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CNAS Event Transcript: AMERICA AND THE POST-PANDEMIC WORLD

# **CNAS Event Transcript: America and the Post-Pandemic World**

## I. Opening Remarks

Bethany Allen-Ebrahimian: Thanks for that introduction, Ely, and I'm really excited that *Axios* has been able to partner with CNAS for this series. Before we dive into the discussion, I just want to remind the audience that you can engage with us on Twitter using the hashtag CNAS2020, and we will do our best to respond to audience questions from that feed. So, I'm glad to be starting this discussion with Richard. Our conversation is going to explore the shifting balance of power between the United States and China, as well as global trends and economics, security, and politics during the pandemic and post-pandemic world.

## II. Expert Discussion

Bethany Allen-Ebrahimian: Richard, in a recent article for *The Atlantic*, you said that we are living through a period of extremely rapid, possibly epochal change. Some of the themes from this rapid change that have come up already in our discussions today include an every-country-for-itself approach, border closures, export controls, competition for medical supplies, disrupted supply chains, trade relationships, strained diplomatic relationships, and intrusive health-related surveillance. In your article, you called on American leaders to create an Atlantic Charter for the pandemic. What do you mean by that? And how will that address these challenges?

Richard Fontaine: Well, thanks, and thanks for moving up the conversation and again to everybody for joining us today. In this piece I did on the Atlantic Charter, I went back and looked a little bit at what Winston Churchill and Franklin Roosevelt issued in August of 1941, when they had talks off the coast of Canada aboard a ship. They issued a visionary statement, a charter, that contained principles for what the post-World War would look like after the defeat of the Nazi Tyranny. Of course, that gave rise to NATO and other international institutions and the general shape of the post-World War II world.

Richard Fontaine: The striking thing about it, of course, is that the United States wasn't actually at war at the time. This was in August of 1941 and December of 1941 in Pearl Harbor. But already, American leaders and British leaders were thinking about how to turn this unbelievable global trauma into an opportunity to create something better, and something where we wouldn't see this kind of thing again.

Richard Fontaine: What I meant by an Atlantic Charter is not actually that Donald Trump and Boris Johnson get in a skiff off the coast of Canada, but rather, that there be an active planning in the U.S. government for what we would like to see prevail as the exercise that we're doing intellectually here today: envisioning a number of scenarios. Some are more attractive and some are less attractive, in terms of the world we would want to live in. The real question for the government, and for all of us in national security, is what are the policy decisions and measures that we should take now or soon in order to bring about a scenario that's more favorable and avoid a scenario that's less so. Unfortunately, I see a dearth of that kind of thinking, because everyone is so caught up in the present day and everything else, but that kind of foresight and forward thinking, I think, is merited given the world historical nature of the events we're going through today.

- Bethany Allen-Ebrahimian: What do you see as maybe just a few key areas to highlight of a world that we don't want to emerge as versus a world that we do?
- Richard Fontaine: Well, certainly, a world that is less safe for our brand of American democracy, which would include all of the freedoms that we have seen even recently, the freedom to go into the streets and protest to speak for or against your government or any political measure, all of the basic rights and freedoms that are intrinsic to the way of life that we have here, including our democratic practice of elections and everything else. So, in a world, for example, where China is both geopolitically and economically ascendant, I think there's a strong reason to think that the illiberal nature of their activities and of the regime itself would infringe upon those kinds of basic rights and freedoms in the United States and among our allies. So that's one.
- Richard Fontaine: Another is a world where no one leads on any of the key transnational issues. And actually, I think that's not very far-fetched. If you look at the international response to COVID, there really hasn't been much of one. The G7 and the G20 have issued statements, but no real commitments or plans. Certainly, on other transnational issues like climate change, you don't see much going on that includes the United States. And so, in a world where neither the United States nor China leads, you're not going to see enough throw weight among other countries to be able to deal with some of these big issues. So that's another scenario that I think we would want to avoid, again, just solely in the interest of the American people. And then there are others as well.
- Bethany Allen-Ebrahimian: I think that scenario that you just outlined where there's a fracturing, in some ways it's easier for us to imagine, because we went through this with the Cold War, a bipolar world. It's hard to really understand what a fractured world might look like. But it seems that both the U.S. and China have taken actions in recent months that have really made them unpopular and not cast them in a good light, for example, in Europe, which I think is not really leaning strongly either way at this point. Looking at Europe, what do you see maybe in the next two to three years, or some similar timeframe in terms of their institutions, how they relate to the U.S. and China, and the role they might take in the world.
- Richard Fontaine: It's a really interesting question, because you're actually seeing Europe step up internally over the past month or so, in a way that, I think, has surprised a bunch of Europeans. I mean, the initial response to coronavirus was even liberal, Euro-loving countries like Germany are barring the export of medical supplies to other countries in the Schengen zone and closing borders in France and Italy and things without consultation with others. And so, that was at the acute stage of this. Certainly, if you rewind the clock back to when people thought, well, Brexit's going to lead to a Frexit and then a Grexit and all these other kinds of things, the experience of the British seems to have sobered everybody up, and no one seems to be clamoring to get out of the European Union anytime soon.
- Richard Fontaine: So that's some of the negative centrifugal tendencies that have subsided. In addition to that, you see the formation of this fund within the European Union to help economically and put real dollars or real euros, so to speak, on the table in order to help countries pull out of the recession and things like that. So, I think Europe may actually come out of this more cohesive.

- Richard Fontaine: There's a separate question about, "what is this disposition vis-à-vis China?" And again, the emotion in the national security community that watches this seems to have swung wildly from, at the beginning it was China's winning the battle of narratives because they're blaming the United States for coronavirus, they're obscuring the fact that it started there, and that they covered up some aspects of it and plane loads of goods that are landing in Spain, and Italy, and Serbia, and all these things, all the way to the other side, where now the wolf warriors are just angering everybody and threatening everybody over everything, in Taiwan, in health, and all these other things.
- Richard Fontaine: A lot of that is related to the kind of sentiment that will come out of Europe, vis-à-vis China. I think as we know, sentiment can be fickle. It can go up and can go down. I think the more important driver is going to be the economic situation that Europe is in. The projections now show that they'll be in a longer and deeper recession than either North America or Northeast Asia. It will be harder, therefore, to say no to Beijing, or to Chinese companies, or to whatever, when the foreign ministers and the defense ministers want to do something else because they're trying to generate economic growth. And so, saying no to Chinese capital and markets or fearing punitive measures, may be hard, and therefore on an issue like Huawei, it would be harder to enlist the Europeans than it would have been had this not happened.
- Bethany Allen-Ebrahimian: On the same topic of other regions and unexpected phenomena that have come out of the coronavirus, I would say that Taiwan's rise has been very interesting and this dovetails with a question from an *Axios* reader, which is that Taiwan's effective coronavirus response as a democratic nation combined with its transparency and the aid it has offered to governments around the world, including state governments here in the U.S. has raised its profile and showcased its soft power in comparison with China. What does a post-pandemic world have in store for Taiwan, which is a key potential flashpoint in the U.S.-China relationship.
- Richard Fontaine: I think Taiwan's status and profile have certainly gone up through this, especially coming and drawing such a stark contrast between the difficulties of Hong Kong and a flourishing full-blown Chinese democracy in Taiwan. But its success in dealing with coronavirus, and generosity, things like that, I think have, at a minimum, made people question, "Is it really so important to Beijing that the Taiwan not participate in the world of health assembly?" I mean, this seems to make no sense whatsoever on issues much more important than health and skin, the government may be about the diplomatic status of an island off its shores, but rather the health of people around the world. You look at that as one example, but of course, there are other international organizations and things in which Taiwan has both tried to become involved in and has something very specific and significant to add and to contribute, whether it's expertise, or aid, or whatever.
- Richard Fontaine: And I think that to some degree, the Beijing position, Taiwan has got to be treated as anathema to international organizations on transnational issues, even while it's dealing better with those issues and a lot of the countries that are members, I think that's going to be less tenable going forward. And hopefully this will help Taiwan get a little bit out of the diplomatic cold there.
- Bethany Allen-Ebrahimian: Right at this moment, or very soon in the next hours, Secretary of State Mike Pompeo is going to be meeting with his counterparts in Hawaii. What are the key issues they need to

discuss, given the dramatic downturn in U.S.-China relations that has come with the pandemic?

Richard Fontaine: Part of the challenge in U.S.-China relations is how do you rack and stack the issues and the priorities, because there's a million of them. We care about the South China Sea, One Belt, One Road, Hong Kong, and the future of proliferation, and everything else. You can just imagine so many different things. Here, I would suspect that anything that is constructive that comes out of this will focus on areas of commonality rather than just the recitation of differences, which I think are very well known to both sides, in which the United States should, and I think will, hold firm. I think there are two things. One is, I really do believe, that it's a very big missed opportunity for the United States and China to not try to work in some way together on coronavirus.

Richard Fontaine: The sense, these days, seems to be that this is all behind us, but the numbers beg to differ, and at a very minimum helping countries in the developing world with, for example, the production and distribution of vaccines and things like that. Because it's in our interest and it's in the interest of the Chinese that this not go forward. So, for all of our differences, and folks have pointed out in the United States and the Society Union, for all of their existential clash, were able to collaborate on smallpox in 1947, and some other things. So, I think something can be done there, and it should be done. And then of course, the other is getting a hold of the economic relationship, because we still have very high tariffs on a huge amount of Chinese goods, deal one, or part one, of the trade agreement has taken place.

Richard Fontaine: But most of the outstanding issues that are on the table for the United States, whether it's unfair investment rules, or state-owned enterprises, or theft intellectual property, or technology transfer, these kinds of things, still are there and we're never going to solve all of those, some of those are structurally intrinsic to the Chinese economy, but I think we could make some progress on some of them if we do it right. So, I would think that those would be the two that the Secretary of State can bring up.

Bethany Allen-Ebrahimian: Okay. Still on the U.S.-China relationship, you have talked previously about globalization in a post-pandemic world. Some people are saying that what we're really entering is a period of de-globalization, the topic of decoupling and de-globalization, how will that inform how the U.S. and China envision a post-pandemic world and their relationship with each other in it?

Richard Fontaine: I don't think that there's going to be de-globalization. There was a form of de-globalization after World War I and it took decades to get back up to, but absent some sort of war like that, God forbid, the economies of scale and the principles of comparative advantage haven't gone anywhere. And those economic principles will still make it much costlier to produce everything at home, if that's what a country decides that it wants to do. I mean, really, the alternative will be, "Do we want higher prices for less quality goods and services than we would have if we were able to trade and have financial flows?" So, the degree to which the economic drivers of globalization are still there, they're going to be there, but they're changing to some degree.

Richard Fontaine: So, the fragile nature of supply chains, for example, if a company had a plant in Wuhan, China, but had moved it to New Rochelle, New York, wouldn't be a whole lot better off

in terms of a virus shutting things down. The issue is, you don't just have one source of supply in some places, and then in a place like China, the risk is not just health issues, but also the political risks now that go on top of this, both from the way the Chinese deal with companies in its own country, but also the policy measures the United States has taken. So I think what you're going to see is the movement of some production, and then some targeted areas, domains, especially in technology that are either through business decisions or through policy decisions, pull the United States and China apart.

Richard Fontaine: But I think that's going to leave still a huge amount of economic interchange here. So, it won't be de-globalization, because it's extraordinarily unlikely that we will produce everything that we want to make and consume in the United States. But it also won't be decoupling. It's not going to be a broad scale decoupling of the U.S. and China economies, again, because it would be so costly to do. Instead, I think you're going to see a more limited, more tailored form of globalization. You may see things made abroad, but closer to home, Mexico is hoping to be a huge beneficiary of the U.S.-China clash, other countries in Latin America, same thing is true, of course, in Vietnam and Bangladesh and others.

Richard Fontaine: Then there are a lot of things that we will continue to buy and sell with each other. So, I think you'll see a more limited one that then will give more space actually for China and the United States to be at loggerheads more frequently, because you will have less of the corporate ballast that at least in prior decades pushed them together when things were getting hot.

Bethany Allen-Ebrahimian: You mentioned earlier about institutions and creating institutions, but what we've seen from the U.S., just within the past few weeks, is a potential withdrawal from the World Health Organization. What alternatives does the United States have to withdrawing from the World Health Organization? And this question is from a Twitter user just now, "How should we address concerns about China's push to shape the narrative inside of, and spoken through, international institutions?"

Richard Fontaine: On the first question on the WHO, I mean the alternative, if the United States wanted to provide aid to other countries, that it otherwise would have done through the WHO, is to try to push that through non-governmental organizations or through some forms of direct support. I think that's going to be less efficient, less effective. I mean, there's a reason why the WHO does what it does, but that's the alternative. I think it's unfortunate, in that respect. I would have liked to see the United States steady in, particularly at this moment in health history, actually, the amount of emergency aid it gave to the WHO and challenge other rich countries to do the same thing. Again, focused mostly on the developing world, where production and distribution of vaccines and therapeutics is going to be a huge problem and a huge challenge.

Richard Fontaine: But of course, we are where we are, so the alternative is to try to go outside and around the WHO. I mean, this is another example of the repeal without replace approach, which I think is unfortunate in a lot of ways. It's always great if you have a better alternative, but if you don't have a better alternative, and the one that you're in isn't great because their undue Chinese influence is inefficient, well, then you stay in and you try to fix what you've got, and that wasn't the case here.

- Richard Fontaine: The second question about rising Chinese influence in international organization, I think is a real phenomenon. I mean, at CNAS, we had a publication that came out cataloging a lot of this at some great length, and looking at the number of positions that have gone to Chinese nationals, for example, and the kind of diplomatic offensive that China has made effectively in international organizations.
- Richard Fontaine: Again, it gets back to what are the available alternatives? The alternative is not for the United States to pull out of these things and cede the ground for China to have even more influence, it's to contest with these organizations, the agenda that we disagree with when China puts it on the table, and to come in with our own affirmative agenda around which we can attract member-state support. China has a very narrow view of what it wants to do, but its more active in that space. I think we need to get back into that space ourselves and not leave this as an empty playing field, so to speak.
- Bethany Allen-Ebrahimian: We have just a few more minutes. For the final question, I would like to bring it back home again. In recent weeks, we've seen protests against racial discrimination around the U.S. and in some capital cities around the world, part of the backdrop is the pandemic, because that has disproportionately harmed black communities in the United States. It's clear that these protests are part of our discussion about America's role in the post-pandemic world. You mentioned earlier that we're trying to showcase that the U.S. allows protests to go forward, that we don't allow our military to be politicized even in the middle of the pandemic. And we know that China is watching, from many statements made by Chinese Ministry of Foreign Affairs officials and by Chinese diplomats. This should be a time when U.S. democratic principles are being showcased around the world. And I know that you've written about this recently, how can the U.S. national security community center its focus in a way that integrates civil rights at home with its leadership abroad?
- Richard Fontaine: I think the first step is to recognize that almost all of us are often more comfortable and used to thinking about protests abroad, rather than protests at home, and the problems with civil liberties and human rights abroad rather than civil liberties and human rights at home. The second part of this is to look at the history of U.S. foreign policy, all the way back to our founding, the racism against African Americans has harmed the United States and its standing in the world going all the way back to the Revolutionary War where otherwise sympathetic British said "it's awfully odd for those Yankees to be calling for their own freedom while they enslave people in the same colonies they wish to liberate." Up through the 1960s and the worries in the Johnson administration about how in, what was then called the third world, the images of blacks in the South being denied their voting rights, would play when these countries were seen as contested between communism and democracy.
- Richard Fontaine: So how do we square our own beliefs in the promotion of democracy and human rights and the standing in the world that we believe in, with this history of racism? Part of it is to deal with the problem, deal with the problem itself. That's not the best reason in the world to deal with the problem of racism, it's like reason 21. I mean, the reason is because of the intrinsic integrity of all human beings in the way we should want to treat others in our society.

Richard Fontaine: But I think we do have to acknowledge and recognize the fact that this kind of thing is damaging to our standing in the world. The protests were on the front page of North Korea's national newspaper. Every country in the world would love to point to the United States as a fractious, divided, hypocritical country that can't get its act together but loves to preach to others. All right, well, let's start proving them wrong. Let's take some measures which are now being debated all over the place about police, and institutions, and language, and diversity, and things like that, and improve our own records so that we are a model for other countries to emulate, rather than something we have to try to explain away as just one flaw among many.

Bethany Allen Ebrahimi: Thank you for those thoughts, Richard, and for your look at what we're going to be facing together in the next few years.