

## **A conversation with Paul Haenle, July 8, 2015**

### **Participants**

- Paul Haenle – Director, Carnegie-Tsinghua Center for Global Policy
- Josh Rosenberg – Senior Research Analyst, Open Philanthropy Project
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**Note:** These notes were compiled by the Open Philanthropy Project and give an overview of the major points made by Paul Haenle.

### **Summary**

The Open Philanthropy Project spoke with Paul Haenle, director of the Carnegie-Tsinghua Center for Global Policy, one of the Carnegie Endowment for International Peace's (hereafter, Carnegie) global centers, to follow up on a grant that Good Ventures made to support Carnegie's work in China and to learn more about policy-oriented philanthropy outside of the United States. In March 2015, Good Ventures made a grant of \$100,000 to support Carnegie's work in India and China over two years. Conversation topics included plans for the Carnegie-Tsinghua Center, China's new approach to foreign policy, and the think tank sector in China.

### **The Carnegie-Tsinghua Center**

Carnegie is a foreign policy think tank. To increase its global presence and perspective, Carnegie established the Carnegie-Tsinghua Center in partnership with Tsinghua University in Beijing in 2010. The Carnegie-Tsinghua Center is one of four centers (along with Brussels, Beirut, and Moscow) established by Carnegie outside of the U.S.

Since its founding, the Carnegie-Tsinghua Center has focused on nuclear nonproliferation and arms control, climate change and energy, global economic issues, global and regional security, and China's diplomatic relationships. The center's work on foreign policy has intensified in the past two years as China has adopted a more active approach in that arena.

### **Background on Mr. Haenle**

Mr. Haenle focuses on U.S.-China relations. He draws on his experience as the director for China, Taiwan, and Mongolian Affairs on the National Security Council in the George W. Bush and Obama administrations.

### **Mechanisms for impact**

#### *Bringing Chinese and international scholars together*

The Carnegie-Tsinghua Center serves as a platform for collaborative research and dialogue in China. It brings together Chinese, American, and international scholars and experts who have relationships with policymakers, policy influence in their

respective countries, or who may return to government in the future to examine common global issues and work to come up with sustainable solutions. The dialogue between these non-state actors, also known as “track II diplomacy,” is an important part of Carnegie’s efforts to constructively shape policy, improve understanding, and enhance cooperation between China and the international community.

The Carnegie-Tsinghua Center focuses special attention on improving the U.S.-China relationship using its strong ties to current and former U.S. policymakers and Chinese scholars and influences. For example, in June 2015, the center hosted Chinese and American experts to discuss goals for Chinese President Xi Jinping’s planned September 2015 state visit to the United States. Visiting Americans, including U.S.-based Carnegie scholars, joined Chinese experts from think tanks, academic centers, and other organizations. Each expressed what they hoped the visit would achieve and possible obstacles and challenges. Through their dynamic discussions, they identified ways each side could work together to avoid potential pitfalls and ensure a successful visit. Participants departed with the understanding that American scholars would convey the meeting’s conclusions to U.S. policymakers and that Chinese experts would do the same.

#### *Relationships with Chinese government agencies*

The center maintains positive relationships with key Chinese government agencies that shape decisions by the country’s leadership, including the Ministry of Foreign Affairs and Ministry of National Defense. Carnegie experts present views and insights and make policy recommendations to senior Chinese policymakers. This is similar to the types of government relationships that think tanks have in the U.S.

#### *Media engagement*

Carnegie-Tsinghua scholars give interviews to print journalists and provide commentary on television news. The Chinese media is an extremely important outlet and tool to shape public opinion in China, and over the past year China’s media has played a significant role in swaying public opinion on issues such as climate and the environment in ways that have had a pronounced impact on Chinese policymaking.

These appearances are primarily intended to shape public thinking, which the Chinese leadership must increasingly take into account in policy decisions. Carnegie-Tsinghua Center scholars also engage with the public on Weibo, the Chinese version of Twitter. (Twitter is blocked in China.)

### **China’s New Foreign Policy**

Xi became China’s president in November 2012. He has taken a more active approach to foreign policy than his predecessor and announced significant initiatives focused abroad. These include Xi’s call for a “new type of great power relations” and an evolution in China’s approach to relationships with the United

States, Russia, and the European Union, as well as a “new Silk Road” that would extend China’s influence to neighboring countries.

### **New Silk Road**

China received a lot of foreign investment over the past 30 years. Now, as its power and influence grows, China plans to offer investment and development assistance to enhance infrastructure connectivity in the regions on its periphery, including the construction of roads, ports, and railways. China hopes to convey through this assistance that its neighbors will benefit from its economic rise.

#### *Asian Infrastructure Investment Bank (AIIB)*

It is unclear whether an increasingly powerful China will be satisfied integrating into the current global order, which it had little hand in shaping. The international economic systems created in the aftermath of World War II at Bretton Woods were shaped by the United States and Europe.

Now, China is seeking more influence at the International Monetary Fund (IMF) and World Bank, but the U.S. Congress has objected for the past 2-3 years to reforms that would expand China’s influence within these organizations. China has felt criticized by the U.S. for not contributing more to the international public good and is frustrated that the U.S. has simultaneously blocked actions that would allow it to do so.

As a result, in 2013, the Chinese government proposed creating the Asian Infrastructure Investment Bank (AIIB) to support infrastructure and development projects, largely in Asia. The U.S., which has traditionally provided support through organizations like the IMF, World Bank, and Japan-led Asian Development Bank, was initially concerned about the AIIB proposal. The U.S. administration went to its allies, including Australia, South Korea, and the United Kingdom, and requested they wait to join the AIIB until its standards and goals were better understood. The U.S. wanted to confirm the AIIB would not be an organization solely for projecting Chinese influence. But despite U.S. pressure and because of China’s growing influence, the United Kingdom and Australia joined the AIIB, leaving the U.S. looking isolated. In total, 57 countries joined as founding members, illustrating China’s power and influence and creating tension with the United States.

China will provide approximately thirty percent of the roughly \$100 billion in funding for the AIIB. The other 57 countries will provide the remaining funding.

#### *Carnegie’s policy recommendations*

Carnegie scholar Yukon Huang has argued against the idea that in order for the AIIB to have “high standards” it must adopt the World Bank’s structure and procedures wholesale. Dr. Huang believes that the World Bank’s full-time board of directors, for example, creates a lot of unnecessary bureaucracy for the organization in the form

of paperwork, reports, and updates. Dr. Huang suggested the AIIB not follow this model, and Chinese policymakers have followed his recommendation.

Dr. Huang's input on the AIIB's board of directors' structure is an example of a Carnegie scholar with relevant experience making recommendations (which were published in the media) that are likely to be adopted.

### *Chinese foreign aid*

Between the funding China is providing to the AIIB (~\$30 billion) and the new Silk Road fund (~\$40 billion), China is massively increasing its foreign aid and investment budget.

## **Think tanks in China**

China's philanthropic and think tank landscape is very different from that of the United States.

### **Roots of policy change**

Many of the policy changes that occur in China are top-down, directed by government officials, rather than the result of grassroots efforts by the public.

### **Funding sources and the relationship to government**

Government agencies fund the majority of think tanks in China. Typically, the Chinese government provides all – or almost all – of a think tank's funding, and the think tank is set up as a department within a ministry. For example, the China Institutes of Contemporary International Relations (CICIR) is a bureau within the Ministry of State Security, an agency similar to the U.S. Central Intelligence Agency. U.S. think tanks have more varied sources of financial support, including governments, grant-giving organizations, corporations, and high-wealth individuals.

China-based think tanks have some degree of independence in what they can research and say, but ministries often direct their research and publication agendas. Independent, objective thinking is constrained, as think tank staff frequently come under pressure to hew the party line. However, Chinese think tanks can have significant influence on policy because they are part of a government ministry. This provides a direct avenue for getting their ideas into the hands of Chinese policymakers.

University research centers in China are akin to think tanks and are subordinate to the Ministry of Education. The Ministry of Education, unlike the Ministry of State Security, which oversees other think tanks, allows for a broader debate on international issues and foreign policy, so academic scholars tend to have more flexibility to think independently on issues.

Only a very small number of think tanks in China are primarily privately funded, including the independent Unirule Institute of Economics.

## **Legislative restrictions for foreign think tanks**

Chinese law requires foreign think tanks to have a partner in China. Carnegie's center in China is the only one of its five global centers with a partner institution – Tsinghua University.

China is currently considering a draft law that, in present form, could make it harder for foreign NGOs to operate in China. Carnegie-Tsinghua is closely monitoring the law's development. The law would create a process for NGOs to register and legally setup in China; this will be more transparent than the current system.

Parts of the draft law are creating anxiety among foreign NGOs. A major concern is that the law would put the Ministry of Public Security (MPS), which is focused on national security, in charge of NGOs. MPS's initial posture toward NGOs may be heavily security focused and concerned that foreign NGOs have a hidden agenda. Most of the foreign NGO community feels the Ministry of Civil Affairs should be responsible instead.

The National People's Congress, China's legislature, gave foreign NGOs and organizations the chance to comment on the first and second draft of the law, although it is unclear how much their input will shape the final law. The second draft is finished and Chinese lawmakers are now working on the third draft, which may be passed into law in the fall of 2015.

## **Litigation: Changing policy through courts**

Currently, there are not many groups or people trying to change policy through litigation in China. Given President Xi's recent emphasis on building and implementing "rule of law" in China, further development of this area may be valuable.

China's judicial branch is not independent from the Communist Party and the government. Challenging and changing policy through litigation is not as common as in the U.S. Yet, recent years saw some high-profile cases where policy and law were amended through public interest litigation in areas such as environmental protection and basic civil rights.

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