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## **‘A new type of great power relationship’? Gramsci, Kautsky and the role of the Ford Foundation’s transformational elite knowledge networks in China**

**Abstract:** Challenging conflictual Realist and optimistic liberal-internationalist arguments about full-scale integration of China into the US-led order, this article uses Gramsci’s concept of hegemony and Kautsky’s concept of ultra-imperialism to **explore** US hegemony’s influence in transforming China and to characterize the relationship. Original archival research shows that China’s elites were gradually integrated into the US-led order from 1978, with a special role played by elite knowledge networks built by the Ford Foundation, particularly in Chinese economic policy reform, diffusion of free market thinking, and the development and teaching of Economics as a technocratic, policy-oriented academic discipline. Ford funded Sino-American elite knowledge networks closely connected with Chinese globalizing elites, with and through which liberal tendencies penetrated China, adapted to local conditions. We argue that these networks played significant **yet neglected** roles in managing change in China, and Sino-US relations during a time of global power transitions. This is inexplicable in either Realist or Liberal-internationalist terms, but provides the substance of what might be a ‘new type of great power relationship’, perhaps explicable in Kautskyan ‘ultraimperialist’ terms. Though conflict and turbulence remain in the relationship due to changing economic conditions and global strategies, this need not result in inter-hegemonic military conflict.

**Keywords:** elite knowledge networks, Ford Foundation, neo-Gramscian-Kautskyian approach, new type of great power relationship, hegemony, China, United States

### **Introduction**

China has gradually and willingly been integrated into the US-led liberal international order (LIO) since the late 1970s. Neglected in this reform process is the elite knowledge network centered around the American corporate foundation which, we argue, prevents full understanding of how hegemony works. The foundation-funded elite knowledge network is central to a neo-Gramscian-Kautskyian approach to understanding ‘rising’ China. This article – based on extensive original research in the archives of the Ford Foundation - provides insights by showing how Ford-funded Sino-US elite knowledge networks influenced China’s economic reform policies, especially through the teaching of ‘modern’ economics. **Clearly Ford worked with other more significant actors, especially the Chinese state and the World Bank, yet it was a major force across a range of economic shifts in China, especially via its scholarly and student exchange and training programmes, which built powerful elite networks. It was within those networks that a core new identity was formed – the classical economist – which helped marginalize the previously dominant Marxist identity of China’s economists.** The character of Sino-US relations – or at least Ford’s aspirations in China

- is better explained by a neo-Gramscian-Kautskyian perspective than by Realist or liberal internationalist approaches. Rather than “**inevitable**” inter-hegemonic war or straightforward **benign** collaboration, the relationship is characterized by ‘competitive/conflictual-cooperation’ between elites presiding over increasingly unequal societies, managing mass unrest, amid changing global conditions. US elites’ success in integrating China is accompanied by a desire to ‘congame’ China – to try to simultaneously contain, and engage – to maintain it in a subordinate position, a ‘responsible stakeholder’ (Randt, 2009; Turner, 2014).

The positions advanced by liberal internationalists are systematically represented by John Ikenberry. The argument, critiqued in greater depth elsewhere (Author, 2016, 2018), indicates that the US-led LIO is in principle open to all states so long as they abide by its rules and assimilate its values. Emerging powers like China, then, would be integrated into the dominant order and share prosperity which would broadly raise living standards and reduce inequality. China’s rise is a success story of the LIO. China can move forward from a stakeholder in the LIO to a ‘responsible stakeholder’ – shouldering more of the burdens of global responsibility currently carried by the US. **This would avoid falling into the so-called ‘Kindleberger Trap’ of a free-riding rising power failing to provide public goods too costly for the hegemon to continue to supply on its own (Nye, 2017).** In the end, however, this is an elite-led strategy that enables China’s entry into the global great powers’ club while its domestic population suffers greater inequality (Li, 2003).

Conversely, Realists **all but** posit the inevitability of interhegemonic war and cite historical examples to back their case: **Graham Allison’s book is entitled *Destined For War* (Allison, 2017). Allison contends that war between China and the US is ‘more likely than not’ (Toje, 2018, p3).** Christopher Layne argues that China is using its new-found material power to boost its positions in the international system, including by building numerous parallel international institutions – AIIB, SCO, not to mention the **Belt and Road** initiative. **He states that the US and China are ‘on a collision course’ (akin to Anglo-German rivalry before the 1914-18 war) that, “sooner or later, is likely to eventuate in war’ (Layne, 2018, pp124-125). According to Walt, the only way a Sino-US war is avoidable is in the unlikely event that all leaders (Chinese, other Asian, and American) are simultaneously ‘prudent, enlightened, far-sighted, and peace-loving...’ (Walt, 2018, 28).** China, therefore, is **considered** a revisionist power with implications for American and world security. Additionally, the American foreign policy establishment remains stuck in mindsets wedded to US material power projection, including military violence to remain supreme (Layne, 2017). Yet, this argument underplays two key factors: the sheer levels and quality of Sino-US material and institutional interdependence, and the nuclear balance of terror that, even in the cold war, prevented out-right great power war.

This article advances a neo-Gramscian-Kautskyian approach with an archival research-based case study of a specific elite knowledge network established by the Ford Foundation, especially to promote fundamental economic reform (Spires, 2011). Ford funded leading universities and ‘think tanks’, actively promoting **cross-border** Sino-American knowledge networks that deeply impacted on economic change and economics’ education. Hence, this article traces Ford’s role in Sino-American elite knowledge networks from the 1950s to the 2000s, examining the triangular relationship of Ford, and the American and Chinese states. **It is important to note that no claim is made here to suggest that Ford’s influence was the single or decisive factor in transforming China’s economy. What we do argue is that Ford was highly significant in strategically-targeted and timely funding of research, training and intellectual work. Ford’s most significant role, however, was what US foundations do best - building international elite knowledge networks, spaces for thought and creativity oriented to transformational change via knowledge for use, fueled and sustained by flows and circulations of people, ideas, and money. Ford’s principal advantage is its formally private non-state character, a convenient fiction that enables it to move more freely than American state agencies into politically-sensitive spaces and politically-taboo subjects. Those spaces for ‘Track II’ diplomacy, informal but semi-official in practice, independent of but authorized by both states, were fundamental to China’s shift to a market-oriented economy. In the process, Ford (alongside and in cooperation with the World Bank, among others) helped re-construct the very identity of Chinese economists into neo-classical as opposed to Marxist, within a new scientific community (Cohn, 2017). The key questions are: What kind of economic agenda did China set and Ford *facilitate*? Is this American hegemony or a new kind of great power relationship? And what does the evidence of such long-term and enduring, stable, network-building say to dominant IR theories?**

US and Chinese grant-recipients formed networks transcending national boundaries and, significantly, permitting opportunities for multidirectional transfer and exchange of ideas and values. This transnational knowledge network is one of the key forms of American hegemony. The elite knowledge networks that helped penetrate China, *at the invitation of Chinese political elites*, suggest that Sino-US relations may be better characterized by inter-elite collaboration on shared agendas rather than by Realist forecasts of **all but** inevitable military conflict. Liberal approaches (that also neglect non-state actors’ roles) claim that the collaboration is of broadly popular mutual Sino-US benefit, neglecting inequalities of power in the two states that determine the allocation of economic and financial rewards. We conclude that an understanding of US hegemony as consisting of elite knowledge networks better explains Sino-US relations and future trajectories, hence broadly stabilizing the relationship.

*Neo- Gramscians and US corporate foundations*

Neo-Gramscians propose that hegemony depends on both material force and consent, embodied in the ‘integral state’ concept, reflecting organic links between state and civil society. In IR, however, one reading suggests the operation of global civil society as principally related to the nation-state and the inter-state system (Cox,1983; Gill,1990; Thomas, 2009). Another understands ‘integral state’ as two distinct units at the global level, where hegemony is driven by a global civil society without the participation of the nation-state (Robinson, 2005) .We adopt an intermediate position in which civil society plays an important role in hegemony, acting across national boundaries, in conjunction with state elites, who are part of the broader elite knowledge network-building program. Increasingly intense interactions across borders forced civil society diversification, with different segments having differing relations with the state. There is a strong and durable organic relationship between corporate foundations and the American state, despite their insistence on independence from politics, the state and business (AUTHOR, 2012).

Corporate foundations invest large funds in hegemonic projects to build what they view as a better world, attacking the ‘root causes’ of societal problems, as they did during America’s industrialization and urbanization processes in the late nineteenth-century, when they applied social scientific knowledge to modernize America and, significantly, to marginalize leftwing strategies. Foundations like Rockefeller and Carnegie funded a large number of elite individuals, schools, think tanks and policy research institutions, under the banner of scientific philanthropy. They also established extensive linkages with academic organizations, governments and the media. At the national level they constructed new relations between the state and civil society, forged a new ‘historic bloc’ – consisting of organized labour, corporations, religious and university organizations, and state agencies. The bloc acted to engineer consent for the dominant corporate order (Arnove, 1980; AUTHOR, 2004, 1999, 2000).

The major foundations’ foreign policy aligned with and cohered that of the east coast establishment as their leadership shared common backgrounds, interests and outlooks. Much of big foundations’ work overseas deploys foreign aid for development, relieving poverty, claiming moral motives. Developing states’ (elite) civil society is the direct target of foreign aid of foundations, forging a connection between local and American elites as part of the hegemony-building process (Risse, 2007, pp.251-286) to engineer international elite consensus (Ikenberry and Kupchan,1990). Corporate foundations’ programs are consistent with neo-Gramscian understandings of hegemony construction, though we extend research and analysis to a non-Western great power case (Cox ,1989).

US foundations' overseas investments build transnational knowledge networks connected with US domestic knowledge, operating as a 'transnational historic bloc'. Foundations fund programs to improve technical skills or to disseminate new thinking in recipient societies to influence policy-making. Corporate foundations, expressing hegemonic norms, like market economics, helped legitimize and institutionalize them by the 1970s, bringing about 'a unison of economic and political aims, but also intellectual and moral unity on a universal plane.' (Gramsci, 1971, p181-182). American foundations built a remarkable network across a range of fields and academic disciplines that fostered a pro-US environment of values, methods and research institutions (AUTHOR, 2012).

Since the 1970s, the US began to integrate the global political economy including what later became known as the Brics, mainly to offset demands for a New International Economic Order (NIEO) from post-colonial states (Golub, 2013). By 2001, China joined the World Trade Organization, cementing its market credentials, expressing Sino-American economic interdependence, strengthening cooperation rather than conflict between them.

Karl Kautsky's concept, 'ultra-imperialism', helps understand the role and rationale of such transnational knowledge networks between powerful states. According to Kautsky, ultra-imperialism – the tendency of national ruling classes to form international alliances to jointly exploit the world's resources - leads to cooperation rather than, or alongside, conflict between capitalist states (Kautsky, 1914). Kautsky notes that inter-capitalist corporate/state cooperation could create cartel-like agreements or a 'league of states' (Holloway, 1983, p.324). Despite a strong tradition of critical thinking by neo-Gramscians – Cox, Gill, but also other Marxists such as (Pijl, 2014) – that examines transnational alliances, our work extends the analysis to China – the political-cultural incorporation of which would clearly differ from Euro-American examples. **In addition, by adding American and Chinese civil society linkages to Kautskyian inter-state and corporate relations, and given that the civil society organisations we are discussing are heavily-linked with the both states, we deepen Kautsky's ultra-imperialism concept by marrying it with Gramsci's (transnational) historic bloc.**

Numerous international arrangements uphold Kautsky's approach, such as the European Union, a supranational alliance **of states and civil societies** which prevented war and generated enduring cooperation, despite tensions. American power, via the multilateral LIO exemplifies ultraimperialism – much to President Donald Trump's pluto-populist chagrin (Wolf, 2017). Even Kautsky's critics argue his ideas better apply to the post-1945, and especially post-1989 eras (Thomas, n.d). Kautsky's ultraimperialism was *hardly free of rivalries*, however, given uneven development, levels of exploitation and subordination endemic in capitalist international relations (Kautsky, 1914), with effects on alliances. He is also clear that the pattern of international capitalist alliances is subject to change.

Therefore, *we would expect tensions especially within a system experiencing power shifts, despite shared interests, placing great strain on international institutions.*

Kautsky enhances understanding of the LIO in two ways: first, to suggest that war, *despite other tensions*, is not inevitable between great powers, but for reasons rather different from those suggested by liberal internationalism's benign ideas about **state-to-state** interdependence; and secondly, that great powers, aiming to jointly promote their power against others, build alliances with their elite foreign counterparts where they already hold power or, by extension, where such a nascent elite might be fostered. Such is the case in the China instance discussed below though there is no suggestion that one state controls another. This **potentially** challenges Leninist (Lenin, 1916), Realist and liberal conceptions of the international order – *the system is imperial but not necessarily doomed to perpetual war*, and neither is it benignly liberal. **Nevertheless, this article's main use of Kautsky's concept is to suggest its potential; that with more empirical work on Sino-US relations and more systematic and comprehensive research on the inter-relations of their state-civil society complexes, as opposed to Ford's hegemonic ambitions in China, we might be in a better position to 'test' the applicability of ultraimperialism. For now, it remains an interesting new angle on Sino-US relations as forged by the pioneering Ford Foundation.**

### *Network power*

Liberal internationalists fail to appreciate the (elitist and imperial) power of elite knowledge networks, which they see as benign 'soft power' or politically-neutral 'socialization' (Ikenberry and Kupchan, 1990). Our Gramscian-Kautskyian approach views elite knowledge networks as fundamental to national and transnational elite power strategies. Hence, Gramscian hegemony has at its core a power technology that has proved spectacularly successful in building hegemony and managing or preventing radical change.

The elite knowledge network is a system of flows (of people, money, ideas) between spaces in which are located critical masses of thinkers/activists; the spaces reflect a division of labor in the complex process of producing and applying knowledge; are funded by entrepreneurial catalytic groupings that see opportunities for knowledge mobilization. Knowledge networks provide the conditions for ideational creativity, conducting 'pure' research with 'real-world' applications. The elite knowledge network is American elites' essential power technology, without which the production of 'useful' knowledge via trained experts to construct ideology, institutions, and policy, would be more difficult (AUTHOR, 2012). When ideas embed in networks that socialize young scholars, practitioners and leaders, they become hard-wired thought patterns defining normality. (Cosser, 1997; Brown, 1999; AUTHOR, 2013).



Historically, American elite knowledge networks revolved around the strategically-central corporate-philanthropic foundation. Major ‘liberal’ foundations like Ford, Rockefeller and Carnegie, provide strategic funding to build and sustain knowledge networks (Mayer, 2016). They have no electors or shareholders, and are governed by boards of trustees drawn from large corporations, government, media, and elite universities. They are immersed in elitist mindsets, ethno-racial and class identities that differentiate them from the majority of Americans. The rise of US hegemony may be tracked by exploring the increasing significance of foundations and the institutional architecture that owes its origins to concentrated corporate wealth. At home, this architecture comprised a dense network of think tanks, university IR, area studies and social science programs, interlinked with practitioners. These networks built long-term relationships creating pathways for international circulation of ideas, people and money, strongly-connected with American organizations, such as the Council on Foreign Relations (CFR). Their greatest achievement is the elaboration of a liberal-internationalist elite consensus that rejected ‘isolationism’. They helped establish, alongside and in cooperation with the American state, the post-1945 LIO.

LIO institutions were intertwined with the private and state-private institutional architecture established during the Cold War to perform the major functions of US hegemonic knowledge networks. They became symbiotic with NATO, European unity movements, and the Anglo-American special relationship, providing an international umbrella and deep domestic reach into core states (Hodgson, 1973; AUTHOR, 2012, chapter 4). Those elite knowledge networks continue to successfully manage, channel or block threats to American hegemony, constraining attempts to radically alter Sino-US relations.

### *Ford Foundation and Chinese economic reform*

The Sino-US elite knowledge network has one core component that influences two related processes that facilitated China’s integration into the LIO: the development of Economics education is the fundamental component that also crystallizes and mobilizes networks that assist economic policy reform, disseminating new thinking to engineer a pro-reform climate of opinion. The transformation program, however, moved ahead on all fronts simultaneously: Ford funded scholarly exchanges among economists, **several** visits by economists like Milton Friedman (Noble, 2006, November 17), ‘modernized’ economics teaching at universities, and helped form think tanks including by the governing State Council, Communist Party, and universities, as well as intellectual and financial linkages to the World Bank. **Overall, Ford invested ca \$400m in China from the late 1970s into the 2000s, mostly (over 90%) in Chinese state or state-licensed institutions (Spires, 2011). Along with the World Bank, the American Economics Association (AEA, which Ford funded as well), Ford mobilized and catalyzed a revolutionary intellectual shift in economics in China. What had begun as an**

introduction to ‘Western’ economics in the late 1970s had become ‘micro’ or ‘macro’ economics by the early twenty-first century (Cohn, 2017). Ford-funded economist, Princeton’s Gregory Chow served on the AEA’s Committee on Exchanges on Economics with the PRC (1981-1994), exchange work which overlapped with that Chow carried out with Ford funding (Chow CV at <http://www.princeton.edu/~gchow>; accessed 21.2.19). But the development of China was contingent on numerous international and domestic factors, including Tiananmen Square, Left opposition, and international crises (Gerwartz, 2017). **The main claim made here is that Ford’s role is significant but hardly known or neglected, yet has important implications for understanding China’s trajectories since the late 1970s, not to mention, potentially at least, for the dynamics of international relations. It is remarkable how silent most observers are on Ford’s role. Ross Garnaut, for instance, who authored several memoranda on Ford’s role in China, fails to mention Ford in his analysis of four decades of Chinese development (Garnaut, 2018). At the same time, he argues in his 2018 book that ‘because there was no conceptual basis for a market-oriented economy’ in China in 1978, its leaders had to rely largely on ‘increasing contact with foreign experience and ideas.’ (Garnaut, p.31).**

The transformational core of elite networks lay in educating/training people in university economics who went on to implement economic reform in the state, manage and transform state-owned enterprises, set up private firms, and represent China on the boards of international financial institutions. They also influenced public discourse.

Ford programs followed a well tried format: first, develop U.S.-based economic studies at US elite universities to ‘know China’; second, introduce modern economics to Chinese elite universities via western doctoral programs.

The direct consequences of Ford aid to China economy were numerous excellent students and scholars who studied ‘modern economics’ abroad. Although a large percentage of students did not return home, Ford built networks so they could cooperate with their China-based colleagues. Hence, Ford’s series of individual and institutional grants helped China’s major universities, think tanks and policy research institutes access experience, expertise and training in applied economics (Ford Foundation Board of Trustees, 1997). **According to Cohn, it was such Ford-sponsored workshops that trained the economists that “reorganized Chinese economics departments,” with foreign-trained returning economists being equipped to “shift the economics imagination in China”, a deep process during which China’s economists began to “ ‘internalize’ Western concepts as part of their own basic intellectual equipment”. Cohn concludes that Ford was one of three key foreign forces in China, and easily the most influential single foundation in China, especially in the economics field (Cohn, 2017).**

Ford's policy complemented official US government attitudes, motivated by a broadly shared mindset on 'national interests', that communism would fail and China would re-emerge as a global force. Mutual Sino-American knowledge became necessary to strengthen Ford's commitment to shaping the future of Asia in the context of a powerful China (Finkelstein, 1975). Paul Hoffman, Ford's president, former Marshall Plan administrator, rendered the Foundation a component of American global strategy. Ford provided funds to the Committee on Scholarly Communication with the People's Republic of China which was 'independent of the government and yet operated with its support' and 'responsible for arranging the vast majority of Chinese scholars' visits to the United States prior to normalization' (Smith, 1998). Ford staff consulted with Allen Dulles of the CIA and other government agencies in drafting its China strategy. Ford therefore became deeply involved in the economic field in China from the 1950s, resulting in the relative normalization of the market mechanism by the 1970s (Bresnan, 1978).

### ***Ford Foundation and China economics studies in America (1951- 1978)***

Despite McCarthyite animosity, Ford aided China's refugee intellectuals and research via the Foreign Studies and Research Fellowship Program, transforming the study of China (Ford Foundation, 1952, 1954). Previously, American universities had focused on 'Sinology and pre-modern Chinese studies' (Han, 1997); Ford funded utilitarian research on China's politics, communist party, and economy, despite opposition from Harvard and other Sinologists. A grant of \$420,000 to Columbia University supported research on modern Chinese politics and political elites' backgrounds and worldviews; while \$270,000 enabled Harvard to research modern Chinese economy, including its economic history, 1840-1940 (Ford Foundation, 1955). At Michigan, Ford funded the Center for Chinese Studies with grants totalling \$900,000 to research economic retardation, political behavior, attitudes, and the positions of Japan and China in Asia. By 1965, they published 13 monographs on Chinese economy and 28 papers on East Asia (Harvard University, EAS, 1965). Between 1952-1979, Ford invested more than \$40 million to study China; after normalization, Ford invested over \$356 million (Chang, 1987, August 10).

China studies' status was cemented by the Ford-funded Joint Committee on Contemporary China (JCCC) as national coordinator, with a sub-committee on contemporary Chinese economic, political, social and governmental studies. A new Committee on the Economy of China won Ford funding of \$910,000 in 1961, funding 39 scholars who published monographs and papers. (Han, 1997, p.289) In 1971, another committee on Chinese economy gained over \$500,000, funding scholars such as Harvard's Dwight Perkins and Columbia's Carl Riskin, to run conferences on economic development (Han, 1997, p.378-379; Ford Foundation, 1971).

Once again, however, it is important to note that foundation funding is relatively minor in comparison with state spending. But its strategic significance should not be under-estimated. Foundation funding is a kind of venture capital, it takes political and financial risks that state agencies and political leaders dare not. Foundation funding also operates as a ‘force multiplier’ – there are usually matching funds from recipient organisations, or follow-on funds by state agencies themselves or, even more significantly, new follow-the-leader investments. The fact that Harvard or Peking universities, for example, are seen to develop research and training programs in certain areas influences other less prominent but ambitious institutions to follow their lead. Hence, a relatively small, targeted investment may yield large dividends (Parmar, 2012). The argument here is that Ford and other foreign agencies built partnerships in China that facilitated ‘learning from abroad on a scale that has few parallels in human history’ (Gewirtz, 2017, p.3). According to Gewirtz, the ‘meeting of ideas between China and the West must be understood as a central element of the period 1976-1993,’ when China adopted a ‘socialist-market economy’ (Gewirtz, 2017, pp.11-12).

#### *Ford Foundation in Chinese economic field since 1978*

Ford officials established direct relations with China’s leadership even before Mao’s death and, by 1978, took up Deng Xiaoping’s call for greater Chinese learning from the outside world, setting up numerous programs for educational exchange and economics curriculum development (Bresnan, 1978). Between, 1978-2008, 1.3 million Chinese studied abroad, 37% of them in the US; around 370,000 returned home and took up leading positions in reformist research institutes (Li, 2003). **By 2007, there were 971,000 undergraduate students in economics in China, with an additional 3.6 million studying management or quantitative methods; of the 17,000 registered graduate students in the discipline, 13% were conducting doctoral research (Cohn, 2017).**

China’s State Economic Commission (SEC) organized study tours to America, Japan, and eastern/western Europe and invited foreign economists to lecture in China after 1978. China wanted to learn, and adapt, the most useful elements of the management system of America, Japan and Yugoslavia, inviting eminent economists such as Wlodzimierz Brus and Ota Sik to lecture Chinese scholars and officials. The analytical tools of modern economics they lectured on inspired a new generation of Chinese economists (Wu, 2011). **Indeed, the historic Bashan Lun conference of 1985 (Gewirtz, 2017, pp.136-155) could hardly have had so great an impact had it not been for prior investment by Ford and others in training China’s economists. This is most clearly the case in the field of econometrics, the discipline which claims to provide the tools and levers to policy-makers to bring about determined economic outcomes. Econometrics was very weak in China until Ford invested several hundreds of thousands of dollars in 1980 alone (Gewirtz, 2017, p.78). Ford**

**funded visits to China for Lawrence Klein (Pennsylvania), Gregory Chow (Chicago, Princeton), and Lawrence Lau and Theodore W. Anderson (both Stanford economists). According to Ford's executive vice president, David Bell, Ford's intervention helped move China's economy in the direction of ‘ “incentives, markets, [and a] freer econ[omic] system”’ (Gewirtz, 2017, p.78). Seven weeks of lectures and seminars by Klein et al led to the Chinese Academy of Social Sciences to set up its own Institute of Quantitative and Technical Economics, staffed by Klein et al's Chinese students. Ford provided further funding for econometrics thereafter too to cement the development and direction of movement (Gewirtz, 2017, p.79).**

However, China's leadership had **also** sought direct foreign assistance to the Chinese state: In 1979, Ford representatives met Daohan Wang, head of the new Foreign Investment Commission, and awarded \$1million for development training programs (Cohen, 2016). China joined the IMF and World Bank in 1980, receiving further aid. Ford, working with the Chinese Academy of Social Sciences (CASS) and 7 leading universities, began a program of direct support for Sino-American academic and professional exchanges.

Ford's support for Chinese economists' education was inspired by China's programs developed within the First Department of Higher Education. Their heads and Princeton economist, Gregory Chow, persuaded the Ministry of Education to reform the curriculum via a microeconomics workshop for university teachers, students and governmental officials in the summer of 1984, at Peking University. They used mainstream western texts like Gould and Ferguson's *Microeconomic Theory*, Henderson and Quandt's *Microeconomic Theory*, and Chow's *The Chinese Economy* (Chow, 1990). With Chow's cooperation, Ford increased its support for economics education and research, under the auspices of the Ford-funded U.S. Committee on Economic Education and Research in China (USCEERC).

USCEERC cooperated with the Chinese Committee on Economics Education and Exchange with the United States formed by the Chinese Ministry of Education consisting of representatives from seven universities, including Peking, and Fudan, chaired by Vice President Da Huang of the People's University. Ford consciously strengthened institutional connections and focused on promoting academic and professional competencies.

USCEERC supported two further Summer Workshops, focused on macroeconomics at People's University (June-July 1985), another on econometrics in 1986, led by America's most eminent economists drawn from Chicago and Princeton, leaders of the American Economics Association, networked with the World Bank, US Federal Reserve, and IMF. The workshops were attended by hundreds of graduate students, teachers and researchers from government organizations such as the People's Bank, the State Statistics Bureau, the State Council, and CASS (Chow, 1990).

*The immediate achievement* was successful formal linkage of China's macroeconomic model to the world economy model system. Jia Pei Wu led the group that learned econometrics to study about the Chinese model for LINK projects when the State Council approved China's participation in Lawrence Klein's world economic forecasting model system in 1985. Wu was Ford-financed to study with Klein at the University of Pennsylvania (Liu, 2010, p.327-332). Through the LINK programme, China gained a platform to link with the world economy.

The most important Ford activity was the year-round graduate economics training initiative usually referred to as the 'Ford Class', **an initiative in which Ford invested almost \$5 million**. Ford shifted from short-term program support to academic and professional exchanges between institutions in China and their US counterparts. Ford designated Harvard's Perkins and Princeton's Chow as the two co-chairmen of USCEERC, with Robert Demberger, D. Gale Johnson, Lawrence Klein, Lawrence Lau, and Herbert Simon as members to work with the Chinese Committee (Chow, 1990). Gale was a senior economist at Chicago; Herbert Simon and Klein, respectively were Nobel laureates in economics, 1978 and 1980. Chow had studied under Milton Friedman. Together, they funded a year-long master's-level course for the best university teachers at prestigious universities (People's 1985-1995; Fudan, 1987-1992).

*The direct result* of the 'Ford Class'? Over 500 students received graduate-level training during the 10-year period. The 'Ford Class' had nearly 20 courses that included macroeconomics, microeconomics, econometrics, development, international finance and trade, banking, industrial economics, labor and welfare economics, applied statistics, investment, public finance and game theory. The main textbooks came from US doctoral courses (Li, 2015, December 25). Professor Richard Pomfret reported that the 'Ford Class' introduced neoclassical and Keynesian economics to China for the first time. Roger H. Gordon argued that the result of the program was to expose students to economics as taught in the U.S., preparing them to both teach and do policy research in China with up-to-date economic tools. Perkins noted the 'Ford class' established modern market economics across China, radically altering how economics was taught ('Editorial', 2017). Haizheng Li argued that the major fruit was a new understanding of modern western economic theory. (Wang & Zhao, 2010) Ford class alumnus, Guoqiang Long, now Vice Dean of the Development Research Center of the State Council gained knowledge of theoretical economics through the 'Ford Class', which has important significance in accurately analyzing the causes of economic fluctuations and providing valuable policy recommendations for decision-makers (Wang & Zhao, 2010). 'Ford Class' alumni went on to become professors at major Chinese and American universities. Even 'Ford Class' alumni who remained abroad linked China's economic research and overseas exchanges. Professor Haizheng Li (Georgia Institute of Technology) also directs the China Center for Human Capital and Labor Economics at the Central University of Finance and Economics, while Yongmiao Hong has established the

Yanan Wang Institute for Studies in Economics at Xiamen University. Zhijie Xiao (Boston College) serves Shandong University as Distinguished Professor of the Recruitment Program of Global Experts. Other 'Ford Class' alumni became active in policy research and financial markets: Jiming Ha was chief economist at the IMF from 1993-1999. Jiming Ha coined the term 'demographic dividend' and works with the central bank on committees chaired by Premier Wen Jiabao ('Editorial', 2017).

USCEER also supported dozens of scholarships for foreign study of economics in over fifty graduate programs in North America (Chow, 1994, p.50). - over 160 graduate students (from 1985-1988) in total (Chow, 2015, p.392). Ford also sent Chinese senior scholars to study economics through its Visiting Scholar Programs to retool those with no previous exposure to modern economics. **Although the US federal government's Fulbright program expended ca \$200m per annum on scholarly exchanges during the 1980s (worldwide), very few Chinese economists trained through that scheme. Most top economists active in China were, therefore, Ford-funded** (Garnaut, 1993, April 15).

Ford helped develop cadres of economists skilled in policy reform to transform China. The Chinese Economists 50 Forum (CE50) founded by celebrated Chinese economists in Beijing in June 1998, brought together nearly 50 top Chinese economists to research economic development (Li, 2009). It is recognized as a 'think tank' to China's most senior economic policymakers. Weiyang Zhang, a member of the Chinese Economist 50 Forum, published his book *Game Theory and Information Economics* in 1996, a key text at several universities, selling 20,000 copies within two years. **According to Gewirtz, Weiyang Zhang is a staunch follower of Hayek and Friedman who had attended Lawrence Klein's econometrics workshop in 1980 (Gewirtz, 2017, p.367). Zhang had also been central to the price reform debate in 1982 that promoted supply and demand as replacement for state price-setting (Gewirtz, 2017, p.124).** Yifu Lin of the Development Research Center of the State Council, and Beijing University, served as Visiting Associate Professor supported by Ford. Lin studied at UCLA in 1990, pursued Ph.D in economics at Chicago, under Nobel laureate (1979) Theodore Schultz. (Chow,1991, p.413). **Pieter Bottelier, the chief of the World Bank's resident mission in China in the 1990s, names Yifu Lin as one of the most influential economists in the country's transformation (Bottelier, 2018).** Mao Yushi was senior fellow at the Institute of American Studies, Chinese Academy of Social Sciences, from 1984 to 1993, and Foundation-funded Harvard visiting scholar in 1986.

Other Chinese economists also influenced government policy: Sheng Hua studied at Oxford in 1987, published a major authoritative paper about shareholding in 1998 which, when the government launched the Shareholding Division's Reform in 2005, *China Securities Journal* reprinted (Hexun.com, n.d.). **The Ph.D fellowship program helped to develop a large group of well-trained**

*economists, many of whom remained in contact with Chinese economics through research or teaching. Hence, the pool of Ford funded economists were a rich resource for China's economic development and for developing further its modern economics profession* (Garnaut, 1993, April 15).

Based on wide consultations of US economists, the State Education Commission agreed a number of core course in economics to be taught at major universities, including microeconomics, macroeconomics, statistics, accounting, public finance, money and banking, development economics, and international trade. The framework of western economics, especially neoclassical economics, caused a paradigmatic transformation in Chinese economics education and inspired the next generation to explain and lead Chinese economic reform. **The Ford programs were, therefore, fundamental to changing China's economic system.**

### *Chinese Economists' Society (CES)*

Ford enabled strong knowledge networks between non-returning Chinese economists and their mainland counterparts. Non-returners formed the US-Canada-based CES of economics and business administration scholars in 1985. CES's first symposium in May 1985 in New York received a \$7,500 Ford grant, and \$67,300 over 5 years for institutional development. CES (McGurk, 1994, November 17) ran a short-term program 'Teaching Economics in China' every year from 1990, which supported its overseas members to teach economics courses in Chinese universities. CES sent five Ford-funded scholars to teach economics in China in 1993 (Yi, 1993, May 11). Ford used the Chinese Economists' Society as a bridge between expatriate and 'domestic' scholars, as China specialists overseas had significant insights into the performance and reform of the Chinese economy. This kept senior Chinese economists networked with their colleagues abroad, including in the World Bank and other U.N. agencies (Harris, 1993, February 12).

From 1993 CES organized its annual conference in China, attracting internationally renowned economists, senior government officials and business leaders, with profound policy impacts on China's market-oriented reforms and economic development strategy. A grant of \$50,000 from Ford was awarded to CES to support its Hainan symposium, January 1993, attended by high-profile Chinese economists from government research organizations and universities, such as Professor Shangqing Sun, Yining Li, Furen Dong and Jinglian Wu; newly established young economists, some of whom were trained abroad but returned to China in the 1990's, e.g. Yifu Lin, Shuqing Guo, Xiaochuan Zhou, Ying Du and Gang Fan; and a group of preeminent young economists who made significant contributions to the reforms of the 1980s and who were currently studying abroad, such as Qiren Zhou, Xiaoqiang Wang, Sheng Hua and Guoqing Song (Yi, 1992, October 30). Wu – known as "market Wu" due to open support of a market economy, as were Xiaochuan Zhou and Shuqing Guo, were all leading architects of China's market transformation, repaying Ford's investments



which, unsurprisingly, continued to fund conferences well into the twenty-first century (Bottelier, 2018; McGurk, 1999, February 5).

That interaction encouraged greater openness and diversity in economic thinking and expatriates to return. Many young economists were recruited by universities and institutions through CES-organized events. Guoqiang Tian, Dean of the School of Economics at Shanghai University of Finance and Economics, was president of the Chinese Economists' Society from 1991 to 1992. Yingyi Qian (president, 1986-87) is Dean of Tsinghua University School of Economics and Management. A number of the Society's founding members or former officials hold top positions in China's government departments including the central bank, and think tanks as well as leading universities, transnational corporations, and international agencies (The Chinese Economists Society, CES, n.d.).

### *China Center for Economic Research (CCER)*

There is little separation between economics education, training, research and policy reform, in the tradition of American foundation-funded programs in the discipline. The aim is consistently to put knowledge to work, a technocratic program to make a future 'responsible' stake-holder in world politics.

Ford's focus on economic policy-oriented research and analysis funded new economics think tanks, including the China Center for Economic Research, a nonprofit, policy and training institute, with additional support from the World Bank. Ford provided a \$10,000-a-year subsidy for two years for six scholars (McGregor, 2007). The CCER has close links to CES via several leaders, and Professor Gao Shangquan of the State Commission for Restructuring the Economic System. It was formed at the Hainan CES conference in 1993.

This group recognized that an effective structure could present new opportunities to re-engage in China's reforms for some of the best internationally-trained Chinese economists. Yifu Lin attracted foreign-trained young economists to work at the CCER. A few presidents of CES including Wen Hai and Gang Yi, also joined CCER. Up till 2004, all 27 faculty members were trained abroad: USA (24), U.K (1), and Japan (1) (Naughton, 2002). Members of the CCER also originated from the State Council's Development Research Center, and China State Commission for Restructuring the Economic System. These elite scholar-policymakers, who had already begun in policy analysis in the early stage of reform, took advantage of the opportunity to study abroad. **CCER was founded as a "self-consciously American beacon" within China's economics profession. By 2005, not only were the vast majority of its economists American PhDs, they had been involved in "almost every single [market-relevant] policy dialogue in China" (Cohn, 2017).**

CCER's foreign-educated economists redesigned the curricula and methods of economics and management in line with U.S., especially, the Chicago model (Li, 2009). Its postgraduate programs

feature courses on *game theory and information economics*. About half of the MA students pursue doctoral degrees abroad, including Harvard, and Chicago; one-third work in finance; one-sixth in government, or teaching (Lin, 2005). To improve policymaking and management in the new market economy, CCER offers training for government officials and corporate executives, including in China Telecom, Ping'an Insurance, and Novartis (Lin, 2005). CCER also submits confidential reports to various government agencies.

Many CCER scholars exercised direct or indirect policy influence through major publications: Yifu Lin, who focuses on rural development reform, issued research papers, including 'Collectivization and China 1959-1961', and 'China's agricultural reform and agricultural growth', which caused ripples in international economic circles, establishing his position among international development and agricultural economists. Lin's 'Rural reform and agricultural growth in China' (1992), is regarded by the US Information Science Research Papers in Economics as one of the most cited papers from 1980 to 1998. His academic monograph, *Adequate information and state-owned enterprise reform*, was translated into English and Japanese; while *China Miracle: Development Strategy and Economic Reform*, was translated into numerous foreign languages. In 1999, Lin proposed a 'New Countryside Movement', and the subsequent 'Eleventh Five-Year Plan' listed building a new socialist countryside as the first key task. Qiren Zhou had participated in drafting the core document of Chinese central planning in the early 1980s. Since the 1990s, he has become China Telecom's promoter of academic, health care, rural land ownership, and monetary reform. He became a leading proponent of competition within the telecom industry and, thereafter, CCER staffers were invited regularly to participate in deliberations of China's five year plans (McGregor, 2005, p.265).

CCER also shapes public debates through publishing research in newspapers and journals. CCER launched the China Economics Observer Quarterly seminar in 2005, targeted at senior academics and renowned experts, focusing on key issues in China's economic reform, and the evolution of short-term Chinese macroeconomic development. From April 2005 to May 2016, the quarterly report was published 46 times. Over the past decade, the report has been published and discussed in dozens of media outlets. CCER's largest meeting, the China Economic Annual meeting, is held jointly with the US National Bureau of Economic Research (NBER), since 1998, a window for China to understand American economists, and vice versa. The-then chairman of the Federal Reserve, Ben Bernanke, lectured at the fifth annual meeting in 2002.

### ***Chinese economic reform and "think tanks" in China***

Deng Xiaoping's market reforms emphasized economic development and modernization, requiring large quantities of international aid, much of which came from the World Bank, led by Robert McNamara, who led a delegation to China in 1980. Within a month, China was represented on the

World Bank's board; in 1993, it became the Bank's largest borrower and remained so until the late 1990s.

The Bank also networked its experts with their Chinese counterparts on economic reform through joint studies and conferences. In 1985, the Development Research Center of the State Council and the World Bank jointly organized the 'international conference on China's Macroeconomic Reform,' known as the Bashan Lun conference. Several world-renowned economist attended, including James Tobin and Janos Kornai (Fukasaei, K et al, 2005,p.469). Chinese participants included senior government officials and economists who participated in the design of China's reform policies. In 1987, the Commission on Economic System Reform of the State Council and the World Bank held the international conference on China's SOE Reform.

Simultaneously, Ford focused on Chinese economic reform via applied economics collaborative activities to help China's major 'think tanks' gain access to relevant expertise (Geithner,1988, May 27). In the 1980s, Ford supported Chinese reform mainly through funding state-affiliated think tanks. From the early 1990s, Ford funded new institutes closely linked with expatriate Chinese scholars. Funds covered the cost of planning meetings among potential collaborators (Geithner, 1988, May 6). It complemented economics teaching and research in China.

### *Chinese Academy of Social Sciences (CASS)*

**Interestingly, CASS was the only institution in China that had continued to consider Western economics during the Cultural Revolution (Hofman, 2018).** CASS' Institute of Economics received initial funding from Ford - \$400,000 for a two-year joint program with CASS in 1980, under which five senior Chinese economists engaged in advanced study at U.S. universities and an American economist worked in Peking. (Ford Foundation, 1980) Fanzhang Huang, for example, attended Harvard and focused on the development of postwar U.S. mainstream economics under the guidance of Martin Feldstein, the father of supply-side economics, and head of the NBER. Feldstein subsequently led an NBER delegation of 8 professors to China in April 1982, and became a regular government advisor as well as public commentator. Fanzhang Huang, as vice dean of Economic Research Center of the National Planning Commission (later Academy of Macroeconomic Research, NDRC) from 1988 to 1995, was influential in reforming state-owned enterprises into joint-stock companies (1989) (Liu, 2010, p.321-326). This was taken up as policy by the Chinese Communist Party's National Congress to separate ownership and control under conditions of socialism, and increasing efficiency. He also led Ford-funded research and policy reform in the areas of financial crime and financial sector transparency (McGurk, 1999, February 5). Jinglian Wu went to study with JM Montias at Yale, the founder of comparative economic systems analysis. Wu helped write policy reforms on

'Rethinking commodity economy under socialism' after returning to China in 1984, the principal reform goal recognized by the Communist Party Central Committee (Liu, 2010, p.341).

Ford also provided grants to the CASS Institute of Economics for collaborative research with foreign scholars on ownership reform of state enterprises and income distribution, in 1988 (Geithner, 1988, May 27). In 1988, under a special agreement with the State Council, Ford became the first international non-government organization to establish an office in Beijing, with CASS as its local counterpart. Ford invested \$200,000, enabling Renwei Zhao to conduct China's largest household survey, based on 10,258 rural households in 28 provinces plus 9009 urban households (Griffin & Zhao, 1993, p.25). Renwei Zhao launched two further surveys in 1999 and 2002 with funding from Ford. The first achievement of this collaborative research program was the English language version of *The Distribution of Income in China*, published in 1993, a collection of essays published in Chinese in 1994 (Wu & Shang, 2005). Another achievement was *China's Retreat from Equality: Income Distribution and Economic Transition*, as a sequel to the earlier study, published in 2001. This book is the crystallization of joint studies by researchers from China, the United States, Britain and other countries. The joint studies updated the level of research in this particular sector and influenced distribution policy decisions (Yang, 2003). Overall, this volume brings together a tremendous amount of complex statistical analysis and description. That said, the policy recommendations to increase market penetration, in the face of income inequality resulting from increased marketization, reveals the authors' faith in the market to equalize wages and property income (Osterreich, 2002).

In 2002, under the auspices of Ford and the Swedish International Development Agency, the third large-scale household income survey was conducted by Shi Li, bringing together American and other experts on revenue issues, using complex analytical tools to refine the impact factors of income gap (Wu & Shang, 2005). Furen Dong's program on the reform of state ownership received initial funding from the National Social Science Fund, and later from Ford. The main contribution was data-collection on state-owned enterprises. This was the earliest empirical study in China's economic community to collect data and case studies based on empirical studies of enterprises (Wu & Shang, 2005).

### ***Development Research Center of State Council (DRC)***

The Development Research Center of the State Council (DRC) is a policy research and consulting institution directly under the State Council, the central government of the People's Republic of China. It participates in policy-making processes such as the formulation of China's five-year plan. It has three major functions as a cabinet level think tank. First, to conduct advanced research on the strategic and long-term issues in economic and social development, as well as problems related to reform and opening up; to provide policy options and advice to the CPC Central Committee and the State Council; finally, to conduct collaborative research and exchanges with relevant international organizations

and research institutions. Its cooperation with Ford was embodied in a high-level conference. Ford granted \$70,000 to the DRC as partial support for a major international symposium on China's economic reforms in conjunction with the Harvard Institute of International Development (HIID), held in Cambridge, in March 1993, and attended by leading Sino-American economists. Participants included Guoguang Liu, Vice-President of CASS, Xiaochuan Zhou, Vice-President of the Bank of China, Yifu Lin from the DRC, Javed Burki and Dr David Pearce from the World Bank, Professor Lawrence Klein from the University of Pennsylvania and Professor Jeffery Sachs and Professor Ezra Vogel, Harvard (Harris, 1993, February 12).

With economic reform, the Chinese economy achieved rapid growth. But since the Asian financial crisis, Alwyn Young and his supporters (most prominently Paul Krugman) concluded east Asian growth could not be sustained in the long run. The sustainability of China's economic growth was doubted, due to similar growth pattern to East Asian economics. At the same time, Chinese government was preparing its Tenth Five Year Plan and 2015 Long Term Programming. It was very important to clarify the growth prospects of the Chinese economy and the possible obstacles to economic development as a basis of development strategy and planning. DRC organized an international conference on China's Economic Growth, bringing together an international group of economists, funded by Ford, UNDP, and World Bank (Beijing, January 15-16, 2000) (Li 2000). Experts from China and abroad including some from International Organizations such as World Bank, IMF, and UNDP discussed thoroughly such issues as China's economic growth over the past 20 years and made some policy recommendations to policy-makers in this meeting (Li , 2000, September 6 ).

### *Economic System Reform Institute of China (ESRIC)*

In the 1980s, intellectuals who were keen to contribute to decision-making got an opportunity to use their specialized knowledge to impact decision-making. Another good example of this was the Economic System Reform Institute of China (ESRIC), in December 1984, which is affiliated with the Economic System Reform Committee of China. ESRIC was the State Council's think tank, with very close ties with then-prime minister Ziyang Zhao, and mainly contributed to economic policy making. It was one of the major vehicles through which younger economists could contribute to economic policy making, with Shangquan Gao as the director, providing direct policy input to the Communist Party leadership through internal channels. For example, Shangquan Gao was designated to join in drafting the 'decision of the CPC Central Committee on Economic System Reform' (Gao, 1999, p.4). Ford's China representative, Peter F. Geithner (1988, May 27), approved a grant of \$38,000 to support an ESRIC workshop on international enterprises, in 1988, mainly because its scores of participants were scholars engaged in economic reforms in various provinces and cities (Menzie, 1992). **The**

**“decontrolling” of state price-setting was a key issue among ESRIC leaders that led China towards a socialist market economy (Chow, 2018), as were social security and pension system reform (Hu, 2012).**

The workshop was jointly organized by ESRIC and Stanford Faculty. The faculty who attended the workshop were arranged by Professor Lawrence Lau and consisted of Professor Dilip Mookherjee, John Pencavel and David Starrett. The economics component examined the nature of enterprise in a market economy, criteria for design of enterprise structure, worker-managed enterprises as an alternative, comparison of state, private and worker-managed enterprises, and criteria for investment project selection within an enterprise, which provided the newest theoretical information for China’s reform (Menzies, 1992). This Ford grant made it possible for young students to conduct studies for short-term and medium-term strategic issues relating to China’s economic reforms. The students participating in the workshop got intensive exposure to applied economics and then were allotted key positions in large enterprises, and in provincial and municipal government. ESRIC was dissolved in 1989, its staff diverted to other organizations, in the wake of student protests and state repression (Gewirtz, 2017).

## **Conclusion**

A transnational knowledge network involving Chinese and American elites developed with Ford’s support from 1978. Personal connections among intellectual elites increased through conferences, research and training programs, enabling information-sharing and reform-promotion. This knowledge network worked within China’s authoritarian political system to promote state-limited pro-market reforms with full support from the US state and US-dominated international organisations (Mao, 2009). Central to the reform process was the introduction of modern economics as a discipline in China, heavily funded by the Ford Foundation. Thousands of Chinese economists were trained, new programmes developed and proliferated across leading universities, and bled into policy reform, think tanks’ deliberations, and broader public discussion. This ultimately assisted the transformation of China’s economic model and relationship with the capitalist world economy.

This was ‘invited influence’ through which Chinese policy bodies actively sought information and advice on American practices. *Hence, Chinese elites maintained substantial control over the agenda and adapted foreign ideas to their own conditions* (Wheeler, 2013, p.72). Intellectuals within these knowledge networks serve in education, research institutes and finance. When they become expert advisers to decision makers, they propagate neoclassical economic principles and influence economic reform. Chinese leaders increasingly accepted international norms, supporting a faster pace of reform. With the diffusion of adapted-liberalism, China gradually implemented a ‘socialist’-market

economy and trade liberalization, under what some claim is a ‘wicked coalition’ of ‘China’s powerful interest groups,’ or ‘an old man’s club’ (Li, 2009).

The role of the Ford Foundation was significant in building this transformative transnational elite knowledge network. Provided with generous funds, foreign-trained Chinese economists built and led institutions which gradually developed ‘think tanks’ that are globally-networked indicating that Sino-American relations are inter-state but extend to civil society and state-civil society linkages. The success of China’s economic reform has been in large part determined by adapting economic liberalism. Yet it is also clear that China’s elites shifted focus from workers and peasants to the rising middle class under conditions of increasing inequality (Li, 2003). Equally, the level of elite-to-elite Sino-US networking, as well as between a power elite of entrepreneurs, scholars in think tanks and public officials suggested a process of ‘colonisation’ of the state by the rising middle classes. This overall process **may** provide support for a Gramscian-Kautskyian view of both the liberal hegemonic project in China and the strong but not trouble-free linkage of Sino-US elite networks. The project aimed to better integrate Chinese elites into globalist mindsets and networks transforming a state formally oriented to the needs of the people to one more closely aligned to the global market. **But this claim would require further empirical work, worth conducting due to its theoretical implications.**

While liberal and realist accounts focus on benign integration and **all but** inevitable conflict, respectively, Gramscian-Kautskyian explanations **suggest** that Sino-US relations and integration policy **may be** driven by ruling elite interests and reflect power inequalities in those societies. Neither is therefore acting from benevolence but an alliance of shared elites’ interests in which popular interests are a lower priority. The network is the principal technology for developing such relations. Yet, there will inevitably be turbulence **and possibly structural limits to China’s complete integration into the US-led liberal international order** as each state elite has its own geostrategic and economic interests, and domestic pressures, which will challenge leaderships but largely within bounds short of all-out war (McNally, 2012; Rubio, 2019; Report to President Donald J. Trump, 2018). Due to the ebbs and flows of economies and uneven development, Sino-US relations and domestic politics are turbulent. Development is not linear. America suffered a setback because of the economic crisis in 2008, and China a boost. Yet, the Left in China is critical of western ideas, a reaction to the decline of national identity (Zheng, 1999). Even though the Communist Party openly endorsed the ‘decisive’ role of the market in China’s economy, it clearly still wants a big say in how that economy is run (Chang, 2014). In the long run, the consequences of Ford-sponsored economics in China are conditioned by changing political circumstances, financial crisis and the Chinese government’s attitude. President Xi Jinping first proposed establishing a ‘New Type of Great Power Relations’ between U.S. and China in 2012, which suggests China lacks the desire or capability of really challenging America. Think tanks like CCER help shape the media discourse on China’s reform (Zhu & Xue, 2007). The

growing political influence of returnee-led think tanks, their experiences abroad and their global connection help propel the establishment of Xi's vision of Sino-US relations – summed up as: seek not conflicts, mutual respect, and cooperation for mutual benefit. This is based on common interests, underpinned and operationalized by elite transnational knowledge networks that provide pathways for information, funds, and people, building trust and shared mindsets. Economic interdependence has greatly expanded the shared interests of China and U.S. and heightened the cost of damaging their relationship. Moreover, the diffusion of international institutions has provided them with a significant platform for dialogue and building mutual trust. Cohesive identities are founded not only through top leaders, but also through the transnational knowledge network.

Networks achieve much when attractive to the best and brightest, bringing together scholars, policymakers and practitioners. 'They bestow prestige and draw the boundaries of what constitutes valuable knowledge. They act as gatekeepers of ideas and approaches, certifying some and delegitimizing others. ... In effect, networks are the tangible evidence of how elite power works....' (AUTHOR, 2012). In the words of Ford Foundation's Jeffrey Puryear, building networks and 'sustained investment in creating a stock of talented social scientists can qualitatively change a country's political culture and its political technocracy' (Puryear, 1994; AUTHOR 2012). China's intellectual and political-economic culture has certainly been transformed; and the Ford Foundation has played a key role in that process, helping to channel change in China in directions that are broadly integrative into the US-led international order.

There remain significant challenges in U.S.-China relations, including President Trump's America First philosophy, a test of the power of elite knowledge networks to sustain a new type of great power relationship in the face of more narrowly-nationalistic strategies. **The Ford Foundation has vowed to remain vigilant in challenging threats to its goals from the current White House, given that Ford can no longer count on "ideological support from and alignment with the U.S. government"** (Walker, 2018, p.158). Yet, President Xi Jinping's proclamation of the importance of globalization, free trade and comparative advantage at the 2017 World Economic Forum indicates the distance China has travelled since 1979 (AUTHOR, 2017; Garnaut, 2018, p.35; Meaney & Wertheim, 2018) which, coupled with a change of administration in the US, may well restore a greater measure of multilateralism and spheres of effective cooperation between the two states (Woo, 2018).

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