

# **THE ART OF REINVENTION**

**China, Ohio, and the New Global Economy**



Frank Jackson



David Franklin



Anita Chung



James Keith



Alexander M. Cutler



R. Steven Kestner



Brad Whitehead



Joyce Barnathan



Donald L. Plusquellic



Barbara Snyder



Dennis Scholl

## Welcoming Remarks

The Honorable Frank Jackson, Mayor of Cleveland

## Program Introduction

David Franklin, PhD, President & CEO, Sarah S. & Alexander M. Cutler Director, The Cleveland Museum of Art

## Exhibition Overview

*Chinese Art in an Age of Revolution: Fu Baoshi*

Anita Chung, Curator of Chinese Art, The Cleveland Museum of Art

## Opening Address

Ambassador James Keith, Former Deputy Assistant Secretary of State to China, NSC Director of China, and General Consul, Hong Kong. From 2007 to 2010 James Keith was the U.S. Ambassador to Malaysia and was previously posted in Seoul and Jakarta, as well as serving as NSC Director for Southeast Asia.

## Keynote Address

Alexander M. Cutler, Chairman & C.E.O. Eaton Corporation  
Topic: How can Cleveland learn and benefit from China's successful emergence as one of the world's leading economies in the 21st century? How do we bring to bear the experience and expertise of our panelists to influence the development of an international business agenda for Northeast Ohio and beyond?

## Panel Discussion

Introduction: R. Steven Kestner, Executive Partner, Baker Hostetler, L.L.P. Chairman of the Board, The Cleveland Museum of Art  
Moderator: Brad Whitehead, President, Fund for Our Economic Future  
Invited Panelists: Joyce Barnathan, President, International Center for Journalists  
The Honorable Donald L. Plusquellic, Mayor of Akron  
Barbara Snyder, President, Case Western Reserve University  
Dennis Scholl, VP/Arts, The John S. and James L. Knight Foundation

## Question and Answer Period



**Mayor Frank Jackson:** I want to welcome everyone to the Cleveland Museum of Art and all of our visitors to the city of Cleveland. And I want to thank the museum for work that they do here, an investment that they made in Cleveland, and also their initiatives, like this one, that uses art as a tool to connect Cleveland to the rest of the world in many different ways. So again, thank you for being here, thank you for inviting me, and welcome to Cleveland.



**David Franklin:** I'm David Franklin, the Sarah and Alexander Cutler director of the Cleveland Museum of Art, and I want to welcome you this morning. It's great to see so many leaders here from business, government, and academia, and so many of our trustees as well.

As you can see, we are currently hosting an exhibition of work by Fu Baoshi, one of China's, and really, one of the twentieth century's great painters. The exhibit will go to the Metropolitan Museum in New York next month, and then will travel home to the Nanjing Museum in China. Fu Baoshi lived through dramatic and often traumatic change. He trained as a painter and scholar, with deep roots in the venerable traditions of Chinese art, only to see those traditions rejected by Mao's revolution in 1949. He fled war and persecution and was forced to adapt to radical shifts in Chinese culture, both social and artistic.

Fu was born under a monarchy, grew up in a fragile republic, and lived out his life under Mao's communist regime. Early in his career, he painted for the Nationalist Party, the government that was defeated and sent into exile by Mao's Red Army. By the end of his life, Fu had painted some of the Communist Party's most prized works of art, many adapted from the poetry of Chairman Mao. As Fu himself wrote in 1961, "Ideas have changed; brush and ink cannot remain unchanged."

In the presence of Fu's paintings, we are here to have a conversation about more recent but still dramatic changes in China and in China's relationship to the world. Having this conversation against the backdrop of Fu Baoshi's exhibit is, to me, a powerful representation of what a museum can be: a place not just to interact with art, but a space which inspires dialogue, which explores contradictions.

I want to pause and thank all the members of the staff at the Cleveland Museum who have worked so hard preparing all the details that such an event requires—an event that's a little bit out of our normal scheme of things. And in particular, I want to mention Augie Napoli, deputy director and chief advancement officer. Thank you, Augie.

Today's conversation is directly and immediately relevant to the concentric com-

munities we live in—to Cleveland, to Ohio, to the United States, and of course, to the world. And I can't help but remark that President Obama is in Shaker Heights today, and I think it just brings all of this home to us. But to me, there's another element to this gathering that's important, and it's that our presence here speaks to the role of art museums in our society, and to the role of the Cleveland Museum of Art in Cleveland. Back in June, Intelligence Squared, a debating society based in New York, set forth the proposition that "museums are bad at telling us why art matters." I think our presence here today helps answer that charge, at least for today.

The title of our conversation is *The Art of Reinvention: China, Ohio, and the New Global Economy*. Our galleries here are home to an ancient story of invention, creativity, reinvention—a story that stretches back beyond 5,000 years. Today we're here to discuss a more recent chapter in that story. In our new global economy, new partnerships between China and the United States, between China and Northeast Ohio, are rising to greater and greater prominence in all our lives. And these partnerships are pushing us to seek a better understanding of China and Chinese culture. They're pushing into new and challenging conversations that cry out for a shared language, for context. And that context is hanging in our galleries today, in this exhibition.

In 1939, the Cleveland Museum of Art hosted one of the most significant exhibitions of Chinese art of that epoch. The *Burlington Magazine* called the exhibition, together with one in Detroit, "an impressive warning to the cities of the Atlantic Coast, that they must keep pace with the work that is being done at the great inland museums." When I read that today, I think two things. First of all, I don't know how many people who wrote for the *Burlington Magazine* had ever come to Cleveland, because when the snow and the wind come off the lake, we don't feel very inland. But of course, most seriously, that it attests to this amazing vision of our predecessors to really focus, as early as 1930 and before, to commit to the serious collection and study of Chinese art. And I merely need to mention the great visionary director Sherman Lee's name to really bring home the continuity of that devotion in this collection, to believe that the collection of Chinese art could be relevant and would be relevant to Clevelanders.

Yes, the Cleveland Museum of Art has always been a leader in bringing Chinese art to the United States. When our museum began its long period of renovations, we assumed new roles; one of those roles was to become a leader in bringing Western art to China. And we sent an exhibit of Impressionist and Modern masterpieces to the Nanjing Museum, *Monet to Dali: A Journey Around the World*, and you could say that we took some of our talents to China. More importantly, it cemented a reciprocal relationship with the Nanjing Museum and the Cleveland Museum of Art that has continued in the years since, and will continue into the future, I can assure you. And now the Nanjing Museum has brought some of their superstars to us, through this great talent, Fu Baoshi.

Fu Baoshi's work is a testament to the fact that art happens in the presence of life.



Our gathering here today is a testament to the fact that life happens in the presence of art. And because life happens in the presence of art, a museum, in order to do justice to the art inside it, must do justice to the life that surrounds it—to its city, to its economy, to its culture, and to the people that move through it. Since the beginning of my tenure as director, I've talked about a vision for the museum not as an ivory tower, but as a bridge—a bridge that can sometimes reach a lot farther than our utopia here in University Circle, that can reach to downtown, to the west side, to Akron, reach further and further. And today, there's a strategic relationship also developing between Cleveland and the State of Ohio and the nation of China. Art, I think, is clearly a manifestation of that. And when that happens, exciting conversations become possible. And one of them begins now.

To introduce us to the work of Fu Baoshi, I would like to bring to the stage our curator of Chinese art, Anita Chung, to deliver a few remarks. But first, I want to brag and boast a little bit about Anita's great achievements, her brilliant scholarship, and curatorial work. She is the person that has brought this exhibition here for us to enjoy. Anita Chung was born in Hong Kong, received all her degrees from the University of Hong Kong, but she's not an ordinary curator by any means; she's also an economist. So I can't think of a better person to sit on the stage today, wearing that hat. Anita has served as curator of Chinese art at the National Museums of Scotland and the National University of Singapore Museum. She came to Cleveland as a Mellon Fellow in 2001, and has been our curator of Chinese art since 2007. We're very honored to have her with us today, and she'll introduce this great exhibition.



**Anita Chung:** The current exhibition, *Chinese Art in an Age of Revolution: Fu Baoshi*, marks the Cleveland Museum of Art's ongoing commitment to promote cultural exchanges with China. In 2006, as the museum closed for the construction and renovation project, we had the exceptional opportunity to present the exhibition *From Monet to Picasso: Masterworks of the Cleveland Museum of Art*, in China. Following that exhibition, which successfully introduced modern Western art to a Chinese audience, this exhibition offers American viewers the opportunity to appreciate modern Chinese art. It brings the subject to a venue of world art discourse.

It is the contention of this exhibition that in trying to understand China today, we need to know about China in the past—at least the recent past. This exhibition tells the story of a twentieth-century Chinese artist, Fu Baoshi, who struggled to make sense of the changing world and to show a love of beauty, a passion for intellectual adventure that transcends political turmoil. A co-theme of this exhibition is the complex interplay of art, politics, and society. Looking back at Fu Baoshi's life and Chinese history of the last century, we can't help but reflect on the momentous changes and upheavals that have affected all aspects of life

in China. Many changes still occur on an ongoing basis. Certain changes still remain relevant for the twenty-first century.

First, the global politics and China's international policies have changed. In the thirties and forties, as China was fighting the war of resistance against Japan, national salvation was the major concern of the Chinese, for political leaders, intellectuals, and artists alike. The victory of the Chinese Communist Party in 1949 changed China's political, artistic, and social landscape as much as economic development. And in the fifties, the Korean War deeply hampered China-U.S. relations; and the hostility was further complicated by the Taiwan issue. Then the split of China and USSR in 1960 meant that China was isolated from outside influence and had to follow the path of self-reliance. Nationalism played a potent role. And it was in this context that traditional-style Chinese painting, like the art of Fu Baoshi, served to protect China's cultural heritage in the revolutionary society. Fu's art was symbolic of the Chinese view of the place, and in national identity in the world at that time.

Perhaps Fu Baoshi, who died in 1965, could have never anticipated the normalization of China-U.S. relations after President Richard Nixon's visit to China in 1972; nor could he anticipate that U.S. and Chinese dignitaries stood in front of his artwork in the Great Hall of the People for official photographs commemorating the new diplomatic relation. Today, China is no longer threatened by the forces of imperialism, as in the thirties and the forties. The Cultural Revolution that did terrible damage to China's knowledge base has faded into history. The Chinese Communist Party is still in charge, but China has reinvented itself as a developing state, no longer revolutionary, but instead, keen to embrace the post Soviet era world, where ideological differences have been less important in international relations, economic and cultural exchanges. The new challenges are perhaps the globalized economy and society that could subvert China. Second, ongoing economic reforms and industrial modernizations continue to shape China, but now with a relatively more tolerant and welcoming attitude toward influence from the world. Experiencing Socialist reconstruction in the fifties, the artist Fu Baoshi remarked, "Appearing like heaven and earth turned upside-down, the changes to our homeland has been tremendous." Yet during Fu Baoshi's lifetime, China was fixated with technological modernity, following the Soviet model. Mao's vision of ideological campaigns that mobilized the masses to accept the laws of economics, and his attempts at developing rich agricultural and international targets during the Great Leap Forward period turned out to be fatally deceptive. This policy caused a famine, which killed tens of millions of the Chinese people.

Mao's successor, Deng Xiaoping, converted China from a command[?] economy to one responding to market pressures. The new economic reforms practically replaced the commune, state industry, controlled employment, and fixed state salaries of the past. Whereas Fu Baoshi's generation participated in collective productivity of the late fifties and



sixties, Chinese men and women from the eighties onward get involved in the possibility of what they describe as “jumping into the sea” of private business. In the new era, however, there are other problems. Discontent about prices, alongside resentment over changes in employment structures as well as the widening gap between rich and poor—these, together with the problems of official corruption, overpopulation, large-scale internal migration, pollution, and environmental degradation fuel a wider sense of political crisis. Reflecting on the world of the sixties in which he lived, Fu Baoshi commented, “What an eventful era, so rich in the colors of romanticism.” Revolutions in twentieth-century China have not endured in their original form, but they have contributed to the transformations of Chinese society and culture. The art of Fu Baoshi suggests that revolutionary efforts in modern China, paradoxically, have clashed with an ongoing need to transmit China’s civilization. His art provides an important insight into the pattern of continuity and change in Chinese culture. Perhaps as we see how China transforms itself in a wider world order, it is necessary to understand how it also retains Chinese characteristics, drawing from the land and culture of Chinese civilization. In this regard, our museum’s Chinese art collection no doubt provides the rich resources for understanding China and its cultural accomplishments. When we consider that a whole generation of American scholars, students, journalists, and businessmen was deprived of all contact with China in the fifties and sixties we are now fortunate enough to experience the opening of China. It is my sincere wish that exchanges in the area of art and culture will contribute to the enhancement of friendship between the U.S. and China.



**David Franklin:** I’m pleased to welcome our next speaker, Ambassador James Keith, who is skilled in a very different fine art, that of the art of diplomacy. During his three-decade foreign-service career, Ambassador Keith has become a noted expert on China and Asia Pacific. A trusted advisor to both Democratic and Republican administrations, he served as deputy assistant secretary of state for China, and as a National Security Council director for both China and Southeast Asia. He was U.S. consul general in Hong Kong and was posted at embassies in Beijing, Seoul, and Djakarta before being appointed U.S. ambassador to Malaysia in 2007, where he served until this past year. Ambassador Keith has spent years living and working in Asia, including some time in Taipei, which happens to be one of Cleveland’s sister cities. Since leaving the foreign service, Ambassador Keith has joined the international strategic advisory firm, McLarty Associates, where he is a senior director and leads the Chinese practice. In this capacity, Ambassador Keith advises corporations and nonprofit organizations on complex business and political negotiations, and assists with planning and advocacy efforts. Few individuals are as thoughtful about or well placed to address the implications of Asia and the new global economy, as the man you’re about to hear from. He’s been called the Fu Baoshi of Asian diplomacy. Actually, I just made that up

right now. Please join me in welcoming a great public servant and diplomat, Ambassador James Keith.



**Ambassador James Keith:** I have to say that’s the first time I’ve been called the Fu Baoshi of diplomacy. But I do appreciate the nod in the direction of diplomacy as art, and maybe that’s something I’ll come back to. I want to thank all my fellow panelists, everyone here onstage. I’m honored to be part of such a successful venture. I want to congratulate the Cleveland Museum of Art for everything that it’s done. It’s widely known throughout the diplomatic circles in Washington and certainly is a tremendous asset for the United States in trying to pursue or implement our diplomacy with China.

One of the key themes that Dr. Franklin touched on, and I think Anita Chung also mentioned, is this sense of community. And that’s something that I highly respect—what is going on in Cleveland is a model for how other cities across the nation could work together to try to bring together politics and economics and art and culture. It’s this sense of community that, over time, creates stability in our relationships with countries overseas. And certainly it’s been an important element of our effort and our diplomacy since 1972 and 1979, to try to build a sense of community between China and the United States. Communities of interests, you might say. And also I would pick up on another thing that Anita said—that we have to look at the context and understand recent history, which I suppose is reasonable in the context of China, because we don’t really have to go back I think, to prehistory, from the American point of view, but we certainly need to look at the sense of—inferiority is, perhaps too strong a word, but the sense of damage that the Chinese feel was done to them since 1850 or so; and then look at what’s happened to China after 1949 and into the period of normalization in 1972 and 1979. When I first started working on Chinese affairs in the early 1980s, it was clearly a very different time. When you think about the sister relationships that exist now between museums, universities, cities, and the strong ties that come from the kind of economic connections that businessmen here in Cleveland have made in China, it’s worth taking a moment to remember how things were at the beginning.

My first job in Chinese affairs was working in Washington on a range of issues. In part, though, I had to look over the programs of every Chinese student in the United States who was involved in anything involving the hard sciences. At that time, our small office of seven or eight people in the Department of State was involved in every official delegation to China. It gives you a sense of where we started. Just by chance, I was later Ambassador to Malaysia. But at that time, the country that was the source of the largest number of foreign students studying in the United States was Malaysia. This was long before China exploded on the scene. In those days it was quite controversial, even then, that someone from the State Department would be looking over students’ programs. And of course, the issue of academic



freedom arose. And I have to say is that I was the most unprepossessing Big Brother you could imagine. I was about twenty-five years old, and I suppose they thought I carried a big stick. But even then, there was quite a lot of debate and controversy over how far the government should go in constraining or restraining the relationship with China, because that sense of community hadn't really been established. Throughout the seventies and eighties, I think one of the major objectives was this: trying to explain the mutual understanding that Anita talked about, and to advance the community that Dr. Franklin talked about. I think in the beginning there was genuine lack of understanding. And that beginning lasted for a long time; certainly through the eighties, which, as some of you will remember, was a very enthusiastic period of engagement with China. And if anything, I think the federal government's role was to remind people that there were problems, and that this would be hard, and that people should take their time. And indeed, by the end of the eighties, it did prove to be a problem. That is to say, we didn't really identify our communities of interests very well, and we didn't really understand very well where each side was coming from. And that resulted, I think, in a very cold period after 1989, for a few years, as we then sought to rebuild the relationship and try again to start building those communities of interest. And those are not things a government can fabricate, of course. These have to be built on genuine ties that are based on genuine interest. And that's really, I think, what the architects of U.S.-China relations back in 1972 and 1979 had in mind. They were very realistic in pursuing American interests and finding ways to bring China into the international order in such a way that it would contribute to stability and contribute to a foundation upon which we could build greater economic prosperity for both countries.

And that came, of course, after a period that you just heard about, of tremendous disruption, not just within China, but on the outside, remembering, for example, that Mao was a proponent of nuclear proliferation. He thought that was a good thing. So we've come a tremendous distance from those days; yet there still is a need for us to focus on building community and creating trust between the two countries, because we have real differences. They have matured, however. In the 1980s, the Chinese were frequently heard, in senior meetings between the two presidents and at the level of secretaries and ministers, complaining to us about the U.S. Congress. And the very sincere and very serious request made of the president and others in the federal government was along the lines of: Can't you make these people get with the program? And they were quite serious. It's an issue worth spending a moment on, because it reflected a real difference in our two approaches. And this was later, but Jiang Zemin quoted a four-character phrase to President Clinton, in trying to explain how he thought we should overcome these differences. I won't do it justice, but it's along the lines of *standing on the mountaintops and looking to the horizon*. In other words, keep the big picture in mind. Let's have a strategic approach to our relationship.

Using shorthand here, but mixing the two perspectives, I think perhaps the best

explication of the American response to that was earlier. Former President Bush, for whom I also worked, some of you may remember, was criticized during one of his campaigns for not having vision. And that then became a stock phrase in the campaign, where he would talk about that vision thing. And this is what Jiang Zemin was talking about. We ought to have a vision for U.S.-China relations. We have to keep our eye on that long-term objective and have some patience in terms of the day-to-day development. And I think what then-President Bush and his National Security Advisor Brent Scowcroft had in mind was of course, we have to have some sort of sense of common understanding of where we're headed. And that was true in the seventies, as we started to identify some common interests, when the Soviet Union was still around and we had that as an organizing principal. The strategic triangle, they used to call it, was our way of starting to talk to each other about our communities of interest.

But what Brent Scowcroft and President Bush tried to explain to the Chinese was that because we have different systems, our approach to identifying a long-term objective from a strategic perspective, and working toward it day to day from a tactical perspective, were quite different, and we needed to think about that and work on it. And one example of that was the Chinese misunderstanding of what the U.S. Congress represented. And it had consequences because, you know, many analysts, one can imagine, were pulling their hair out on the other side of the Pacific, trying to understand what genius designed this presidential set of statements and congressional set of statements, and they didn't seem to go together, and how were the Americans to be understood? What were they trying to achieve? And ultimately, on the Chinese side they responded to all of this, in many ways misperceiving what it was that the Americans were trying to do. And you can see this right through the present day and President Obama's trip to Asia in November. Many people in China took his comments on the South China Sea in the context of America trying to keep China down, prevent it from rising, contain it, encircle it, and hold it back. That's been a common theme throughout our relationship since 1979, and it's fed by the early Chinese misunderstanding of what has to be done to sustain a political relationship from a democratic country's point of view. From China's point of view, we should get the machine on the track, point it in the right direction, and as Deng Xiaoping said, "Let's see how it comes out in about fifty years." It's a little bit of an overstatement, but the sense of patience and the sense of willingness to put up with daily and monthly fluctuations in the relationship are quite different on the U.S. side. We tried to explain we have to sustain political support for our relationship. That means it has to show dividends in ways that the people can understand. And people on both sides of the Pacific have to have a sense of, What's in it for us? And we have to explain that to our people.

Increasingly, on the Chinese side, the Chinese do, too. There is real public opinion in China, and it is something that not all Americans appreciate if you talk about the Taiwan issue, which is not so much in the press anymore, because the gradual evolution of communities of interest between the people on Taiwan and the people on the mainland has cre-



ated a much more stable situation there, and it's much less threatening than it was before. That gradual accretion of common interests that we talk about in U.S.-China relations has already occurred in China-Taiwan relations. Not to say that things can't go wrong and that that couldn't be a flashpoint. Things can always go wrong. These are human enterprises, and therefore, prone to human mistake. But one can feel much more confident about what, during most of my career, was *the* most likely flashpoint in East Asia, the likelihood that somehow there would be miscalculation around the Taiwan issue, and that somehow, in order to prevent Taiwan from going independent, the mainland would risk everything in order to prevent that. One doesn't hear much about that, because this tactical approach that George Bush and Brent Scowcroft were trying to explain to the Chinese has actually worked. Day by day, little steps have created momentum, such that the long-term strategic objective is in sight.

To give you a couple of examples in the present: I think having overcome some of that early misunderstanding and having built some community of interest, perhaps I could take a look at a few of the specific issues that have developed in the last decade or so. After 1989, as I said, sanctions were applied. We then went into a chill for a while in the relationship, and then gradually built back from that, with a much more realistic approach on both sides. Don't forget, in the 1980s I think Washington was guilty of some of over exuberance. For example, on the military side, we started from almost nothing, really a period of confrontation, and by the late eighties—again thinking of the former Soviet Union—we had defensive military cooperation in place with China that we wouldn't do today. You know, we had gone that far ahead of ourselves. And the American people really weren't ready for that, it seems in retrospect, and the government got well out in front. And in our polity, that sort of dynamic is important. And the Chinese have had a hard time understanding that. To this day, the U.S. Air Force is still the service that is the farthest behind all the others in terms of U.S.-China relations, because of the difficulty it had in 1989 canceling its programs with the Chinese, which were aimed at the Soviet Union and our practical cooperation in those days, which served both Chinese and American interests. And as we've sought to rebuild this, we've tried to institutionalize the relationship. That has been a number of different things. In the bilateral relationship, that means dialogues between senior officials and trying to get counterparts on the Chinese side who are prepared to go beyond the recitation of the so-called party line. And that's been successful, insofar as we've been able to create a meaningful set of talks. It's been unsuccessful in insulating the relationship from the buffeting winds that seem to be a natural part of the relationship, precisely because of this sense of community. It's going to take time, and programs like these, to create the opportunity for people to come together, and for the American people and the Chinese people to come to trust one another. That's really the bottom line. So there's only so much that we can do in the bilateral relationship to hurry that along. Really, there is a need for a strategic patience in that respect.

On the multilateral side, we've been working hard with other countries to help China find some international space, because it has to have a place if it's going to contribute to the international system. And with a billion people, it's going to contribute one way or another. And I think the architects of U.S.-China policy in 1972 and 1979 had it right. They made the right decision to try to create a place for China, let it move into that place if it were prepared to so that it would play by the rules, recognizing that if we expected it to play by the rules of the road in the international system, it would have to have a chance to help make those rules. And the World Trade Organization is a good example of that. China has just passed its ten-year anniversary in the World Trade Organization, which is essentially a group that asks all of its member nations to agree to a set of rules and apply them equally and universally. In the first five years of China's participation in the WTO, it was quite successful. I think the economic reforms that were announced and put into place by Deng Xiaoping had real momentum in those first five years. I think in the second five years, state capitalism began to creep in more and you started to see a China that recognized the difficulty of the decisions it was making, not only from an economic point of view, but also from a political one, because it increasingly has to deal with communities on the Chinese side. That is to say, there is a middle class in China. And as I mentioned, there is public opinion. The Chinese have come a long way in managing their relationship with their people, from the public relations or public diplomacy point of view.

I was part of a delegation that went to China to help explain the accidental bombing of the Chinese embassy in Belgrade. This was, one might say, a Sisyphean task. The Chinese, to this day, haven't given up their misperception, again, of the United States as a technologically advanced country that doesn't make mistakes. Recognizing that yes, we have airplanes and bombs and technology that can do what it's told, but a human being has to tell it what to do, and therein lies the opportunity for mistake. But over the course of that event, the Chinese were careful about public opinion. Earlier in their experience, they had learned that past practice of the seventies and eighties in which the government could switch public opinion on and then switch it off, because it was a tool of the United Front Work Department and it was propaganda, had changed. And by the nineties and into the early 2000s, things were happening that gave the Chinese government pause. So if the Japanese won a soccer match, and as a sock, frankly, to nationalism, the government allowed riots to occur, those riots could then turn on the government. Every day now, there is sign in China of the stress of transformation. There is dislocation in the Chinese economy, associated with those reforms that were put in during that ten years of WTO accession and participation.

It is difficult in China. One hears Chinese leaders talk, in the run up to what is their equivalent of an election—and I'll mention more about that in just a moment—of greater harmony, the need for greater harmony in society, a focus on the need for more equal distribution of wealth. You know the phrase “one China, two systems” was designed to help bring



Hong Kong in. And there's an example of Deng Xiaoping's strategic patience. He said, "Hong Kong could be like it is for fifty years, and then we'll see what happens." And that clock is ticking, by the way. In 2047, Hong Kong will change again. But that "one country, two systems" really starts to apply these days, as Hong Kong has been transformed in a fairly successful way, and it seems to me to apply more to China proper. And the costal economy and the China of the internal provinces are starkly differentiated. And if it might take a quarter century for the costal economy to match first world standards, it might take a hundred years for those in the internal provinces to get there at their current pace. And that's obviously creating wrenching conditions for Chinese politicians who have to deal with this. And there is enough flow of information, and enough civil society in China such that people are more and more aware of their relative position.

So as China starts to look to gather its interests and apply them to the U.S.-China relationship, those are evolving, those are dynamic as well. And one way to look at that in the current setting is the upcoming political calendar. The election season is on us here, of course, as President Obama's presence and the late-night returns last night testify. In my experience—and this can always change—past isn't necessarily prologue. But from the left and the right, presidential candidates have talked about the U.S.-China relationship in fairly stark terms during the campaign season. And generally, as they've come to govern, have come back to the moderate center, because that's where American interests lie. And I would expect that to continue, if I were to prognosticate at this time. We have very strong interests in China, and we need to find ways to realize those interests, true to American values, and with a careful eye on American priorities; but we need to engage the Chinese, because our economies are so integrated, our futures are so integrated, and our peoples are increasingly integrated.

On the Chinese side, you have coming up in the fall the Chinese Communist Party's Congress, which is where the real action takes place, and then in the spring of the next year there'll be the National People's Congress that puts in place the individuals in state government positions. So this is a once-in-a-decade major change in Chinese leadership that's coming up, and there is what is akin to a political season in China, comparable to what we're going through in the United States. So this is a sensitive period, and a time when one can expect the Chinese to be conservative to try to avoid controversies that will create problems for the country during this transition. And it is a dangerous time. I was in Hong Kong when SARS broke out, and that happened between the Party Congress in the fall and the subsequent National People's Congress in the spring. And that's a time when you've got lame ducks in charge in China, and it's very difficult to get bold, quick decisions out of the Chinese system at that time. So this is actually a period, over the next year and a half or so, of heightened interest, I suppose you could say. One hopes that stability will be the watchword and I certainly think that will be the Chinese government's attempt. Much will depend on the

international scene. But if you look at three different policy issues, you can get a sense of where the Chinese might go with this new leadership.

The first is North Korea, much in the news of late. And it would have been a much more difficult issue for us to deal with, I think, had it not been for the six-party talks and the agreed-framework talks that had gone before. I was part of the original discussions with the North Koreans, way back in 1988, where we held our first discussions with the North Koreans at the International Club in Beijing. And the Chinese facilitated those talks. They made a room available, and then got the heck out of there and left us to talk to the North Koreans. We spoke in Chinese, because the North Koreans spoke no English, and we spoke no Korean at that time. What evolved over time on the Korean issue was not just Chinese facilitation, but Chinese participation in those talks, recognizing real interest. As the North Koreans did one thing after another that hurt Chinese interests, they finally decided they needed to get involved in this and try to help steer the direction, such that now Japanese, South Koreans, North Koreans, Americans, and the Chinese are really engaged in give and take to try to make this work. Much different from the original position of the Chinese, which was essentially: We'll take care of our stuff, you take care of your stuff, and this is one side of your stuff. One imagines that the Chinese will continue to use their influence in North Korea to moderate the outcome. I think they have more patience than most of us—although the South Koreans have learned the benefit of allowing North Korea to gradually improve its situation, such that when reunification finally comes—and it will at some point, because North Korea is a failing regime—it won't be quite so expensive, not so much per capita in South Korea to absorb the North, or to find a way to work some sort of federal confederation with the North. Whatever the outcome is, it will be less expensive over time to the South Koreans if the North Koreans can gradually change, rather than simply collapse. And the Chinese look at it that way too and are patient about that; they would be happy for the current situation to persist for a while. But I think they've made their decision about where this will end up. And they made that decision in 1992, when they recognized South Korea. So you see in the Korean Peninsula and the Chinese influence on North Korea, the Chinese exercising influence in a way that is consistent with American interest, that is conducive to stability in the global system, and is helpful, frankly, to those communities of nations that have an interest in Northeast Asia.

To take another example, Iran poses an issue where the Chinese could do more, but have done more than most people recognize. Particularly as a member of the permanent five on the U.N. Security Council, the Chinese have not been an obstacle, and at times have pushed the Iranians, and at particularly difficult moments when the Iranians were wont to move in a more inimical direction, the Chinese have exercised influence. They could do a lot more, and their interests are engaged, so they should do a lot more; but they're careful, more careful on that issue, further from their borders, than they have been with North Korea.





And then finally, to touch on the South China Sea, as an example of many of these issues we've just been talking about. I referred briefly to President Obama's trip in November, which was, I think, widely appreciated in Washington inside the Beltway, as a forceful or muscular articulation of U.S. interests, and one that was called for, and perhaps even overdue. I think in Asia the trip was viewed with some trepidation. Most of the participants in Southeast Asia, at least, were wary of a quarrel between the United States and China and getting caught in the middle, which is something they'd prefer to avoid. I think in China the trip fed those who actually do understand but prefer to use nationalism in the domestic scene as a tool, and fed this concern, popular concern, that's really out there, that the United States is keeping China down. So it illustrates the difficulty, the fine line that has to be walked in aggressive, as necessary, and certainly muscular representation of strong American interests on the economic, political, and in many other arenas on the one hand; and the need to be aware of how we're influencing China and who we are or not helping. We're not always as savvy about that as we might be. Just before that accidental bombing of the Chinese embassy in Belgrade that I mentioned, two weeks before Premier Zhu Rongji visited the United States on a state visit, President Clinton, on the advice of domestic advisors, chose not to seal the deal on China's WTO accession during that visit. It was deemed too high-profile, and from a political point of view, better to let the visit happen and then quietly make the deal afterwards, so that it didn't become such a political issue in the United States. There were those who argued against that approach, but they lost. And in the end, we did some damage to Premier Zhu, who expected to seal the deal and was hurt politically, going back empty-handed to China. And then two weeks later, unbeknownst to all of us, the accidental bombing occurred, and then it was almost a year later before we got back to where we would've been during Premier Zhu's visit. So you have to be fairly humble about your ability to read the other side. We had no intention of damaging Zhu Rongji and his reform-minded policies, but we did. And we had no idea that the opportunity we decided to delay wouldn't be there for quite some time because of the intervention of events.

South China Sea is an issue like that. We have to be careful about it, because we don't know all of the ramifications within China of how we operate there. We have a real interest, a very clear, straightforward global interest in the way territorial disputes in seas are handled. To be honest, our position is undercut a little bit because we haven't ratified the Law of the Seas, which is the instrument in which all of these principles are embodied; but nevertheless, we hold them strongly. So there's a very straightforward presentation for our position on the South China Sea issue, which is a territorial dispute. China claims more than we would recognize under the law of the seas, and many other claimants want that territory, because there are valuable natural resources there. And therefore, people are motivated,

governments are motivated to try to resolve this issue. As we approach this we're still bedeviled by the lack of community of interest and the lack of trust. The real community of interest there is that we and the Chinese share the desire to let all of the countries in the region exploit those resources. And by the way, some American companies would help them do that. But the lack of trust prevents us from playing a very active role in getting to that solution.

I will close by thanking Dr. Franklin for touching on the art of diplomacy. But many people misunderstand it, I think. It's really not rocket science. It doesn't take great artistic insight to figure out what point B is. The art of diplomacy is getting from point A to point B. This happens all over the world: businessmen and governments, countries, go from point A to point B all the time, without help. When diplomats come in, it's because there are problems. And the art is in devising ways to get to point B, despite all the obstacles. And that's where we are today, in our relationship with China. We, I think very clearly, see that horizon from the mountaintops that Jiang Zemin talked about. The strategic convergence between China and the United States is quite evident. But there is a lack of trust, because of different systems and because of different demands those systems create on us. Most importantly, on our side, the need for us to continue to find ways to sustain political support for the relationship, such that we haven't quite managed to establish that community that we need, in order to promote and protect American interests. And therefore, I'm here today, more than anything, to thank everyone in Cleveland—the Cleveland Museum, in particular—for the exceptional efforts that are being undertaken in what is a decades-long slog to promote mutual understanding and help Americans really know who the Chinese are and what they want, and where they're going ten or twenty or thirty years from now, and the same for Chinese and Americans. Thank you very much.

**David Franklin:** What a riveting presentation. It's my honor now to introduce our keynote speaker this morning, Sandy Cutler. Sandy is the Chairman and CEO of the Eaton Corporation, a multibillion-dollar global power technology company, headquartered here in Cleveland. Sandy has been one of Cleveland's preeminent business and community leaders for many years, and we are pleased to have him with us here this morning to frame these issues in the context of the international economy, and in the mold of an international business agenda for Northeast Ohio. Sandy's business career has roughly coincided with the decade since the opening up of American diplomatic relationships with China; so when it comes to China's role in the international economy, he's really seen all of the recent developments very much from the top. Or we might say from the Cuyahoga Valley. But you know what I mean. So please join us in welcoming Sandy Cutler to the stage.



**Sandy Cutler:** Let me welcome you all this morning to what I think you'll find will be a really exciting series of conversations and dialogues about emerging China, its effect not only on the arts, but also on our economic region and businesses like Eaton Corporation. I'm delighted to participate this morning, along with all the panelists we have here on the stage, for a number of different reasons: first, as someone who's been very much committed to Cleveland. Second, our family is very much committed to this institution as a real cultural beacon; my wife serves on the board of trustees here. Last of all, as a business leader who has very significant interests in China—we do just over a billion dollars of volume in China today—and a business relationship that's grown over these last fifteen years.

You've heard this morning why the Cleveland Museum of Art is a very special place to convene this discussion, not only about the political relationships and the dialogue that our countries have had over many, many years; not only about the business relationships that are important for people who have jobs in Northeast Ohio, and companies that are headquartered here; but also for that very important role that the arts have in forming that communication link between countries that are not always on the same page in any individual decade. This morning I'd like to share my comments around the economic evolution and what has happened both in the United States and in China, to allow us to not only learn some very important lessons that have been demonstrated about economic growth in China, which I do think can apply here to our own region of this country, but also in terms of what it means for the *enormous* growth in the emergence of China in the world economy, and the implications it has for not only the United States, but other regions of the world as well.

You know, China is a fascinating country. And too often we all fall prey to what we watch on Fox or CNN, or choose your flavor of news that wants to be able to express a country in a quick sound bite. China is a country of enormous contrasts and enormous complexity, far more than can be expressed in a fifteen-minute editorial or in a half-hour news special, or even what we can touch on this morning. It represents both the Far East, with its lands of tradition, of conformist society values, a huge and largely rural population, and artistic traditions which date back much further than our own country. It also represents, at the same time, a fast and growing Western dynamism, with some of the most modern cities in the world today, skyscrapers reaching for the sky, efficient public transportation, a commitment to conservation—although with major challenges in implementing it—and also a commitment to building a much more modern consumerist society. In 2010, I think it's worth noting that that Chinese GDP consists of somewhere between 10 and 15% of the world GDP, depending upon whether you measure it on a current price or on a price-adjusted parity basis. This is a country that is here to stay and that will grow in economic might and influence on all regions of the world.

Now, China's leadership, as you've heard already this morning, has communicated with its populous for years through its five-year plan, a set of goals, specific programs that will be implemented. And if you actually go back and look at those plans over time, they have been a remarkably good footprint for what will happen in the next five years. Now, not every one of these plans has worked particularly well. You already heard this morning that the Great Leap Forward in the fifties led to a massive and tragic failure. The Cultural Revolution tried to lead the country away from the so-called capitalist road, and that too failed. But in 1979, Deng Xiaoping returned to power, and was the leader who ultimately put China on the pace that we see it today. He led China to reform its economy and to open its door to Western capitalism. For those of you who have seen pictures of Deng, you know he was a man who was diminutive in stature, but perhaps the most powerful leader in recent Chinese history. His charisma and his ability to articulate the route forward united China in a way that had not been seen for decades. His famous bromide that "I don't care if a cat is white or black, as long as it catches mice" helped to convince the Chinese people that it was okay to open itself up to the West and to adopt more capitalist policies. The goal was, and it still is, to improve the standard of living for all Chinese people. And that's the path that China has been following for some thirty years, and in so many ways is transforming the country as you've heard this morning already.

China doesn't meet any simple construct. It doesn't fit any easy explanation. It's complex. It has very complicated elements and constituencies, and it's a place of daily contrast. When I first visited China in the early 1990s, I can recall the cities were mostly dark after the sun set. And when you flew into a major city like Shanghai, or you flew into Beijing, it was actually hard to tell where the city was. And when you drove into town from the airport, there were very few lights on the roads. People rode bikes. The traffic was controlled in cities by policemen with white gloves. And there were old pollution-belching busses and creaky trains in use. Well, that image of China is mostly gone in the eastern part of the country. And this was ordained by another one of Deng's famous statements, "Let some people get rich first." And he was advising the people at this point that the activity was going to happen on the eastern shore. Those eastern provinces would be the places where the new investment was brought in from abroad, it would be where the focus of the government would be, and those cities would be revolutionized to set an example for what may take decades, as you've heard, for the rest of the country to catch up. So when you visited the cities of Shanghai, Beijing, Tianjin, Shenzhen, Guangzhou, the citizens of those cities felt this attention early, and their standard of living has been significantly elevated. Deng's policies have been followed for more than twenty-five years, from the late seventies to the early 2000s.



The current president, Hu Jintao, took over in 2002, and has begun to articulate a new change, a fundamental change in Chinese policy. And it started with the five-year plan that was announced in 2007. President Hu has called his philosophy “developing a harmonious society.” In his vision, China would combine dynamic economic growth and a free market energized by a vigorous private sector, with concern for the welfare of all citizens. And when he said all citizens, he was explicitly speaking to the issue of not simply citizens on the eastern seaboard. The China of today knows that they need to continue to move hundreds of millions of their citizens into urban centers and develop an economy where they can find work, and create a true and broad-based middle class. They’re also working to continue to expand people’s personal freedoms, and are really working on the idea of cultural enlightenment. I have some indelible memories of those early days in China. And going back to the early 1990s and late 1980s, I can remember having a business meeting with a mayor or vice mayor of a city and the respective industry and development departments. The meetings were usually held in big rooms. *Huge* rooms. Large conference rooms with no tables in them. Yet what you would find as a Westerner is all the chairs were seated around the outside of the table, and in that room were assembled all the people that the local government felt might have an interest in your message. If it was summer, it was very hot and humid. If it was winter, it was very cold, and we normally wore our coats and our gloves, and our hats in the meetings. There was a reason for this. The local businesses and local governments often times could not afford to waste their energies to heat the meeting rooms. Things have changed dramatically in the last fifteen years. Now the meeting rooms in the buildings are among the most impressive, modern, and well-appointed that you’ll find anywhere in the world. And interestingly enough, no smoking is allowed in government buildings today. That is a massive change from the cold, smoke-filled rooms that we all met in for many, many years. Another memory of this time was going to a business meal. There would be a *huge* group of people at these meals, and I’d often ask my colleagues, “Where’d they all come from?” None of them were in our meetings. And our local managers explained to me that most employees of state-owned enterprises were also paid in calories, and that’s why they were invited. Having a foreigner in town was a great way for everyone to have a good meal.

We’ve seen a lot change in the last fifteen years. The big cities are among the most effective and modern infrastructures you find anywhere in the world. Shanghai, a city that many of you probably visited, has been totally remade, completely transformed in the last fifteen years. And the new Pudong area, which many of you have been to, an urban city of more than 500 square miles, is completely new and created in fifteen years. Three of the world’s top twenty tallest buildings will be in a four-block area in Pudong by the end of next year. And the lights. It’s hard to describe the lights in China today. But one thing we can be certain of, Thomas Edison never envisioned the use of lights like the Chinese are doing in the twenty-first century.

So enough about that background. What does this all mean for Eaton and North-east Ohio? For Eaton, we’re a power management company, and we’re pleased to be helping China to build its infrastructure as it brings itself into the twenty-first century. We’re providing equipment and services to the burgeoning Chinese aerospace industry; to the construction and agricultural equipment industry; to the machine tool industry; to large infrastructure projects like the Three Gorges Dam and the new Beijing or Shanghai airports; to the electrical industry, from generation to distribution; from utilities to manufacturing plants; from data centers to commercial buildings; and of course, to the fast-growing automotive and truck industries, which are now larger than our industries here in the U.S. We’ve been recognized for our achievements in bringing sustainable technologies to China, and host the annual NGO conference on sustainability in Beijing on an annual basis. And while our earliest relationships in China date back to the mid-1980s, our business expansion really began in earnest in 1993. Today, we have over 10,000 employees working in China, and eighteen manufacturing plants, four world-class R and D centers, and over sixty sales offices. And the vast majority of what we produce in China stays in China. The economy is growing so quickly we’re having a hard time keeping up with that pace.

Now, many of you’ve read in the news that during these last nine months the Chinese economy has slowed, much like the economies we’ve seen around the world. But we remain quite bullish on the long-term prospects for growth in China. It’s estimated that 300 million people will move to a city in the next forty years in China. Three hundred million. This migration has never before been witnessed or accomplished, but is necessitating a refresh of every major and small city throughout China. The new middle class wants much the same that the middle class wants in the United States—a home, a car, help in educating children, access to healthcare, and a great place to live, with great interconnected public spaces. But the Chinese economy looks quite different than our own economy. Think about a couple of these numbers. The investment component of GDP in China is 49%. Here in the U.S. it’s 20%. It’s a growing economy. And this will continue. Think about a couple facts out of the current five-year plan. The public housing element of the twelfth fifth-year plan—and that’s what we’re in right now—is simply staggering. Ten million new units in 2011, ten million new units in 2012, sixteen million units in 2013, ’14, and ’15, totaling thirty-six million units of public housing to be built in the next five years.

So are the investments of competitive infrastructure a real message for us in our own country. The five-year plan calls for sixteen new major freeways and expressways. These are federal level. Ninety percent of all the villages are to be accessible to motor vehicles by 2015. In railroads, 110,000 kilometers of new railroads by 2012. Another 120,000 kilometers on top of that by 2015, including 16,000 kilometers of high-speed rail. Agriculture is still a very big part of the country’s GDP—10%, compared to just under 1% in the United States. This is an enormous opportunity for productivity and for firms like ours and so many oth-



ers to bring those productivity tools to the country. Manufacturing: 34% percent of GDP is manufacturing in China, compared to 13% in the U.S. And that now makes China the largest manufacturing economy in the world, at a time when the economy is still a fraction of the U.S. overall economy. And that brings us to the last point that the government is working on, and that is working hard to increase domestic spending, that consumer portion of the economy. And I think there are reasons to be optimistic that they'll achieve that goal as well.

If we bring all of that back here to Northeast Ohio, what does that mean for us in our region, and how can our region benefit from the China story? I believe China may offer Northeast Ohio the opportunity for its next renaissance. And it's as simple as taking a couple of the pages out of their very successful playbook. Let's start with education. Their lesson's been very clear and it's been very direct. They aligned education tightly around industry clusters that they targeted, and put in the curriculum and the necessary background to prepare students to work successfully in those industries. They also made a major initiative to attack language capability. And there's not a city you travel to in China today where people don't speak English and the employees you hire cannot also speak English. I would submit that we need to start thinking about speaking Chinese. Attract capital: If your own country isn't growing well, and if your capital systems aren't working well, you find a way to go attract foreign direct investment. China has put in very strong incentives to bring in FDI—over \$80 billion per year for the last twelve years—and it has been an enormous source of creating jobs within their country. Export markets: A dynamic, growing export sector could be critical to growing jobs in our ever increasing global economy, and it's not a time to sit on the sidelines. Today's formula consists of investing in competitiveness and access to fast-growing emerging nations. China has made this move in the last five years, and so should we. China has moved from simply exporting to the established economies of the U.S., Japan, and Europe; they're now having established strategic investments in their trade relationships with most of the emerging countries of the world. And frankly, they're leading the U.S. City planning: We have a real opportunity to learn from the Chinese, who are involved in the most contemporary city planning in the world. Increasingly green cities started from day one with green concepts; cities without extensive suburbs but instead, vital city cores; cities with world-class interconnected spaces and attractions. Tourism: 1.1 million Chinese tourists will visit the United States in 2011, up 37% from one year ago. Chinese tourists are spending 50% more per person than U.S. tourists on international trips. By 2016, the Chinese will become the number one nation for international visitors to the United States. Why shouldn't they come to Northeast Ohio? With the assets we have to offer, we are a terrific destination. But we need to make some changes. We need our top hotels, our cultural entertainment venues to be ready for Chinese tourists, we need language services, tour group capabilities, food choices, and the list goes on. But we need to get on the offense if we want to capture this market share.

Hopefully, these ideas give you a feel for what China has done so successfully in creating their economic miracle. And they're all within our reach, if we get focused upon them. So let's work to bring Chinese investment and tourists to Northeast Ohio, and have them help create local jobs, leveraging the great cultural, educational, and business institutions we have; and let's make this investment a source of strength here in the U.S., instead of losing it to other communities in the U.S. Let's take these lessons from their own economic miracle, their own industrial revolution, their own cultural revolution, and not be too proud to see that things that have worked for others can also work for us.

I want to thank you for listening this morning, and I really want to thank you for being here at the Cleveland Art Museum, one of the real cultural jewels that we have in our region. And I hope that you'll hear our panel this morning, which is uniquely qualified to really expand on a number of these themes. Thank you so much. Thank you for being here this morning.

**David Franklin:** We're going to turn now to our distinguished panel in a moment, so it's time for me to hand over the proceedings to Steve Kestner, who is the chairman of the board of the Cleveland Museum of Art. Steve is an Ohioan through and through. I don't know what color you bleed—orange perhaps? Scarlet and gray? He grew up in Columbus before moving to Cleveland and attending Saint Ignatius High School; he then attended college and law school at Ohio Wesleyan and Ohio State Moritz College of Law. Since 2004, Steve has been the executive partner of the Baker Hostetler law firm. Among his many professional recognitions, he's been named one of America's leading business lawyers by *Chambers USA Magazine* since 2005; and in 2008 he was selected to the fellows of the American Bar Foundation. Steve has served on the board of trustees of the museum since 2004 and became chairman this past September, and we are indeed fortunate to have his very steady and formidable leadership at the museum at the present time. Please welcome Steve Kestner.



**Steven Kestner:** It's a pleasure to be here and to see everyone here. On behalf of the entire board of trustees, I want to thank Ambassador Keith and Sandy Cutler for their remarks this morning. They've been both interesting and informative, and there is really a lot to learn from those remarks. I also want to thank David and his team for all the work they've done putting this program together; it's really a great program. I think the panel coming up will be excellent as well.

In the short time that David has served as the director of the museum, he has found



new ways to engage both local and global audiences. This program is the first of its kind for the museum and shows how the museum can engage the community in an issue important to our region's future. It's great to see so many of you here today, interested in being part of that conversation and the role of our community. We have exceptional panelists here today, and their experiences and insights about the development of an international business agenda for Northeast Ohio should be very interesting. There will be time for questions at the end of the discussion. Let me introduce our panelists.

Joyce Barnathan is the president of the International Center for Journalists, a non-profit professional organization dedicated to promoting quality journalism worldwide. The center offers hands-on training workshops, seminars, fellowships, and international exchanges to journalists and media managers around the world. Since its founding in 1984, it has trained more than 70,000 journalists in 180 countries. Prior to joining the center, Joyce was an executive editor of *Business Week*, where she helped create the new editorial extensions and alliances of *Business Week*. She helped launch the Asia edition, which won prestigious awards for coverage of China's growth, Asia's financial crisis, and the turmoil in Indonesia. For her work, Joyce has been honored with five Overseas Press Club Awards and one National Headliner Award.

Mayor Don Plusquellic was sworn in last week to his seventh term as mayor of the City of Akron. He has a career in public service that spans five decades. The Brookings Institution calls Akron an economic recovery model for other cities to follow. Mayor Plusquellic has made it a priority to attract health-related companies to Akron by using more than 1200 acres of private and publicly owned land that is also home to area hospitals, the University of Akron, the University Park Alliance neighborhood, and much of downtown. The mayor is a past president of the U.S. Conference of Mayors. In 2009, he received the organization's City Livability Award, an honor recognizing community leadership. He also is a recipient of the International Economic Development Council's Leadership Award for Public Service.

Dennis Scholl is vice president for the arts of the John S. and James L. Knight Foundation. With assets of more than \$2 billion, the Knight Foundation is among the largest private foundations in the United States. Dennis oversees the foundation's national arts program, including the Knight Arts Challenge and Random Acts of Culture. A well-known collector of contemporary art for more than three decades, he is also the founder of a series of initiatives dedicated to building the contemporary collections of museums including the Guggenheim, the Tate Modern, and the Miami Art Museum. Dennis is a two-time regional Emmy winner for his work in cultural documentaries, and this year he will be a fellow at Harvard University's Advanced Leadership Initiative, focusing on the role of culture in community engagement.

Barbara Snyder became the president of Case Western Reserve University in 2007,

with a promise to help the university fully realize its enormous potential. President Snyder came to Case after serving as executive vice president and provost of the Ohio State University. Prior to becoming provost, she held a number of leadership positions at Ohio State, and was professor at OSU's Moritz College of Law, where she also served as associate dean for academic affairs and director of the Center for Socio-Legal Studies. She joined the Moritz College of Law in 1988, after spending five years as a professor at the Case Western Reserve University's School of Law. In her first two years as president of Case, she eliminated a multi-million-dollar deficit three years ahead of schedule, set new fundraising records, and completed the university's first strategic plan in more than a decade. That plan, entitled "Forward Thinking," calls on the university to build on existing strengths through interdisciplinary partnerships.

Leading today's panel discussion is Brad Whitehead, president of the Fund for Our Economic Future. The fund is a collaboration of philanthropic organizations and individuals that have united to strengthen the economic competitiveness of Northeast Ohio, through grant making, research, and civic engagement. Brad was named the fund's first president in the fall of 2006, serving the fund while also working for the Cleveland Foundation. He assumed full-time responsibilities with the fund in 2007. Brad joined the Cleveland Foundation in 2002 as program director for economic development, and prior to that time he was a director at the international management consulting firm McKinsey and Company. At McKinsey, Brad's client work spanned a broad range of corporate strategy, operations and organizational issues, with a major focus on new business building.

I want to thank all of today's panelists for participating. I look forward to the discussion. Brad, I'll turn it over to you.



**Brad Whitehead:** This is the point in the program where we're going to turn from a series of presentations to a discussion. We'll have a bit of a guided discussion initially, but then we'll turn it over to you for questions that you may have, not only of our panelists here, but for many of the speakers before. Let me remind you that this is being recorded today, for later viewing and listening pleasure. And so to that end, when you do have a question, we'll have museum staff who have microphones help you with those questions.

It certainly has been an interesting morning. And as Steven indicated, the fund itself is a collaboration of the philanthropic community in Northeast Ohio, with a focus on the long-term economic vibrancy of our region. And as we got started, we asked the question and called upon ourselves to focus in on what matters. And to figure out what matters, we went out and engaged as many of the best minds as we could in Northeast Ohio and in the United States, to ask what is important to an economy. And let me assure you that in that



analysis of what matters, globalization, trade, and China very much do matter. And I think we've heard about that a bit this morning. But what struck me, and I think where I'm hoping we can with part of the discussion, is how that story of globalization has changed in our community and what it can mean. For so many years, we thought about the issues of globalization, and China in particular, as something threatening to us. And in fact, with the way our own manufacturing sector was buffeted, some 200,000 jobs lost over about a ten-year period, about a third of those were, in fact, due to jobs leaking out of the United States and going overseas. So we had this sense that this was a bad thing for us. But I think from what we have heard from our group this morning and what we have learned, is that this globalization is obviously much more complex than that, and in fact is an opportunity.

Over the last couple of years in our community, we have actually fared relatively well compared to the rest of the nation in terms of our economic performance, largely due to the strength of our manufacturing structure, and in large part, due to the fact that we have been effective in global markets. We're seeing that globalization may in fact, as Sandy Cutler indicated, be our future. And I'm hoping we can explore that this morning. And that far from being a place where jobs are leaking, we're seeing that globalization, and China in particular, can be a source of markets; it can be a source of talent; it can be a source of innovation; and it can be an important source of capital.

And so as we turn to the discussion, I think that our speakers this morning set the stage well. I was intrigued by David Franklin's comment that, as he said, we don't just use art as a way to—or a museum, rather, as a place to interact with art, but rather as a place to inspire dialogue and embrace contributions, and that life and economies happen in the presence of art. And then Anita went on to talk about the complex interplay of art, politics, and society. And then we heard from Ambassador Keith, who talked about how there's nothing simple in this whole equation; and that cultural context and history matter in terms of our being able to understand, recognize, and capitalize on opportunities. He indicated where we haven't done that successfully in the past, but what might be the opportunities. And then Sandy really set forth this issue of complexity and seeing opportunity in complexity, and highlighting some of the areas where we may, indeed, have a comparative advantage.

So hopefully, now we can really start bringing that down to ground, and understanding what this really can mean for us here in Northeast Ohio. And I guess, Joyce, I'm wondering if we might begin with you. We've heard a lot this morning about how China is special and it's an opportunity. Given the perch from which you sit, I wonder if you might have thoughts and perspectives on, well, what it means for a place like Northeast Ohio, and what we would do and what we would need to know to ensure that we're especially well-positioned, relative to other places, to go after this.



**Joyce Barnathan:** In terms of Northeast Ohio—and I'm not an Ohioan, but I do feel that there are ways for Ohio to take advantage of what's going on in China and the incredible growth that is taking place. I was going to talk a little bit about when I was there in 1976, because the ambassador was there in the eighties and Mr. Cutler was there in the nineties, and just a sense of the huge change. I'll get to the Ohio question in one second, but just to the huge change. When I was there, I was a student. I'm dating myself by saying the seventies, but so be it. And when I went to China, I had a passport that said that Americans could not go to Red China. They wouldn't even stamp my passport. They stamped a little sheet to say that I could come in, and they took that sheet away when I left. And we visited Tsinghua University, which was one of the premiere schools in the country. And at that time, the black cat/white cat Deng Xiaoping slogan was under attack and there were huge, big character posters denouncing Deng. There was really little education going on. The teachers were peasants and workers. It was pretty chaotic on the campus, and totally politically ideologically driven. This was a place that looked like—honestly, probably looked like what Pyongyang, North Korea looks like today. And I only say this because you fast forward thirty-five years, and you're in a gleaming metropolis of Beijing or Shanghai or Guangzhou.

The big attraction when I was there in 1976 were foreigners. They would stand outside our door, outside our hotel and gawk at us. And everybody would do a double take on the street, because they hadn't seen anybody from the West. You know, if you go to any major Chinese city right now, you're not going to get stared out of China. You know, you're going to get your Starbucks and you're going to get your five-star Hyatt hotels and it's quite an amazing change. And at Tsinghua University, it's one of the premiere schools— it *is* one of the premiere schools in China right now, and with the help of Knight Foundation has even started the Global Business Journalism program at Tsinghua. It's a master's degree program, and we're helping to promote better journalism, even in this one-party state. So those are two snapshots.

But to get back to your question on Ohio. If I were looking at China now and thinking, how could I take advantage of the situation that's going on? I think we're heading into a particularly tense time in our relations. I do think there are economic things that Ohioans can do. You've got right here the Cleveland Clinic, probably one of the premiere healthcare institutions in the country. You see that there are millionaires, there are billionaires, there's a lot of wealth in China. But the whole healthcare system in China has essentially collapsed. It used to be an iron rice bowl system. They called it the iron rice bowl because from cradle to grave, you got protection. And that protection has stopped with the emergence of private industry and the like, and the demise of state-owned enterprises who can no longer afford to do this.



Marketing your health care. I mean, Sandy talked about marketing tourism. But you've got great things to market here. You can market health tourism—come here, take care of whatever it is, your cataracts, and go see the Rock and Roll Hall of Fame. I mean, you know—that's a sell. That could be a major sell. Again, you have to put in the infrastructure, the Chinese language, you have to have certain—but you have to look at what your competitive advantages are and see how those play against the needs that China has. So that's where I would start, is looking at what Ohio has to offer that would be particularly appealing to China at this stage in its development.

**Whitehead:** Just one follow-up to that, because I came out of college in the early eighties, and it was all about Japan then, and we were trying to think about how we could culturally align with Japan and so forth. So as we think about our comparative advantage and selling it and so forth, what would it be? Is China just the new thing, but bigger? Or is there something unique we need to understand and know about China that would make it different from other places?

**Barnathan:** I don't think China is a flash in the pan. It's got 1.3 billion people. It's got an economy that has been on steroids in the coastal areas for a couple of decades. Now that growth is going to the interior part of the country, where there's even larger populations. You heard about all of the investment that's going on in the interior of the country. The transportation, the infrastructure—all of these huge investments are going on, which means that there are huge opportunities for getting goods in and out, cheaper labor forces, a huge amount of growth that will take place. I think that China, to some degree, may be less dependent on the outside world in the future, because it's got its own domestic market that could sop up huge amounts of goods in the future. So I'm not saying that China doesn't need international markets, but it's got its own frontier, which is going to come on strong.

Somebody talked about Pudong, in Shanghai. In 1992, I went to Pudong—Pudong was leveled farmland—and I sat in one of those cold buildings with the editor of *Business Week*, and with a whole bunch of guys just smoking. And they had these plans on the wall that said, here's going to be our stock market. We're going to have a stock market here. We're going to have, you know, fifteen five-star hotels here, we're going to have this and that there, we're going to have a world-class museum, this, that—and I'm looking at this stuff and I'm thinking, "What are these guys smoking?" And it is all there now, and more. And the new frontier—I went to Chongqing about fifteen years ago. Chongqing—I don't know if anybody knows where Chongqing is, but Chongqing is in Central China. Chongqing happens to be the world's largest city with *32 million people*. And most of us, you know, don't know where Chongqing is. I was there fifteen years ago; it was called the acid rain town. A Hong Kong businessman was putting up the first skyscraper. I went back a couple of years ago. It looks like Hong Kong now. It's miraculous what is taking place. So I would say do not underestimate the growing economic developments that are happening in China. This is not a flash in the pan.

But the danger is that we misunderstand each other. And the potential for misunderstanding, I think, is going to intensify, even though we have this great economic interdependence that keeps the bottom from falling out of the relationship. But that said, the politics of the future could be—if we don't handle things right, if we don't understand China properly, if China doesn't understand us properly, we could risk some problems. I did a little research and, as Sandy said, you can go to any Chinese city and everybody's learning English. More and more people are studying Chinese here. But I think we have like 60,000 students studying Chinese, and I think we have maybe millions studying Spanish. So though we're coming on strong, it's still a long way from where we really need to be, to have a true understanding and to avoid the pitfalls so that we don't fall prey to politicians who take us down dangerous paths.

**Whitehead:** Mayor Plusquellic, I wonder if we might key off of those comments. And in particular, I'm thinking that you've been perhaps one of the most activist mayors in the country in terms of understanding the opportunities internationally and being salesman in chief for the region in the economic and business opportunities. You've had deep strategies in Germany and Israel and elsewhere, and I'm just curious how Asia fits into the equation, and maybe in particular, as you look to the future of Akron and Northeast Ohio.



**Mayor Don Plusquellic:** I think it's huge. I think quite frankly we were later than some to recognize the great potential there in China. We started early on, as you mentioned, relative to many cities in the United States, with an outreach program that really was started because of an individual, Bob Bowman, who was recruited here from Northern Virginia, I believe, to work for the Greater Akron Chamber. And he's the one that first got us started in the European market, working Hanover Trade Fair, many of the advanced manufacturing trade fairs that were being held in Europe. And we had some success there, but he convinced us that—"Believe it or not, he said, "around the world, people have a higher opinion of politicians than we do in the United States." He said, "Well, that wouldn't be hard, because we have such a low opinion here." But working together with the private sector represented by the Chamber, that we could do much more to convince people that Akron, Northeast Ohio—and I say that because out of the twenty-four companies, whatever, that we recruited from Germany in particular, from Europe in particular, only six of them actually located within the boundaries of Akron. The others were around in the region. So we do regional work in many ways, because we're trying to meet the needs of businesses, and it may be that the building or the property, the location, is outside of Akron. So we really started in Germany. And it was Howard Gudell, former Economic Development Director here in Cleveland, who came down a number of years ago and convinced us that we had such great success in one market, why aren't we looking at other emerging markets? And so we spent



some time looking at Israel and China, and sort of focused on those two. And we've been very heavily involved in recruitment in China and it's interesting.

And I want to go back here, because first of all, and thank the Cleveland Museum of Art. Augie Napoli actually convinced me to come up, and I'm very glad I did. I think it's been an interesting discussion. I think President Eisenhower—and I have to always say that, because when I'm being attacked by some narrow-minded person in Akron about why I go and talk with *those people*, whatever that means, in Europe or China, whatever, I try to explain that it was Eisenhower—and nobody thought of him as some left-wing liberal—that developed this whole idea, and built a youth program around it, of international exchange. That if we got to know people across the seas and we understood them better, we would both be less likely to take up arms against each other. And I think this whole program and discussion and trying to understand, as Ambassador Keith described and gave us more of an understanding of the Chinese view of the United States, helps all of us try to figure out where our place is in this world. And I think as people have indicated earlier, China is too large, if nothing else, to ignore. But sometimes I like to take political slogans that really represent good logical thinking, that we look at challenges and turn them into opportunity. And I think there's a great challenge in China, but it provides this great opportunity because of markets. And I think it's interesting that while people have talked about losing jobs, I have tried to describe, in Akron, the real history of Akron. And I would suggest it's very similar to Cleveland: that we did not lose our jobs to the Chinese, we lost them to Southern cities that came up and recruited our companies to come down there for lower labor costs and a number of other issues—that people migrated to the South. And why would we build every tire in Akron, Ohio, and ship it all over the world? So they started building tire plants. The Southern cities have lost a lot of jobs to Chinese, and they're now wanting us to cry and feel sorry for them after they stole ours. And I've had these conversations with many mayors. But I think what we did was recognize this tremendous potential to not only sell to the market for our advanced manufacturing companies, but also to attract investment. We visited Hangzhou and met with a businessperson who, because of their history and because of the system that they are accustomed to, really wanted the government stamp of approval on this deal. But five days after we were there, a Chinese businessperson, investor, invested \$15 million in a manufacturing company—start-up company, actually—manufacturing high-end imaging systems for medical use, medical devices. So we think there's great opportunity to have Chinese investment.

And I want to say one last thing, and I've talked too long. But I have to tell you, one

of the persons who understood that in Ohio—it would probably be hard to believe that a Democratic mayor would say this, but Governor Rhodes understood this concept of reverse investment and finding in Japan that manufacturers needed to manufacture here, after a period of time when they built up their economy. And we have now Honda, with about 15,000 people, I think, employed in Marysville alone. And the idea that China would develop their economy to the extent where they needed to invest in the United States and manufacturing plants, we were now seeing this, with this \$15 million investment in FMI. We think there are more of those opportunities in Northeast Ohio, with our advanced manufacturing capabilities and our clusters, whether it's polymers or advanced materials. All of those give great opportunity for us to be able to get some of that wealth that's developed in China, and see some of those investments here, to really build the foundation of our companies, I think, to a greater extent. So I think there's great opportunity on both sides.

**Whitehead:** Yes. And as you look at what's happening civically, with respect to building those relationships and so forth, are you happy with what you're seeing that's going on here? Or where else, if anything, ought we be putting time and energy and effort?

**Plusquellic:** Almost any question that I'm asked, I turn to education. If we don't educate our people, our young people, for the future jobs—and that is not a high school education. You know, that was fine, to tell my father that “Get your high school diploma and you'll always have a good job.” Well, that hasn't been true for at least thirty years. And if we don't continue to recognize that need and invest in that—and it's not just the high-end, you know, 3 or 5 or 10% of our population. I'm talking about everyone having a higher level of education. That doesn't mean they all have to be polymer scientists. But my father's job—he built tires—is not done with brute strength now. And if we don't understand that and stay ahead.... That's what I've been preaching in Akron. And if Ohio doesn't understand that, if we want to go backwards and be North Mississippi somehow, and have less investment in education, God help us.

**Whitehead:** That's a good segue to President Snyder who sits at the nexus of all this. It sounds like it's on you to figure it out for us. But clearly, you've been at the forefront of globalizing a university, and with particular relationships developing in China. I'm just curious how all of this has changed the role of the university, and you as a leader of a university. What's special about China?



**Barbara Snyder:** Of course higher education is becoming increasingly international. And we know that students must be prepared to operate in a global context, or we're not doing our job well. I agree completely with the mayor. And research is now being conducted across boundaries of various sorts. And so it's not good enough to just think about doing things nationally; we have to be much, much broader than that. A couple of the trends that are affecting us: One is that we have a declining population of college-age students





right now in the United States; and actually, an increasing population of college-age students in some other countries, including China. And we also see investment in higher education in substantial ways around the world, and particularly China. Starting in about the last decade, China has invested a great deal of resources in its research universities. And we're seeing some of the results of that in the increased productivity, both on the research side and in the students who are graduating, highly talented students, who are graduating from those institutions. And student mobility is continuing to grow. It is still true that most students who choose to study in another country come to the United States. And there are over 700,000 international students at any one time studying in our country somewhere. It is also true that the percentage that the United States enjoys, of those international students, has been shrinking. Other countries have been stepping up. The United Kingdom, Australia, Singapore, China have all been attracting more international students to universities in their countries. And that, of course, calls upon us to continue to be competitive in that regard.

Just so you know, in the state of Ohio, over 24,000 international students are studying here at any one time. And at Case Western Reserve University we have in the neighborhood of 1600 at any one time, of our 10,000 students. More of those are graduate and professional students at Case Western Reserve. We've always done a great job of recruiting graduate and professional students from other countries. We've started, in the last few years, a real push to increase the number and percentage of international students at the undergraduate level, and are now in the neighborhood of 10% of our incoming classes coming from other countries. And it's a great thing, in terms of preparing our students. And it's also, we think, a great opportunity for us, in terms of cultural exchange. So we've been working on a variety of fronts. Our strategic plan had, as one of its key initiatives, international outreach. And that's being implemented by our great leader of that area, who's here today, sitting in the audience, David Fleshler, our associate provost for international affairs. And he has been working hard to make sure that the university is reaching beyond Northeast Ohio and indeed, across the globe. All eight of our schools at Case Western Reserve have programs in China, and they are all over. And some of them are research programs, some of them are student exchange programs. We even have cooperation agreements with companies. One of the most recent is the EcoPartnership, so declared by Secretary of State Hillary Clinton, that Case Western Reserve forged with the China National Offshore Oil Corporation, which is focusing on renewable energy, an area of great interest for Case Western Reserve, and the Case School of Engineering, in particular, and also for that company. So we look forward to many other great collaborations. But our landscape has changed and we've had to change with it.

**Whitehead:** I'm curious. As you look at the growth of international and then the big role of China, to what degree is China a bigger case versus a special case, in the way you

as a university interact? Is there something different about China in the way you organize yourself or pursue and so forth?

**Snyder:** It is both a bigger case and a special case. It's obviously a big case; we talked about the population in China. I mentioned the investment in higher education; and we're seeing the production of engineers graduating from Chinese universities continuing to increase, and the demand for highly trained engineers continues to increase globally. And to the extent that we're not meeting that need and other countries are, that's an important factor for us in terms of competitiveness. But it's also a special case because the Chinese are interested in cooperation and they have reached out to us, too. And I think that has put some responsibility on us, and we've taken that very seriously at Case Western Reserve, to be a part of that. We have experts across a variety of fields who really enjoy collaborations with Chinese counterparts. And of course, most of our international students come from China. We get more students from China than any other country. And next would be India, but there's a distance between the number of Chinese students and the number who come from India.

**Whitehead:** Dennis, I wonder if we might turn to you. We talked about these comparative advantages and so forth, and it's heartening to see the Cleveland Museum of Art stepping out, the way it is here. One of the great successes we've had of this bridge between art and economy has been with our orchestra, which has been a fabulous calling card in Europe. And I'm just curious. As you reflect on the opportunity in front of us here and the comparative strengths that this museum has and so forth, with its Asian art and so forth, what sort of opportunities do you see generally, in connecting art to efforts of this sort? And then anything you might specifically have for us would be helpful.



**Dennis Scholl:** Since we're talking about scale and statistics, I saw one great statistic before I came here today. There are more people learning English in China than in England. That's scale. So I just got back from Hong Kong and Shanghai. We heard about the seventies, the eighties, nineties; I can give you the last twenty minutes, basically. And when it comes to contemporary art, there really isn't one China. I think that's what this show tells us, also. Beijing is really the home of Chinese contemporary art. Lots of political pop art being done there, lots of artists testing new freedoms—which is what artists do everywhere, not just in China, as we know. Shanghai is not as interested in that. Hong Kong remains the bridge to the West. It's an easy place to operate, as we were talking about last night. In West Kowloon in Hong Kong, they're about to embark on a \$2.7 billion cultural center, which includes \$300 million for acquisitions. David, try not to sigh, but it's all government funded.

So how does Northeast Ohio get on this radar that we're talking about? You know, mayor, you talked a little bit about it. But it can't just be about business. It can't be just about



business. And I think that that's the precursor to a lot of this. You need to find a relationship where your non-business interests also align, where you can generate some comfort level. You need to look for community, you need to look for commonality. When I say community, you know, community isn't geography anymore. The digital world shows us that. You can have community with China, as long as you're working on a project that's something which both parties are enthused and interested in. You know, the Knight Foundation is led by an Akron guy who happens to be here today, our chairman, Rob Briggs. And we base our arts funding on a very simple premise. And that is that the arts bring people together and they bridge diversity issues. Now, if there's ever two more diverse populations than China and the U.S., I haven't seen it, frankly. So that's why the arts become such a critical component to break down those barriers and to build context. As Mayor Plusquellic said, we've got to get to know each other. And you can only do that through culture. When I was in Shanghai, they had just had a show of Australian Aboriginal art. And 130,000 Chinese had gone to see a show about Australian Aboriginal art. Not something that they had seen before. And more people in China saw it than in Australia. So I think that shows like that will leverage interest on both sides of the Pacific. And while I was there, I felt like so much of what China knows about us, frankly, comes from bootlegged pop culture DVDs. And so what the Cleveland Museum of Art is doing with this exchange, with Nanjing in particular, is it's opening the lines of communication that aren't all business, that create a more open relationship, and that promote cultural exchange. We've heard a lot today about the U.S. and China. But when you go home today, how is that really going to impact your life, using these big kind of countries? It's really about getting down on a personal basis. It's really about finding a way to connect on a personal basis. It doesn't happen because the U.S. and China, on a global level, decide to work together; it happens because somebody like Anita, with the support of the museum, reaches out and creates a bridge with the Nanjing Museum. What attaches people to place and what breaks down barriers is culture. The arts create this commonality of spirit. They create a sense of trust. And it's only with that sense of trust that you're going to create these business relationships. So I think that it's impossible to underestimate the value of these kinds of situations. And you've got to find them, not up here, but down here. You've got to find little ways to connect, that aren't necessarily where you're trying to do all things for all people.

**Whitehead:** Mayor?

**Plusquellic:** Because it's interesting, I couldn't agree more with you. But the business relationships are also personal. So many times a city sends a delegation over to a trade fair and the first thing that happens is there's a microphone stuck in their face and, "Did you bring a business back?" Like you bring them back in a suitcase, you know? Just right here. You have to build these personal relationships. Art, culture, and I'll add another one, sports—with our sister city in Chemnitz, they are a center for skating and Olympic training

in former East Germany. And we've exchanged with our zoos, even. I mean, there're all of these things that you don't think about, but they are ways to weave in the personal relationships that people care about. And a businessperson might care about the symphony or the art museum, and you weave these together. But it has to still be personal relationships that get built over time.

**Barnathan:** I wanted to agree with that, with the politician, and basically say, on the Chinese front, you know, we've had two or three decades of American companies going to China. I mean, Eaton—how many employees did he say he had? 10,000 employees? 60,000 employees? Every employee gets to understand the Eaton culture, because they're in, now, essentially a U.S. business corporation. And they are treated differently because they're inside a U.S. business corporation. And I think it changes perspective. It changes their perspective, because they learn what codes of ethics are, what performance metrics are. It's highly different than working for what was a state-owned enterprise, where everything was dictated by the government. And so I think that the fact that there are so many American companies hiring, training so many Chinese really has a very profound effect on how they understand us. And I don't think we have the same advantage here, because we don't have—I mean, name a Chinese multinational. It's very hard to name a Chinese multinational that provides any consumer goods anywhere. I'm sure that's coming. But right now, you know, the closest thing may be Lenovo, which bought IBM's PC unit. But I don't think Lenovo's a household name. So I think that we don't have that advantage. And we also don't have the advantage, however superficial, of Hollywood culture, of rock stardom, of all that stuff. It may seem silly, but we don't have that same grasp of China as China has washing over it. And I'm not saying that that's so profound, but there are different touch points, where you know, if you've enjoyed *Mission Impossible*, 20% of *Mission Impossible* was filmed in China. People might go to see it. I think *Avatar* was the highest grossing film in China, when it came out. So there are all these different ways, I think, for Chinese to understand us. I think we're not getting the same impact here.

**Whitehead:** Ambassador Keith, I'm wondering if you might have a thought or two, having been the front door to so many Americans, to Asian countries. And what's particularly on my mind as well is what do we do to help middle-market companies? Because we're an economy of a lot of middle-market companies and so forth. Are there best practice communities that you saw in your work? And what did they do particularly well, to make these bridges that Joyce and the mayor and the Dennis have talked about?

**Keith:** The mayor and I were talking about this last night. It really is the case that much of the small and medium enterprise engagement abroad is run by the states. This is why you see so many governors and mayors making trips abroad. And I think—my perspective, at least; I don't know if it's true in Northeast Ohio, but it certainly is my impression that over time, governors have had to be less defensive about these trips and fewer and fewer



people are saying, “Why are you spending our money taking this trip?” Because there are more and more tangible results. And certainly, as Consul General in Hong Kong, I’ve been.... There’s a gentleman in the audience who’s been in my residence, my former residence in Hong Kong, reaching out to that community. And I think that’s a big part of how small and medium size enterprises succeed. There are some means of helping. Some of this is driven by local Chambers of Commerce. They can be supported by the Chamber of Commerce of the United States, as well as American Chambers that are established in cities all over the world, including all over Asia. And the Department of Commerce, you know, has had to move in the direction of starting to charge for some of its services, so it’s not always the first place to turn. But a great deal of information is available, particularly for those small and medium size enterprises that are beginning the process, through district Department of Commerce offices that are scattered throughout the United States, of connecting to the Department of Commerce. And in China this is a particularly good time for the connection to be made, because the former Secretary of Commerce is our ambassador, former governor of a state is our ambassador in China. And he is absolutely focused on what the mayor described as reverse investment. He’s very, very interested in trying to move both the national and the state and local governments in the direction of being more opportunistic, more preemptive, more proactive, in finding ways to bring FDI from China into the United States. And just as many people have been saying that’s a big part of the growth that’s going to come in U.S.-China economic and trade relations.

**Whitehead:** So if we create these artistic and athletic and other bridges, we’ll be in front? Or will we be playing catch-up?

**Keith:** I don’t mean to dodge the question, it’s just that you take someone like Yao Ming, who is a national hero in China and who’s widely recognized in the United States—recognized mainly as a basketball player in the United States, or maybe for his television ads, you know, like most celebrities in the United States, but not so much as an ambassador of going both ways, of our thoughts and values. But just as you said, I think that the kinds of indirect and somewhat inchoate messages that are sent over and over, through these people-to-people exchanges, are the kind that create the basis for understanding and the opportunity for making a connection, just as has been said. Many times, these are somewhat idiosyncratic or opportunistic connections that lead to huge openings. Just to digress for a moment, I mentioned the fact that Malaysia had the largest number of students abroad, at a certain point in the early eighties. There are connections, including to Ohio University, with the Malaysians. There’s an endowed chair there. And this is, you know, not the first place you would think of when you think of a Southeast Asian country that really doesn’t share too much, in terms of the superficial characteristics, with Ohio. But that was the place that they made connections, for a number of specific reasons at the time, and then it grew. So I think you won’t be able to bump into those accidental connections, if you’re not out there pitch-

ing, so you’ve got to get out there, just as the mayor has been doing. And I think there are some resources, including through the Department of Commerce, but especially through the national Chamber of Commerce and the local Chambers, that can help you kind of narrow down, so that you get to your Israel and Germany.

**Whitehead:** Let me throw one last discussion question for anybody here, and then we’ll turn it out to questions in the group. But you mentioned this idiosyncratic and opportunistic opportunities that are in front of us and around us, and so the question that conjures to me is, what would be the impact of an intentional strategy? And is there benefit in intentional strategy sorts of bridging that we’ve seen at an initial stage today? Mayor Plusquellic, and then David, you might have a point of view on that.

**Plusquellic:** I want to go back to answer that question. And I think it was great, because you gave me an opportunity to get this in. We have to be welcoming, first of all. We have to understand. And Ambassador Keith talked about the misunderstanding of actions that occur in the United States and then on the other side, how they view things. We sometimes misunderstand, and we missed a great opportunity. Now, in the marketplace, this may not have—and I’m going to give the simple version: There’s a large plant, Hoover plant, in North Canton, Northeast Ohio. Employed over a thousand people, making basically, sweepers. When it was on the market, a company that is pretty well known in this country, by the way, Haier, H-A-I-E-R, a Chinese-owned company, was competing to try to take over that plant. And people looked at it like, Oh, my God, it’s a Chinese company going to buy us. Well, a so-called American company, Whirlpool bought it, closed the plant, eliminated a competitor, and Haier built a plant employing a thousand people or so, in one of the Carolinas. How did that help Northeast Ohio? They would’ve operated that plant here, as one of their major facilities that they knew they needed—Haier, I’m talking about—and would’ve employed 1100 people or a thousand people in Northeast Ohio. So we have to be understanding of this work marketplace that we sort of led. You know, we try to tell the whole country—I mean the whole world, to be more like the U.S. And as soon as a country starts to be more like us, we say, “Oh, my gosh, what’s going on?” But that’s an example that I think answers your question. We have to be welcoming and understanding. And I look at Firestone, where my father, grandfather, uncles, and I worked, owned by Bridgestone now, and thank God that they are still making a commitment in Northeast Ohio to keep 1100 research people working. And it’s that understanding that I think we have to have as a community of Northeast Ohioans, to say we welcome this investment. If the reaction from the Chinese side is to read the newspaper articles and the letters to the editor and whatever else gets printed or repeated out there, and it’s oh, my God, the Chinese are coming, buying one of our companies, how in the world is that going to be a welcoming place for Chinese investment? So I think that it begins with a simple matter like welcoming those investors.

**Keith:** I would just add that I think implicit in your question was the notion that of



course it is necessary to have a deliberate plan. I guess what I was counseling is, one needs patience. Not every one of these is going to be a home run. You have to try for some singles, you know. And you have to really go out there and gain the experience, gain the trust, and show the welcoming attitude and create that community of interest, whatever it is, so that you can then take advantage of the opportunities as they come. Sometimes despite your best efforts, a mayor or a governor is going to come home from a trade trip, a trade delegation, without anything to show for it. And you have to have the patience to realize that, you know, it takes a long, deliberate and careful and persistent plan to produce.

**Barnathan:** I think you could also, though, set up incentives to make Chinese interested in Ohio. So whether it's tax incentives, if you're talking about healthcare or all the research that's being done at Case Western in that area, and you have the ability to tap into research facilities, but also get tax breaks to set things up, you might set things up. I think it's very hard to pick winners, you know, and hard to say, Well, we want X or we want Y. It's kind of difficult. But as a government, you can just try to create an environment where they might say, I'm not going to put that factory in South Carolina, I'm going to keep it here. Because guess what? We're going to offer you better breaks over the next ten years, to keep it here. And I think it's easier for the Chinese, because they are a one-party system and the government can roll out whatever decisions they want and enforce it. It's much more complex in a democracy, where you do have voices chiming up against the China threat. But I do think that there are ways to overcome that and entice people to come, if you have the right set of conditions here.

**Chung:** I think I would like to emphasize certain points that have already been raised, is the idea of trust. I think this is absolutely important and it is a basis for mutual understanding. And for us, the museum, to be bringing a show to China and then to negotiate to have loans coming here, I have to say we have a lot of difficulties. And it's because of different systems. And myself being Chinese, I understand how the Chinese think; and working in the West, I also understand we have very different cultures. And it's always about seeing this as a positive way to overcome the barriers. And I have to say, the result will be rewarding. But it's a real long learning curve for everybody, from the Chinese side and also from the West as well. And we see now, we talk about the threat from China, but China itself also sees a lot of other problems and a lot of barriers that it has to overcome. And I think just be positive, it's trust, mutual understanding, and patience, and I think this is really essential for us to build a bridge.

**Snyder:** Brad, I think we'd be remiss if we didn't say something about Global Cleveland. We've been talking about being both intentional and be welcoming, and nobody's mentioned that. And I hope a number of the members of our audience have already heard of Global Cleveland. Case Western Reserve has been deeply involved since the founding of that organization, which was really started because of Albert Ratner's view that the American

economy and Northeast Ohio's economy grew strength largely from immigrant contributions to business and industry here, and also, of course, to education. So we've been working with Baiju Shah and Albert Ratner to make sure that Northeast Ohio is both welcoming and intentional, in terms of a strategy of outreach and connection, not just to China, but including China.

**Whitehead:** In fact, is there a representative of Global Cleveland here, a board member?

**Snyder:** David Fleshler is actually a board member of Global Cleveland.

**David Fleshler:** For those of you who don't know, Global Cleveland was recently established as the community's effort to reach out to peoples around the world, including within the United States, to start drawing people to Cleveland because of all the great things that you've heard this morning about what's here. I think it was Albert's original vision that all great cities grow because people come to those cities. And the Cleveland fifty, sixty years ago, was made up of a huge percentage of immigrants from around the world, whereas today, the number of immigrants who are coming to Cleveland is much, much less. And so Global Cleveland was founded to reach out to those who don't know about this city. And if we can get them to come here, we'll really improve lives for all of us. And I can say that one of the initial focuses is really to get those who are here in Cleveland temporarily, in particular what President Snyder talked about, the students of all the colleges of universities in Cleveland, including Case Western Reserve, who already are here, already have learned about Cleveland, and who are literally some of the best and the brightest from around the world—from China, India, and elsewhere—to think about staying here. And so working with local employers to reach out to those people, to initially get them to stay, and then to go beyond that. So it's been a remarkable community effort, which has really just started. And I think you're going to see a lot more of what Global Cleveland is about and is doing. And as a board member—and I see Dick Pogue is here, who's another board member—you know, we welcome the kind of participation that this kind of talk allows thinking about growing Cleveland and where we're going. So I invite you to look at the Global Cleveland web site and hopefully, get involved.

**Whitehead:** There was a question. Yes.

**Woman:** I'd like to ask the ambassador: How much of an influence did China—or did Hong Kong have, as well as students in the arts about opening up China? It wasn't just Nixon himself. Wasn't it Hong Kong and the students coming over here, because China was losing all of the students? How much of an influence did that have in allowing these businesses and economies to help in getting to know China better?

**Whitehead:** So the question is the opening of China. What were some of the other contributing factors, and how significant were those, in addition to the diplomatic efforts of the United States government?



**Keith:** And the specific reference to Hong Kong, of course. As the mayor and others have said, you know, what we're talking about, whether it's President Nixon and Henry Kissinger and the steps they took as government officials to spearhead the effort, or the sports diplomacy, including ping-pong diplomacy, from the very beginning, right through Chinese participation in the NBA, to what the Cleveland Museum is doing and the other kinds of cultural exchanges that we have, as well as the education and student exchanges—all of this is the people. It's not the government. You're quite right. I mean, implicit in your question is, you know, wasn't it Nixon's foresight that really made for this? And it really is a point I was trying to get across in my remarks. That is, we can only take the relationship so far as the American people want us to. But there is a fine line there. There has to be leadership, as well. And I think as the mayor said, you know, it's important for our government and our opinion leaders to educate people around the country as to what the real threat or lack thereof is, with regard to Chinese investment. And someone made a reference to Japan earlier on. You know, I certainly remember the days when Japanese transistor radios were smashed on the steps of the Capitol Building, in you know, a highly publicized event that was meant to convey a desire to protect the American economy and promote American interests. But really, that's what we're doing when we engage China. And I think it takes leadership to explain to the American people why it is in our national interest. The problem is—you made reference to Hong Kong, and I think Hong Kong has and will continue to play an important role as a bridge, as someone else put it. And I hesitate to say more about Hong Kong, because you have a Hong Konger here in our midst. She might have more to say. But really, it seems to me it's important for us to recognize what our interests are and pursue them. And that's not as simple as it sounds. It takes real leadership to explain why, in a global situation where there are winners and losers, the preponderance of winners on both sides can happen, and there has to be attention, then, to those who lose out, whether they're losing out to the South or losing out to jobs overseas. And you're starting to see this in China now. In Southern China, jobs are going to Vietnam because wages have gone up in Southern China. So no one's immune. And every leader has a responsibility not only at the federal level but at the state and local level to help explain what can happen to advance the prosperity of the American people and ensure the security. So the premise of your question, I completely agree with. That is, it's the people who do this. The governments are doing the people's will and reflecting the people's will—including, you know, that congressman who smashed the transistor radio. That fine distinction between reflecting the people's will and leading is really what we're talking about.

**Snyder:** I think you cannot underestimate the power of the overseas Chinese community, when it came to the rise of China. Tycoons in surrounding areas in Hong Kong and in Taiwan were the first to really go in and make huge and major investments around the country. And they played an incredibly important role in kick starting what we're now seeing

in China. So I think they led the way in foreign direct investment in China and helped to open up China in key ways. So I don't think that can be underestimated. If I had the numbers, it would be in the billions of dollars, I bet, in foreign direct investment. And this is at a time after Tiananmen, where everybody else was bailing out. And so you saw this huge momentum, and a lot of it had to do with overseas Chinese wealth.

**Chung:** I think talking about Hong Kong and being born in Hong Kong and spent quite a number of years there—because of the history of Hong Kong—I mean, it was a British colony. And Hong Kong is really special, in a way. It didn't have that much political turmoil, as in Mainland China, because it was a British colony. And then the British colonialism has also brought some of their very interesting good products to the city. And one thing I would definitely emphasize is about some of the infrastructure, for trade, for economy, and also for education, which I myself benefitted a great deal from, the education system in Hong Kong. And Hong Kong is quite special, in a way that even under British colonialism we still maintain part of our Chinese identity. I mean, Chinese culture is still so strong. At home we know that we are Chinese, but we are also accustomed to some of the good things that the British have brought over to the city. And it is really the kind of coexistence of culture that was able to bring in some of the interesting products. And this is something special about Hong Kong. But now it is, of course, Hong Kong has returned to China and what you see is also the opening of China, facing a lot of the issues about coexistence of culture, or more what we talk about, globalization. So Hong Kong provides a very interesting example for other cities in China to see what will be the outcome of the opening of China. And then at the same time are the questions of culture, coexistence of different values, and then sometimes contradictions. But this is something interesting and this is what the whole world is actually facing—the clashing of cultures, contradictions. But something will result from that chemistry.

**Whitehead:** Dennis? And then we'll get to you.

**Scholl:** I just wanted to add one thing. I don't think you can underestimate the importance of the digital revolution and how much liberalization of information that has created. You know, ours has been kind of a free-for-all, in a democratic society. The digital revolution in democratic society has turned into a pretty crazy free-for-all, let's face it. And in China, it's not quite like that; it is not as free and open as we would expect here. But the amount of information that's been made available has multiplied, you know, millions and millions of times. So things that you couldn't find out before, that you might be interested in, are completely available now. And it's hard, factual information. So I think that the digital revolution has had a dramatic impact on how we view each other, particularly at the grassroots level. You think about what happened in the Arab Spring, how social networks were able to get people out there and get people communicating, despite the fact that governments



didn't want them to. So I don't think you can forget about that in any of these discussions.

**Whitehead:** I think you had a question here.

**Man:** One of the issues around which there has been and still is a lot of mistrust and suspicion is intellectual property and technology. The Chinese have been extremely aggressive, in both legal and illegal ways, to acquire intellectual property and technology. And you have counterfeit products and you have a lot of litigation and conflict in this area. I wonder if the ambassador and others could speak about the current status of the relationship around intellectual property.

**Keith:** There are people who have more direct experience as businesspersons who might want to address this. This is part of the work undone, if you look at the last ten years in the WTO context. In the first five years, I think there was a good start, especially with regard to increased transparency and more adherence to what—the shorthand is the rule of law, is playing by the rules that everybody else agrees to. I think, you know, I wouldn't want to undersell how far China came after signing onto the WTO and really fulfilling many of the commitments that it made. But that second five years really saw a flagging. And this is one of the areas where a great deal more needs to be done, even in terms of specific commitments China has made, such as publishing all laws related to intellectual property rights and enforcing them. Publishing them in a language that is one of the WTO languages. Making the place more open, so that one knows one's risks, rather than going in without sufficient knowledge to protect trade secrets, to protect trademarks and the like. And this is an area where law firms are making a lot of money now, because corporations are entering with serious trepidation. And generally speaking, China's losing business, because for example, in the software industry, people are keeping source code out of China because they fear that they'll lose trade secrets if they enter in. This has to do with a larger issue that really relates to the people-to-people exchanges. Apart from the security and political and economic things that governments work on, one of the main areas that we've had success in, in promoting U.S.-China relations, is civil society. I think rule of law and civil society really is the long-term, most important, longest pole in the tent. And it's an area that's going to take longer, because the Chinese have some tough decisions to make. You know, you get a situation now where the Chinese are both quite proud, and justifiably so, of what they've accomplished, but also very fearful that it can all collapse. And even at the highest level, you have Chinese leaders essentially saying to our leaders, "we'll get to the civil society stuff later, because we have to clothe, feed, and house a billion people." And if we don't do that, we've got a problem on our hands. So they're both extremely proud—almost to the point of pushing people off because they're so self-confident—and feeling extremely vulnerable. And an area like intellectual property rights will make more and more progress, as Chinese companies have more rights themselves to protect. That's been the dynamic. And I don't want to undersell it; there

has been progress. But this is one of the major areas that's holding China back.

**Whitehead:** I'm curious, Steve. To put you on the spot, is this issue of intellectual property in China rising to the fore significantly?

**Kestner:** It's a place where we're spending a lot of time. Although as the audience and the panelists may be aware, U.S. lawyers cannot practice in China. And even if you have Chinese lawyers who join your firm, their license to practice is suspended during the time they're part of the foreign firm. So anything we do there, we're always doing through correspondent firms. We've got some very close relationships with some large firms. And I think one of the other developments in the economy over there has been the growth of very large law firms in China. Very large. Some of the largest firms in the world are now in China. And many of them are now looking more outward. I think initially they were built totally looking inward, and they're now looking more outward. So it's something that I think is going to continue to develop over time. And even in the legal industry, I think it's a very interesting time.

**Whitehead:** Dennis?

**Scholl:** I just want to say that if anything breaks down the relationship, it will be intellectual property. This is a country where they built an Apple store. A bunch of guys got together and built an Apple store; except Apple had nothing to do with it. They opened it up, people came, they were excited, except your iPod looked a little funky.

**Whitehead:** It's true.

**Scholl:** It's still at the—and ambassador, you know, with all due respect, as far as how they're doing, on the street, hardly anything has changed. It is a society that will sell you the *Mission Impossible* DVD before *Mission Impossible* opens. So if anything is going to, you know, cause this to really create a situation where the U.S. backs away, that, I think, is the primary issue that is facing business relations.

**Whitehead:** Thank you.

**Barnathan:** I agree with both people. I do think, as the ambassador said, as China has its own intellectual property to protect, Chinese firms have their own, Chinese authors, filmmakers, then all of a sudden you're going to get a coalition that's going to have some teeth. And until that happens, I think it's going to be an uphill battle. But what we're seeing is the rise of those type of organizations like Chambers of Commerce. Why aren't you lining up with your constituents in China, who are feeling the same pain? And I think that's where the real change will come.

**Whitehead:** Next question.

**Woman:** I had the amazing experience of making eight trips to rural China, during the building of the Three Gorges Dam, and taking pictures along the river. And your com-



ments about Chongqing really rang true to me, that what started as very rural communities ended up, you know, for instance, eight years later to become towering skyscrapers. And I was so struck by the decisiveness of a totalitarian system, as opposed to a democracy, where you don't have the right to take people's property here, to build on it, to shove them into a different part of China. And as a result, we have trouble making decisive policy decisions. I feel that we really need to make as a citizenry is the decision to really promote alternative energy, which is something that Northeast Ohio is trying to do. But there's a lack of harmony in the United States. And I was interested in that comment about Deng Xiaoping, that he wanted harmony. And although the democratic system provides so much quality of life that the Chinese don't have, and the protection of the environment that we have here that is not happening in China and is leading to a terrible quality of life in many cities, we have to be able to promote our educational systems in a well-funded way and follow some of these ideas that have come out of this discussion. And it's so difficult to get the public in line with, you know, private and really laudable dreams of this group. Thank you.

**Whitehead:** We talked a little bit in some of the remarks earlier, about the ability to pursue five-year plans, but yet what has been an historical limitation of China, which is its innovative capacity. And I think as the questioner just raised here, you can get stuff done, but does it come with some costs?

**Keith:** Sandy would be the person to answer this. But you know, it's true. What comes to mind is the Churchillian quote. You know, democracy is the worst form of government ever devised on the earth, except all the others that have been tried. That the Chinese have found out that having absolute control, or close to it, over the decisions that are being made doesn't translate into control over society, and that they have both problems. Sometimes they make bad decisions, and sometimes they also can't get decisions implemented.

**Barnathan:** You're finding that people are starting to stand up for their rights. We see a middle class evolving. There was just a huge issue recently with a land grab that the authorities made, and citizens were taking on the officialdom. And they won. And I think Dennis mentioned the free flows of information and how that is changing. Everything is gradual. I think that in '76, shortly after I got there, there was a major earthquake in a city called Tangshan. Tangshan was decimated. I don't know how many millions—I think a quarter-of-a-million people died. In terms of earthquakes, it may have been the worst, in terms of human cost, in the twentieth century. There was no news about it. Nothing. Nothing. Blackout. Fast forward to 2008, where you have the Sichuan earthquake. And people are on their cell phones, posting pictures, sending text messages and the like.

And what you find is that even the authorities had to respond. They had to go to the scene, they had to promise relief, and they had to be accountable, to some degree. I wouldn't call this totalitarian society, but it's authoritarian. But even authoritarian governments, perhaps barring North Korea, are not immune to public pressure. And that is only

going to increase over time. And on the innovation front, I think you can't keep mental traps on people and expect to be thriving in high-tech or anything. I think you need to have free flows of information, free flows of ideas. And if those are harnessed in any way, you're going to cramp your future potential.

**Whitehead:** Next question.

**Woman:** First of all, as a Chinese, I would like to thank the presenters for their objective view of China. So I appreciate that you give an objective presentation about China's culture, politics, and economy. And secondly, as an educator in a local university, I would like to ask a question: Is that how can we help the local business to open their mind? And I'm university faculty in accounting. I'm working with a state university. Also, I'm part-time faculty in China, so I go back to teach every summer. I notice that most Chinese children are eager to learn about United States culture and economy. We know there are now lots of Chinese students that come to the United States. But many local students may not appreciate having so many international influences, on one hand. Also, I notice that some of my good, great Chinese students cannot even have a chance to get some practical experience. On one hand, I feel that it's important for those Chinese students to get the experience in local business, because when they go back to China, they will be the future leader. So they are more likely to give back to our local business in the future. Also it also helps to open the minds of the local business to see the different culture. So how can we help the local business to be more open-minded? So that's my major question.

**Whitehead:** Before we get any response from the panel, I note that you may want to find David Fleshler, as well, because I think that's one of the objectives of the Global Cleveland initiative, is to try to sensitize the community to those sorts of opportunities, with some of the guests that are here studying. But reactions. How can we open the minds of the business and other communities?

**Snyder:** One of the challenges that local businesses face—and we know this from our students who come from other countries and do want to stay, and employers would like to hire them—but in some cases, because of visa restrictions, they're not able to stay in the United States longer than eighteen months after graduation. And that is a limitation. A lot of businesses say, you know, "We want to invest in somebody who can stay longer." So businesses and higher education have been aligned, in working with the State Department to ease some of those visa restrictions. The H-1B visa in particular has been a challenge. And we hope that that will help businesses, because in many cases, they want to hire those students and give them experience, but they want them to be able to stay longer than eighteen months, so that the company can realize some of the value of their talents and their education. It's a great question.

**Whitehead:** Next question.

**Man:** I appreciate the opportunity to be at a forum and thank the Cleveland Museum



of Art. I'm also grateful to have my first audience with Ambassador Keith, or any ambassador. And I, too, have been to China multiple times over the last dozen years. And the question that begs an answer, in my opinion, is that everybody that I've met in China feels the same way we feel, where they are very friendly. There are perceptions, or misperceptions, about a few people or some people who have different negative aspects. But I have not found anybody that I do business with or that I've met that doesn't have a great desire for the things that we would like as well. Now, having said that, world peace. Wow. Ten years ago, an impossible dream. What I don't understand is, who within our government, our leaders, who specifically would be responsible to recognize the fact that the emerging countries, the way they are working together, all of this effort that has been put forth has only one goal, and that is to see that it happens, and have self-preservation. The fact that self-preservation, individually, on both sides, is really the driver of society. Can we not find the common ground and agree to disagree on the things that we can't solve today? But understand that given the last year of the turmoil within the world, that it's better to get together, to be the 800-pound gorilla that doesn't necessarily have to enter and engage, but understanding that this type of behavior will not be tolerated because it does none of us any good. And as leaders, the two leaders of the world, not coming together and using the past: The past is the past, you have to look forward. All of these efforts mean nothing if we can't fundamentally agree about self-preservation and how important that is to a large group of people. So my question, directly, is, who? Who do we petition? How do we make that heard? And why isn't that effort being made in a very, very vocal way? Thank you.

**Whitehead:** You want to take that one?

**Keith:** You're looking at me, so perhaps I should.

**Whitehead:** You're the ambassador.

**Keith:** Perhaps I should at least take a first cut. You know, it seems to me—and this is very important—that essentially, we're all in this together. You know, who's the person responsible for you getting what you want done is different from who's the person who's responsible for someone else. I mean, to reflect back on a previous question, the State Department is implementing the law of the land. The law of the land is the Immigration and Nationality Act, and it requires a certain number of months, under certain kinds of visas. And the way to change that is to go to your congressman and get new laws written. And how does that happen? Well, there has to be momentum in public opinion. And how does that happen? Well, business leaders and opinion leaders and journalists and academics and others all have to stand up and express themselves—which I think, you know, is really about civil society, as we were discussing earlier. You have to stand up and make the case. Because there are others, the counter argument that congressmen would run into on the visa case is, we don't want people staying here longer. I mean, this is an issue in the presidential campaign. I don't know if President Obama's getting the question right now or not, but he probably will. And

certainly the Republican candidates will face issues of immigration and jobs versus immigration, and all the kinds of things we've been talking about now. It boils down to what I said earlier, and that is, with globalization and increasing integration of our economies there are going to be winners and losers. And our job as a government is to ensure that on our side there's a preponderance of winners, and that we've got some means of addressing the problem of those who lose out. So in NAFTA or the WTO, one has to build into some means of dealing with those who lose out. So it's rarely going to be the case that things are black and white. And the area, as a former diplomat, that I dealt with is mostly gray, and people's voices have to be heard. I mean, that's the advantage to our system. You're not going to get precise answers in a democratic system, but you're going to get better answers over time, I think, than you would if you tried to impose one person's will from the top, because there are a variety of interests.

**Whitehead:** We have a long line of people here, and in the spirit of making sure we get as much in as possible, maybe we can do this as a bit of a lightning round.

**Man:** I'm a retired Foreign Service officer, and I have a question for Ambassador Keith. Over the last forty years, the United States government, in terms of its foreign policy, seems to have a very strong or disproportionate interest in the Middle East. Of course, there's been a lot of good reasons for that, related to energy, to Israel, to the war on terrorism, to the two wars, now the Arab Spring. My question is: Do you see the president's recent visit to Asia as symbolic? Or is there going to be a real change and movement in terms of U.S. foreign policy, with a much greater focus on East Asia and China, in terms of reward system in the Foreign Service, in terms of stationing personnel? I mean, just one last comment. I don't know if people realize, I read somewhere when Warren Christopher was the Secretary of State, he made twenty-three trips to Israel, and only two to China. And I'm just saying that because I think that's indicative of the history of U.S. foreign policy.

**Whitehead:** Thank you.

**Keith:** I think the short answer is, it wasn't really a pivot to Asia, as described in the press, because we never left. But I think it did represent an increased focus on the part of senior leadership. And you see this with Vice President Biden now being responsible for China policy and receiving his counterpart's visit, even during an election year. So I think it does represent a real recognition, a clear recognition, that leaders' time needs to be spent in Asia. After all, Obama went twice across the Pacific, for two separate meetings in that month—something that people had said couldn't be done before. But I don't think we've ever left Asia. And I don't think it will change the way we organize to deal with Asia. It will change the amount of time that senior leaders can spend there.

**Whitehead:** We have time for two more quick questions.

**Man:** I went to University of South Carolina, graduated with accounting, interna-





tional business, and a minor in Mandarin Chinese. And I thought I'd just give a perspective on how I feel, you know, what Northeast Ohio can do in order to grow, as a place where Chinese companies can come and invest here. One of the things I feel is most important is education. And it was mentioned earlier that education is a big part of building the relationship. And one of the things—I went to Fudan University in Shanghai for six months and made a lot of great relationships there, and I still stay in contact with them. But here in the United States, at my university, it was very much of a challenge in order to stay in contact or just be in contact with Chinese students, if you were not in a Chinese language. And I feel that Case has done a great job so far, from what I've been hearing, with their relationships, like in school and among other schools across the globe. But I feel that in high schools here in Northeast Ohio and other colleges in Northeast Ohio, it almost seems that they're not putting as much effort towards building those kinds of relationships within the educational environment. So would that be a possible thing that we could look toward more, by having high schools do trips to China or have more aggressive, you know, Chinese programs, in order to build these kind of relationships?

**Whitehead:** Does anyone want to reflect on this idea, that maybe we could turn up the crank 20 or 50%?

**Keith:** I might just say, from the other side of this, there is a White House initiative to increase the number of Chinese students coming to the United States to 100,000. This is something that the State Department is leading, engaging corporations to help make this a public-private partnership. So there is high-level attention to exactly the subject you're talking about.

**Chung:** I would like to add, don't forget that China, because of the one child policy, every family has only one child. And this is really a very traditional Chinese idea, that the parents would like the son to become the dragon or the daughter to become the phoenix. And you can really see that the one child policy and with the parents really hoping that the child will be able to get a good education, to be able to succeed in society. I can feel that the children have a lot of pressure now in China, to be able to get into a good school or to travel overseas to study. And this tells us something about the competitiveness, in terms of education, when we think about China and here in the United States.

**Whitehead:** Last question.

**Man:** I have two observations. One has to do with a comment, really, about American value. And I consider that in relation to human value, in that what we're talking about has to do with the shortsightedness of both political and business decisions in the last twenty, thirty years, in relation to globalization which I believe has been going on for at least 600 years. You can look at the mistrust that we have now in our politicians and our business community and the need to see the bigger picture of human value. I wanted to make a comment about the art of reinvention, in that art and the function of art takes, out of necessity, materials and

applies truths to invent ways to express what's needed. In the sense of Cleveland's decision politically to move the infrastructure out a couple times has left a completely abandoned city. And now with creativity, we could revision the city by turning the freeways, instead of going out, to returning back to the city and reinvesting the will to reconnect all the disruption, all the abandoned streets, empty streets in the city, and bring vitality back into the city.

**Whitehead:** I think that really harkens to some of the points that Sandy Cutler made, in that that we can learn lessons from what has happened, and the reinvention of Northeast Ohio can be built upon some of the lessons that we have seen in China, in how they have play-spaced and urban-centric economic development and things of that sort. So hopefully, in addition to being a source of capital, which it has been, it can be a source of ideas, as well.

Let me now thank our panelists and thank the questioners for a terrific session. And before turning it back to David, I'd note that at least some of the themes I picked up here are clearly this enormous opportunity in front of us. That's maybe the obvious point. Perhaps the other obvious point is the complexity involved in this relationship. It defies easy characterizations. And with that complexity, it demands a great deal of understanding and interaction. But that opportunity complexity, though, creates the door for what hopefully can be intentionality in Northeast Ohio. And at least I was struck with the fact that if we get this right, we're not so far behind the game. There are a lot of other communities that maybe have deeper relationships and so forth, but we've been pretty good at getting ourselves organized to do things, and we have an opportunity here. And I'm pretty excited by the idea of what's happening here at the Cleveland Museum of Art, in this idea of an integrated intentional strategy that bridges arts and culture and all the other dimensions of our community, to make this happen, can lead to good things. And that would be the final theme, which I think the ambassador hit hard and was picked up by the panelists, is with that intentionality, we have to have constancy; that this is a game not to be measured in quarters, not to be measured in years, but really is a pursuit that could hopefully serve us well in the decades ahead. So with that, David, let me turn it back to you.



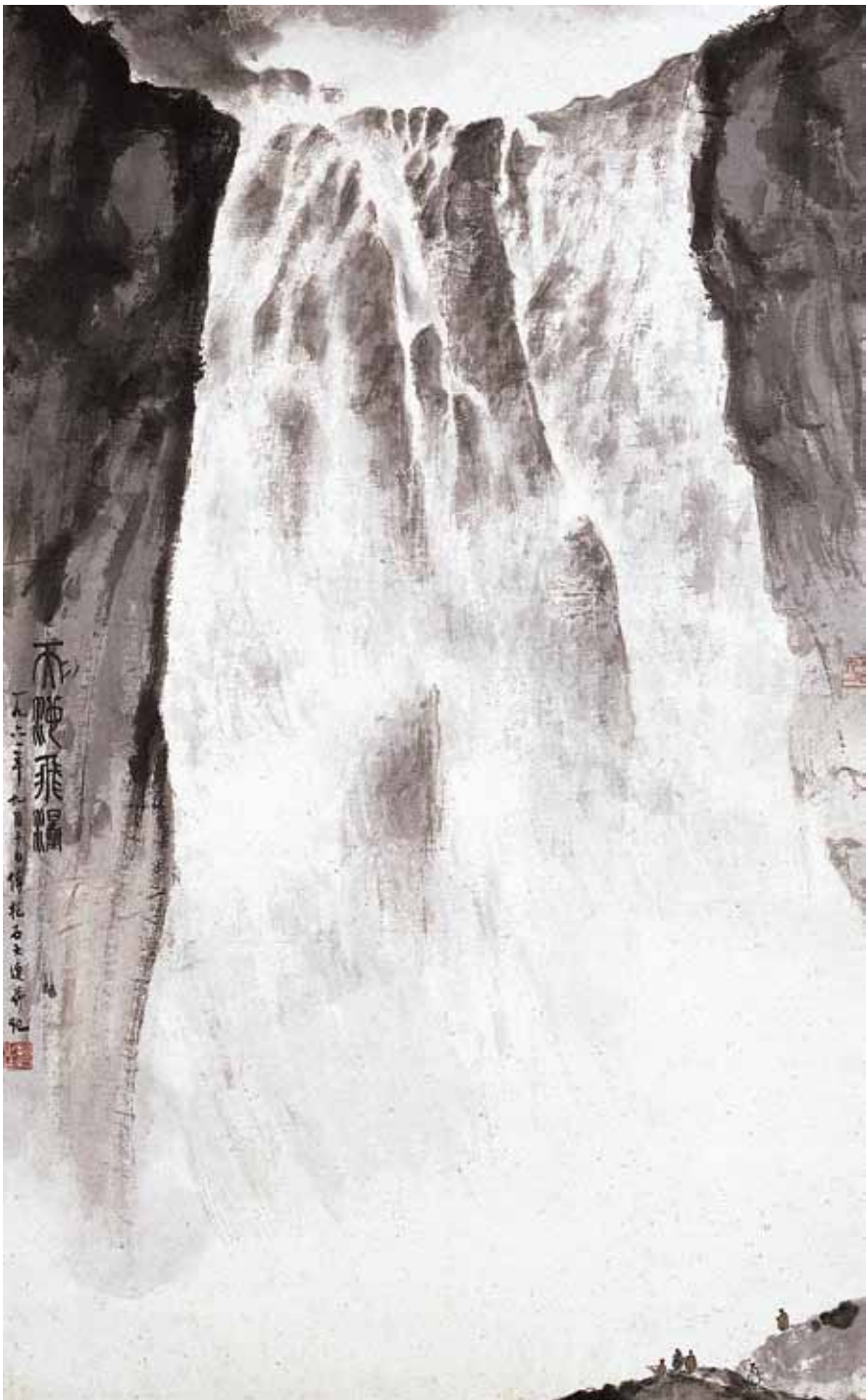
**Franklin:** Like those fifteenth-century explorers, I've gone off my notes now. But I just really want to thank everyone for being here. I did learn one thing in Oxford, from some old philosophers, which was always to have the last word. So this is a nice position to be in. I think what I'm really struck by, too, as someone who's somewhat skeptical about technology, is how all this comes back to issues like trust and friendship and personal relationships. And I think that's a wonderful metaphor, in a very technologically driven century, that actually it all does come back to those interactions between individuals face-to-face. And I think that's a wonderful message that I certainly take away from this session. So I thank you all for being here, I thank our speakers, our panel, the moderator, and I also thank the audience. It's wonderful for you to take the time. We appreciate you being here. I know

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it's a week day. If you need a letter to your employer, I'm happy to write an apology for you. But thank you again and see you in the galleries.



Fu Baoshi (Chinese, 1904–1965). *Plucking the Yuan*, 1945. Hanging scroll, ink and color on paper; 98.2 x 47.8 cm. Nanjing Museum



**Fu Baoshi** (Chinese, 1904–1965). *Heavenly Lake and Flying Waterfall*, 1961.  
Hanging scroll, ink and color on paper; 105.6 x 60 cm. Nanjing Museum