

**Nihao, Everybody! Chinglish for Beginners.**

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1           General Secretary Mr. Cayce, Secretary Mr. Cope, My Fellow Presenter Dr.  
2 Dougherty, members of the Politburo Standing Committee of the Athenaeum Society,  
3 Chairman of the very important Committee on Membership, Secretary of the Central  
4 Leading Group for Propaganda and Ideological Work, fellow members of the Athenaeum  
5 Society...

6           Everybody is quoting Friedman these days – proclaiming how “The world is flat”.  
7 Logistics systems now span the globe and aren’t just about moving parts or product  
8 around, but, more importantly, are about moving information around. Countries that  
9 were once isolated geographically, technologically, and politically are no longer  
10 contained by receiving only the information that those in power give them – they can  
11 now go get information – easily. Power is no longer balanced by access to information  
12 infrastructures, it is balanced by information flows, their speed, and their use by  
13 competent individuals.

14           Today, citizens all over the world can see how we as Americans live, and often  
15 desire to reach our standard. Quite frankly, we, as Americans, look out at the world, in  
16 the midst of our abundance, and fear that we will lose what we have. We are too content.  
17 The rest of the world can now see and often reach the tools that they can use to achieve  
18 the perceived security that we have. They have always had to struggle to survive, now  
19 they know how to direct that struggle. From our perspective, staying at the same place on  
20 the mountain has nothing to do with Friedman’s definition of flatness -- staying in the  
21 same place has become an uphill battle. We have to come down from the top of the  
22 mountain in order to survive and climb again. Unfortunately, most of our population is

23 oblivious to just how big a mountain we are on. It's a long way down and one country is  
24 waiting to meet us halfway, if we are lucky.

25         Tonight, I want to share with you just a little of what I have learned about China  
26 after having spent considerable time there during the last five years. I want to qualify this  
27 paper by admitting that these are observations based upon my experiences and some of  
28 the research that I have done to better understand the cultural shifts necessary to work  
29 with the Chinese. I also hope that I can impress upon you that unless we get our act  
30 together, religious fundamentalists and terrorism will be the least that our children and  
31 grandchildren have to worry about. They need to learn what the Chinese jokingly refer to  
32 as "Chinglish" now.

33         To function in and alongside a foreign culture, whether it's in Europe, China, or  
34 Pembroke, you must understand what you hear, see, and feel in the context of each  
35 culture's history and experiences. This requires a level of understanding that involves  
36 discernment, not just an "ok, I heard what you said" or "I saw what you did". You have  
37 to be able to put yourself into their shoes, in their life, in their country and understand  
38 how that fits into the world.

39         I think it's pretty obvious to most of you that I am not Chinese, and that no  
40 amount of surgery will change that – but my children and grandchildren will be much  
41 more Chinese than I am. So it's important that I help them to grasp some concepts that  
42 have helped me understand why something that seems crazy in my cultural system is  
43 absolutely critical in China. I have summarized these concepts as population density,  
44 networks and context, and humiliation.

45 First, population density. China is a country of what is estimated to be 1.3 billion  
46 people. If you spend enough time there, you will eventually discover that the reported  
47 estimate is conservative and that there are most likely over 1.5 billion people, a census  
48 error of almost the population of the U.S, or the equivalent of the Chinese army.  
49 Geographically, China is roughly the same size as the United States. 15% of the country  
50 is arable compared to 19% in the United States. Even with current technology, 80% of  
51 the country is considered uninhabitable either due to desert or mountains. 40% of the  
52 population is considered urban, although only 20% of the population lives on the coasts,  
53 where most of the food production occurs. Over 4.9 million mu, or 815,000 acres are lost  
54 to development each year, which creates a future conundrum for the government – almost  
55 all of the arable land is on the coasts and almost all of the developable land is on the  
56 coasts. Food production for the huge population is already receiving tremendous scrutiny  
57 from the central planners who are putting policies in place to rapidly modernize  
58 agricultural production and increase yields. Unfortunately, modernization has human  
59 costs -- 49% of the population finds its employment in agriculture and will be asked to  
60 relocate at the same time that wage pressure and congestion is starting to slow the growth  
61 rates in major industrial development zones like Shenzhen, Suzhou, and Guangzhou.

62 The 49% of the population that is employed in agriculture represents between  
63 600 million and 800 million peasants in China. These are people that are tied to the land  
64 and generally subsist on what they alone produce. This is the class that led the revolution  
65 that put the communist party into power. The remaining 700 million people are  
66 considered to be urban, a population that is increasing rapidly as peasants are literally  
67 moved into the cities. The definition of “urban” in China can mean many things.

68 Shanghai and Beijing are much like any international city, and have 13 million and 10  
69 million residents, respectively. Next, there is a tier of cities that have between 6 million  
70 and 8 million people, of which Nanjing, the former country capital, is one. Then, there  
71 are the lower tier cities, like Zhenjiang (where our plant is located), that have 3 to 4  
72 million residents. Zhenjiang is the 78<sup>th</sup> largest city in China. Developmentally, these  
73 lower tier cities are much like Hopkinsville – they have a small manufacturing and  
74 service base and a socio-economic citizenry that is divided between the lower class, the  
75 business class, the government, and the communist party. Imagine Hopkinsville with  
76 fewer services than it has today, a somewhat larger manufacturing base, 3 million people,  
77 and virtually no middle class. Consider the fact that Zhenjiang is one of the up and  
78 coming cities in China and that others like it are not on the same growth path. The  
79 density of the immense population bears heavily on everyday life in China, on people's  
80 expectations, how they compete for the necessities of life, and the way they interact. It is  
81 this tremendous population and, for the time being, it's homogeneity, that is both a  
82 blessing and a curse for China and the rest of the world. It's no wonder that the  
83 Communist Party, in its next five year plan, has identified economic disparity as a major  
84 threat to the country's stability.

85         Such an incredibly dense population spawns different ways of thinking about  
86 relationships and competition for individual survival. As Bill Gates has said when he is  
87 talking about China's wealth of talent, "Remember, when you are one in a million in  
88 China, there are 1,365 other people just like you." Just to compete in China and get  
89 ahead as a native or a "laowei" which is an "old outsider", it is critical to have an  
90 understanding of what I call "networks and context". One of my colleagues that spends 6

91 months a year in China is very fond of saying “There are no secrets in China, instead, it’s  
92 relationship, relationship, relationship”. This statement holds true on many levels, not  
93 just interpersonally.

94 In an attempt to understand Eastern and Western perspectives on relationships,  
95 there was a defining experiment conducted by Richard Nisbett on cultures and systems of  
96 thought. In this experiment, a group of Easterners and a group of Westerners were asked  
97 to view a fish tank full of fish. They were then asked questions about what they saw.  
98 Easterners saw the environment first and described how the fish interacted with it,  
99 swimming in, out, and around. Westerners saw the fish and described which fish was the  
100 most prominent in terms of speed, size, or beauty. When Nisbett moved the fish to a  
101 different tank, the Easterners could not recognize the fish, but the Westerners easily  
102 picked out the prominent fish again. There are several implications of this study. First,  
103 Easterners recognize context and the relationships within that context, while Westerners  
104 recognize particulars and pay little attention to context. To Westerners, the context is  
105 defined by the individual, not the system. Second, Westerners believe that they have  
106 more control over situations – that’s why they look at particulars – Westerners believe  
107 that if you can control the individual you can control the context or situation. Third,  
108 Easterners learn from their surroundings and how they experience them, adjusting their  
109 behaviors appropriately as they go. Westerners try to make their experience match their  
110 beliefs, creating rules and logic that match their view of the world and help to predict  
111 responses. From a Westerner’s perspective, Eastern culture really is upside down.

112 I have seen the concept of context demonstrated countless times in my  
113 experiences in China. I have been to no other country that has studied the American

114 environment more than China, so that the Chinese could adjust their behavior and beliefs  
115 to ours in an effort to work successfully with us. On the other hand, I've witnessed the  
116 frustration of Western colleagues as they have tried to deal with the Chinese by  
117 TELLING them how they should be handling an issue or by responding to a particular  
118 situation with anger or an attack. Instead, in the Chinese shame culture, the ethical  
119 relationships that surround each situation DEFINE the situation and bear influence on the  
120 situation and the role a person plays in it. Understanding ethical relationships, as defined  
121 over the centuries by Confucius and later, modified by Tao Te Ching, is one of the keys  
122 to navigating Chinese contexts.

123         Confucius defined all relationships by the superiority of the Ruler to the Minister,  
124 the Father to the son, the Husband to the wife, the elder to the younger, and then  
125 friendship. To make things more interesting, the superior in a relationship does not owe  
126 the same ethical responsibility to the inferior that the inferior owes to the superior. Tao  
127 Te Ching later modified this by eliminating ethical duties to institutions, like the state.  
128 These Confucian rules define all interactions among a network, and as you can imagine,  
129 based upon the circumstance and complexity of an issue, interactions among people  
130 within the network can be quite fluid.

131         For instance, three Chinese people may meet to resolve an issue. However, there  
132 is often a fourth party that is not present but is superior to one of the three and is owed an  
133 ethical duty. To a Westerner, the issue should be resolved on its own merits, between the  
134 three individuals that are involved. Upon hearing of how the Chinese resolved the issue,  
135 and without intimate knowledge of the relationships within the network, a Westerner  
136 might interpret the decision as illogical or even stupid, because it doesn't clearly

137 maximize the position of any of the three people involved. In the Chinese solution,  
138 however, the Chinese person, has fulfilled his or her most important duty to society by  
139 demonstrating “uprightness”, an important trait that is required of all Chinese if they are  
140 to be trusted.

141 Uprightness is at the core of Chinese character. It is a trait that they do not expect  
142 Westerners to understand or demonstrate, however, if you learn to practice uprightness,  
143 or show that you respect and understand it, then you have the opportunity to establish  
144 lifelong relationships. Doing what you say you will do is not sufficient to engender trust  
145 in Eastern cultures. You must also show that you can behave appropriately in any  
146 situation based upon the respective positions of the people involved. To do so, you must  
147 constantly be gathering information from your various networks and understanding the  
148 cues that the networks provide about the superiority and inferiority of individuals,  
149 whether the context is family, business, or government. This creates a sometimes  
150 confusing web of personal agreements between people, not institutions, where the  
151 morality is contextual, but is expected to be consistent with the established norms for the  
152 network.

153 An example of this is how the Chinese use familial titles to describe the depth of  
154 many types of relationships. I am what I would consider to be close friends with the  
155 Governor of Runzhou District, Mr. Zhuang (never publicly call a Chinese by his or her  
156 first name). Mr. Zhuang has clearly established the context of our relationship, not only  
157 from a business standpoint but also from a personal standpoint, by referring to me as his  
158 “older brother”. In doing so, he has honored me in two ways – he has first identified me  
159 as superior, someone he can learn from and someone that he strives to make successful.

160 He has also identified me as a member of his family, which further communicates the  
161 amount of deference and respect that he has afforded me and separates me from his peers.  
162 I, too, have multiple responsibilities in this relationship. Administratively, Mr. Zhuang is  
163 Governor of the District and therefore I am subservient to him. As a brother, I am now  
164 like family and am connected and obligated to help Mr. Zhuang more than I would were I  
165 just an acquaintance. As a superior, I am expected to teach and guide him. And as part  
166 of the network, I am now expected to better understand HIS network and assume the  
167 appropriate position within that network at the appropriate times. To do that, I must  
168 understand the context of each meeting or dinner that I have with Mr. Zhuang, playing a  
169 somewhat different role in each, depending on who is present and what we are doing. To  
170 a Westerner, these different roles are acted out most vividly in the complex seating  
171 arrangements and orchestrations that occur with every meeting or dinner – each  
172 individual has a place at the table that defines his or her relationship to the superior. That  
173 place is reflected in all of the minutiae of life, from who rides in what car, to who greets a  
174 visitor first, to who sits where at a meeting or dinner on a given occasion.

175 To further make sense of these rituals, I'll use the example of the toasting process  
176 that we use at a dinner (formal or informal). When I attend a dinner, I am usually seated  
177 at the right hand of the most superior person, the host, in the room. As I mentioned  
178 earlier, each person is seated in a particular seat, according to their relationship to their  
179 superiors. Once everyone is seated, the host will offer a toast to the room to begin the  
180 evening. In most cases, I am the second most superior individual in the room (sounds  
181 kind of bad, doesn't it?). Very soon after the host toasts the room, he will toast me.  
182 Unfortunately, a toast in China is generally a "ganbei", which is drinking an entire 5 oz

183 glass of beer, 2 oz glass of wine, or shot of Mou Tai, in one move. After that, I will thank  
184 the host for honoring me by recounting the good fortune that he brought or thanking him  
185 for an action that he took for our benefit. After we eat a bit, I will then toast him  
186 individually. Soon, I can expect to receive toasts from the 8 or more Chinese seated at  
187 the table that are inferior to me, in order of their rank. If they are nice, two of them will  
188 toast me at once, so that I only have to have one drink, but that doesn't happen very  
189 often. Later, I will toast them, mentioning how they have helped us achieve a goal or  
190 supported us in a particular way. Remember, they don't speak English and I don't speak  
191 Chinese. We smile a lot. Everyone honors everyone else by wanting them to have a  
192 good time. In this instance, Woody Allen was right, 80% of success is showing up.

193 To Westerners, this looks like a collegiate drinking game. In China, however, it is  
194 critical for building business or family cohesiveness. It builds significant relationships  
195 which are the most important element of surviving in China. Sure, there are other  
196 relationship building activities –hiking to the top of mountains in 100 degree heat, or  
197 enjoying a Chinese pop concert in the pouring rain with 100,000 Chinese and 10  
198 foreigners. Even eating silkworms, scorpions, or whole turtle soup – but the meals are  
199 the crux of relationship building in China and where agreements are made.

200 The networks and the contextual morality that we observe in China also frustrate  
201 Westerners, particularly when they try to understand the Chinese legal system. The  
202 Chinese legal system is one of public law, as compared to Western systems which are of  
203 codified laws. Historically, laws existed to serve the will of the ruler or ruling party in  
204 China.

205 Today, individual rights remain subordinate to the executive branch of the  
206 Chinese government. The primary checks and balances are within the network of  
207 relationships that I have explained. The Chinese see lawsuits as a breakdown of the  
208 system, where mediation and compromise within ethical relationships have failed. Most  
209 legal issues are settled at the local level and are done so at the whim of the local officials  
210 in power at the time, as defined by the circles or networks that the individual is involved  
211 in. For this reason, there are few precedents that guide Chinese law and rulings differ  
212 from province to province. The central government has struggled to create a unified  
213 system of law because it would threaten the local powers that grant the central  
214 government power. Progress is being made in the courts, even though it is uneven and  
215 slow. The most well-known legal challenges quoted in the West involve the protection of  
216 intellectual property rights. Fortunately for our company, we are in a jurisdiction where  
217 intellectual property rights are MORE vigorously protected by the Chinese authorities.  
218 Because “more” is a relative term, we also recognize that we must have a network of  
219 strong government relationships in the event that we need a favor or at a minimum, equal  
220 treatment under Chinese law. It does help to remember, that in the 19<sup>th</sup> century, the US  
221 was considered the worst offender in the world when it came to violating intellectual  
222 property rights. It was not until we had intellectual property to protect that these rights  
223 became important to us. China is moving in the same direction, albeit more slowly than  
224 we would like.

225 Although a large and dense population, contextual morality, and vast personal  
226 networks play an important role in understanding China’s culture, it is the humiliation  
227 that the Chinese have endured and perceived during the last 100 years that explains their

228 single-minded focus on regaining the glory of the Chinese “middle kingdom”. For much  
229 of its history prior to 1911, China was the world’s most advanced imperial society. The  
230 Chinese developed paper, gunpowder, trade systems, the compass, the abacus, printing,  
231 iron casting, and paper money. However, China was never really an imperialist country  
232 that ventured outside its borders. Other countries often sent visitors to China who learned  
233 from the Chinese, and were peacefully absorbed into the more advanced Chinese culture.  
234 China’s imperial past and over 5,000 years of history directly influence today’s centrally  
235 planned and controlled economy, the people’s ambivalence toward corruption, and the  
236 competition between provinces and local interests.

237         Between 1911 and 1949, or the Foreign Humiliation Period, China was rudely  
238 awakened to find that the West was now an alternative to its “superior” culture and  
239 economic model. The incursion of Japan, which the Chinese long considered a barbaric  
240 state that often sought China’s technological help, and Japan’s subsequent seizure of  
241 territory and massacre of millions of Chinese, humiliated a very proud country. The  
242 surprising technological superiority of the West, both militarily and economically, forced  
243 China to accept unequal treaties and extra-territorial rights, demonstrating to China that  
244 Westerners had no intention of being peacefully absorbed into Chinese culture. The West  
245 had successfully demonstrated the inferiority of the Chinese cultural and economic  
246 model, and was threatening the 5,000 years of historical and ideological legitimacy  
247 critical to the Chinese identity. As a result, in an effort to regain its status, China  
248 resolved to adopt Western technology without Western values.

249         The initial attempts at implementing the new model failed. During the  
250 Communism Period, from 1949 to 1978, China undertook aggressive initiatives to

251 structure itself based upon the Soviet model. Soviet technology was imported, many  
252 Chinese were educated in the Soviet Union and returned with Soviet thinking, and  
253 production was dispersed and pushed into the countryside to protect the nation's assets  
254 from Soviet attack, causing mass starvation and disruption.

255 More damage came at the hands of the Great Leader Chairman Mao Zedong  
256 during the 1966 Cultural Revolution. I believe that this was greatly humiliating to many  
257 Chinese, because they understand that in an attempt to move forward, they actually  
258 moved further backward – and it was of their own doing. Mao and the Red Guards rid  
259 the country of intellectuals and senior officials. As Mao tried to completely purge China  
260 of its past, he destroyed much of its cultural heritage – temples, monuments, documents –  
261 and dissolved the educational system and organized economy. After that, the system  
262 produced a generation of managers and workers that lacked proper education and that  
263 would not take risks. Ironically, many of these were the recipients of privatized  
264 companies during the Reform Period. It's no coincidence the failure rate among those  
265 companies is so high.

266 The Chinese did learn several lessons from the Communism Period that continue  
267 to influence the Reform Period that began in 1978 and continues today. They learned  
268 that the combination of ideology and economy was explosive – either positive or  
269 negative. They learned that technology in itself could not deliver sustained progress  
270 without a fundamental change in the way people and the system worked. They learned  
271 that industry, infrastructure, and expertise had to be concentrated and targeted, despite  
272 ideological or political risks. And, most importantly, they learned that the fortune of the

273 regime was intertwined with the fortune of the people and their economic prosperity.

274 The collapse of the Soviet Union drove this last point home.

275         The Reform Period, which began in 1978, can probably be summed up best by a  
276 statement made by Deng Xiaoping, its architect. He said that it did not matter what color  
277 the cat was, as long as it captured mice. This neatly explains why the single ruling party  
278 is more than willing to try anything that works, as long as it is called “socialism”. Their  
279 goal is economic prosperity, or as Confucius would define it, sufficient but not excessive  
280 wealth, property, and private ownership of the means of production, under an  
281 unquestioned regime. As a result, we can see how all of the programs, incentives, and  
282 initiatives created by each local government are designed not only to receive technology  
283 from the West, but to learn how to develop and use it, so that China can once again regain  
284 its place as a leader among the global players. The central government has even gone so  
285 far as to allow special administrative regions and territories like Hong Kong and  
286 Shanghai to exist with different rules. It has tolerated the “rebellion” of the 31<sup>st</sup> province  
287 Taiwan, because of the immense technology transfer and economic benefit that flows  
288 across the strait. And hopefully, it will model itself after Singapore, which is 80%  
289 Chinese, and is considered the ideal Confucian society – heavily patriarchal, heavily  
290 socialized, highly disciplined, with a competent and prestigious, highly compensated  
291 bureaucracy.

292         Jumpstarting consumerism, which is the dominant driver of all developed  
293 economies, requires investment. China’s challenges are so great that it has recognized  
294 that it cannot recapture the last 60 years on its own. Consequently, it has created  
295 incentives and pursued foreign investment by establishing systems that produce the

296 inputs that its targeted industries need. At the same time that China has relied on its  
297 virtually endless supply of labor to build infrastructure and develop sources of raw  
298 materials, it has also established an education system that targets the industries that it  
299 wants to develop. In the city of Zhenjiang, where we are located, there are 6 universities,  
300 9 professional schools, and 14 adult education schools producing 210,000 student  
301 graduates per year and 20,000 qualified technical graduates per year. Of those 20,000  
302 technical graduates per year, 1,700 major in machinery, and 2,200 major in electronics.  
303 Duke University reported in a December 2005 analysis, “Framing the Engineering  
304 Outsourcing Debate” that the US annually produces 137,437 engineers with at least a  
305 bachelor’s degree, while China produces 351,537. While the comparison per capita is  
306 certainly in the favor of the US, the sheer volume of engineering graduates in China,  
307 whose gross domestic product is 1/10<sup>th</sup> of the US is astounding (China GDP is \$1.5  
308 trillion, US GDP is \$10.9 trillion). China’s focus on education is only one example of  
309 the single-mindedness that its people exhibit when it comes to propelling their country  
310 forward.

311         Despite the fact that we are now entering the latter stages of the Reform Period  
312 and are almost 60 years removed from the initial humiliation suffered by the Chinese, the  
313 thread of national pride and honor runs deeply through the reforms and steps that they are  
314 taking to regain their stature in the world. Respecting the pain, as well as the intense  
315 desire of the Chinese people, is critical to understanding the culture and being able to  
316 function in it without unilaterally imposing our own norms.

317         In the Communist Manifesto, Karl Marx described capitalism as a force that  
318 would dissolve all feudal, national, and religious identities, giving rise to a universal

319 civilization governed by market imperatives. This is what the world loves and loathes  
320 about capitalism. We can't ignore it – WE must compete because no matter where  
321 someone in this world lives, he or she is going to compete with US. Unfortunately,  
322 experience has taught us that protectionism only delays the inevitable – those that you are  
323 trying to protect against only go somewhere else to get stronger and compete elsewhere  
324 with you as you fall farther behind. And, at some point, they show up at your doorstep.  
325 China's last 60 years are testament to this fact as the country struggles with wrenching  
326 9% growth rates in an effort to catch up AND to preserve itself as a nation. I agree with  
327 Marx that the potential threat of capitalism is the dissolution of identities – I know that  
328 intimately, having made over 20 trips to China alone, operating a business there, and  
329 having a network of people around the world. But I would disagree with Marx's  
330 comment that capitalism gives rise to a universal civilization governed by market  
331 imperatives. I believe that civilization is going to be defined by the most powerful  
332 economic force at a given time. I would posit that we are exiting a period where the  
333 culture and norms of the United States are exported, and entering a period where the  
334 culture and norms of China will be exported. No longer will China be viewed from the  
335 perspective of a US tourist who is able to travel there, safe in his or her own little world,  
336 with the buying power to bring home cute treasures and trinkets like a modern day  
337 conqueror. Our children are likely to be selling the treasures and trinkets to the Chinese  
338 tourist, who will have more buying power and will influence fashion, technology, and  
339 lifestyles. This isn't all bad or catastrophic, but it certainly isn't how we think of  
340 ourselves today, is it?

341 In the last 20 minutes or so, I've tried to share with you some of my experiences,  
342 as well as some of the background and history that have helped me understand how to  
343 survive in a culture that will soon influence our culture more than any other culture in  
344 history. Much to your chagrin, I can't avoid asking you to consider a question and my  
345 personal answer, as I conclude this paper. What can we do, given the rise of China and  
346 the inevitable pressures that it will place on us and our economy?

347 At the risk of sounding un-American, China's greatest asset is its single party  
348 system. I say that not because I agree with all of China's policies, or because I am a  
349 closet communist (I'm not, but I would argue that China isn't either). I say it because it's  
350 simply the truth. China is on an economic mission. And while I may complain about the  
351 bureaucrats that touch every piece of paper and know every move that its people make, I  
352 will also tell you that they are focused and that they are working to the same end – to  
353 bring economic prosperity and growth to the people.

354 The United States needs to define protectionism in terms of establishing a national  
355 vision and developing systems and incentives that encourage us to learn, invest, and  
356 innovate. First and foremost, we need to realize that more and more, we are only as  
357 strong as our educational system and the choices that we make about its priorities. We  
358 need to understand that there is a role for government – even big government – in  
359 preparing our nation and supporting the people of the nation for the long-term challenges  
360 that technology and innovation bring. As someone trained as an economist, I have heard  
361 many lectures that argue that markets are the most efficient means of allocating capital.  
362 But I only agree with that to a point. I believe that US capital markets are becoming  
363 increasingly short-term and that as the dollars available decline with competition, an

364 agency must step in that can provide a long-term view and allocate scarce resources. I  
365 believe that the Chinese are demonstrating the power of a unified and focused social  
366 agenda that directs capital allocation, including social programs to bring the peasants out  
367 of poverty, educational programs to provide educational opportunities to everyone, and  
368 regulations to bring better medical care to their people, so that they can provide stability  
369 (yes, quell revolution), and continue to raise living standards. I believe that our programs  
370 in these areas lack focus because we have not had to deal with real scarcity of resources  
371 in a long time.

372         We can't possibly be preparing our children to lead us out of this, because WE  
373 have yet to define the challenge and lay the groundwork for them. Why? Because  
374 virtually all of the rhetoric in Washington concentrates on China as a military threat.

375         So, since all of you here tonight are too young to be baby-boomers, I know that I  
376 won't risk upsetting you by offering the following challenge:

377         The baby-boomers in the US have generated the greatest amount of wealth  
378 in the history of any nation. They are about to transfer that wealth to the next  
379 generation. I believe that how they choose to transfer it has the opportunity to  
380 control the national agenda and play a critical role in the future of this nation.

381         Do you think we've gotten off to a good start?

382