as we said. And some of it will be a little harder.

Obviously, we don't want it to become, you know, a fundamental relationship of conflict which would take us into some dangerous places with respect to the kind of diplomacy we'd conduct. You know, that depends really on the goodwill of both sides. I think if we can restrain ourselves from making the mistakes that I defined the potential of making – i.e. defining China as an enemy and getting into a containment posture and going off on a sort of conflict tangent – I think we have unlimited possibilities.

But China has to respond. China has to also accept a new level of responsibility. One of the interesting things – when I was in China, it was very interesting – I was talking with the foreign minister there, and I wanted to learn more about how China picks its leaders and what the process of succession is. And I must say – about a half-hour answer – but it was intriguing to listen to the ways in which there's this sort of a continuum, if you will, of guarantees of competence, but also guarantees about a kind of similar thinking.

The Cultural Revolution, obviously, was a shift from that. And Deng Xiaoping was a shift from that. And some people suggest to me that maybe – maybe – in the transition that's taking place now, there may be another shift. And that could greatly change the possibilities of this relationship. Seven out of nine positions on the Politburo are open. And there's a big transition with a new president, vice president – new changes taking place next year – and elections.

And so I think we have to kind of recognize that this year, just as in our politics last year, we're leading up to an election. It's very difficult in election mood to define the future direction of any country. And I think for the moment, some people are going to be very chary of opening up themselves to any public criticism by offering some sort of definition that could be different.

So I don't anticipate anything between now and next June, frankly, except perhaps some progress on the issues that are going to be on the table when the president visits here in the next days, which I think can be anticipatable. Beyond that, I really think this next year will define a lot for the next 10 years of our relationship with China.

MS. HACHIGIAN: And I – we have time for just one more short question. Yes, in the back?

Q: I don't – who is it? Oh, okay. Thank you. Louise Diamond, Global Systems Initiatives.

MS. HACHIGIAN: The man. (Laughter.)

Q: That's all right. I'll be the man. My name is Rob DuBois. I'm a security advisor. And Senator Kerry, thank you for coming and also, you probably remember that I approached you after a flight from Afghanistan some – a couple of years ago, I suppose it was – and you were – the first time I saw with an unshaven – anyway, on an extension of the soft-power discussion, do you think there's a positive arms race, if you will, on soft power?

Hillary Clinton talked about smart power. And China is obviously pressing really hard on a campaign of soft power. So could there not be a globally beneficial race for soft power in the world?

SEN. KERRY: Well, there could be. And I – look, I think – I don't want to define it in a context of a race. I don't want to define it in a context of sort of a competition. I think these are the kinds of things where China and the United States can cooperate so effectively. But we're already doing many of those things.

I mean, look at what we're doing in Africa with our global AIDS efforts and with PEPFAR and look at what we do in terms of children around the world, or our efforts with respect to violence against women, and other kinds of things that we're engaged in right now. I'm very proud of what our country is doing.

And it's not a competition; we're doing it because it's what we believe with respect to our values and how we think the world will be safer in the long run and how we live up the promises of our – of the best of our diplomacy.

I think that China – if I can say – has been excessively engaged in a mercantilist manner in too many of these places. I've just recently been in the Sudan and in Pakistan and in Afghanistan and so forth. And I see China. But I don't see China reinforcing the kinds of things that we're engaged in to try to stabilize or make life better.

I see China – they are guaranteeing its resources and guaranteeing its chain of supply. And I think that's one of the things that I would say in terms of accepting this new responsibility that comes with its emerging economic power. It cannot just be economic. If it is, I respectfully suggest to China they will wear out their welcome in many of these countries very, very quickly.

And so I hope we can both cooperate in this without making it, you know, anything equivalent to a race for competition but to a mutually agreed upon set of interests by which not only do we benefit but the communities that we're involved with in the rest of the world benefits also. That's the new role that China can play. And I think a lot of us are sort of seeing North Korea as the initial – the definition of China's sense of their responsibility, if you will.

MS. HACHIGIAN: Thank you very much, Senator Kerry.

SEN. KERRY: Thank you.

MS. HACHIGIAN: If you would all join me in thanking the senator. (Applause.) Thank you all for coming. And I'd like to ask the audience to please remain in your seats while our speakers have a chance to exit the room. Thank you again.

(END)