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## Book Discussion with Isaac Stone Fish: America Second: How America's Elites are making China Stronger

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**TRANSCRIPT**

### **Participants:**

**Isaac Stone Fish**, Founder and CEO of Strategy Risks, Washington Post Global Opinions contributing columnist

**Matt Turpin**, Senior Fellow at SAFE, Senior Advisor at Palantir Technologies

### **Moderators:**

**Robbie Diamond**, Founder, President, and CEO of SAFE

**Dr. Jeb Nadaner**, Executive Vice President of Government & Public Affairs at SAFE, Executive Director of SAFE's Commanding Heights Initiative

See SAFE Event Page for Video: <https://secureenergy.org/safe-commanding-heights-book-discussion-with-isaac-stone-fish/>

**Dr. Jeb Nadaner:**

Good afternoon. Welcome to SAFE. Today, we have a terrific event on a book that's going to stimulate lots of discussion, by Isaac Stone Fish, called "America Second"—on the role of American elites in our country's policy towards China. It's my pleasure to introduce several of our invited guests: our SAFE CEO, Robby Diamond, author Isaac Stone Fish, and Matt Turpin, one of our senior fellows here at SAFE and a senior advisor to Palantir. Over to you, Robbie.

**Robbie Diamond:**

Jeb, thank you so much for inviting us and for opening the show. And thank you all for listening and participating in this event. First of all, let me hold up a copy of the book, which is always the most important thing you can do for an author. Next, allow me to introduce the author, Isaac Stone Fish, the founder and CEO of Strategy Risks. He's also a Washington Post Global Opinions contributing columnist, a contributor to CBSN, an adjunct at NYU Center for Global Affairs, a visiting fellow at the Atlantic Council, a columnist of China risk at Barron's, and a frequent speaker at events such as this. I don't know when he has time to even breathe!

He was also the Foreign Policy Magazine Asia Editor. Before that, he was a correspondent for Newsweek in China, where he lived for several years, and is fluent in Mandarin. He's commonly on talk shows and is quoted in many articles related to U.S.-China relations. I can say one thing with near certainty: he probably did not work at Kissinger Associates or he had a very bad experience! You'll have to read the book. Thank you so much, Isaac, for joining us today. Let's start by having you tell us a little bit about your book.

**Isaac Stone Fish:**

Thank you, Robbie. The book came about out of my frustration, because when I moved back to the States about a decade ago from Beijing I noticed that the way that many of Americans would talk about China in a very similar way to how the Chinese political class and Chinese party officials would talk about China. There are all sorts of repeated phrases and ideas: "China has 5000 years of history," "China has lifted hundreds of millions of people out of poverty," "China is a peaceful nation," "Without a strong government, it will be chaos," "China can build this building in two weeks, whereas it takes us months or years for us to fix a subway."

I became very curious, as time went on, as to why there was that repeated wisdom and why there was such divergence between the way many Americans felt who'd either lived in China or worked in less glamorous professions, versus the way China was talked about in certain DC circles, amongst Wall Street elite, and in Hollywood. So, I started writing the book several years ago, and the situation regarding China and the United States has changed so rapidly. It's been heartening to see where we are now, but also quite worrying.

**Robbie Diamond:**

However, the book really does focus on how China has in large part accomplished its goals in Hollywood, academia and amongst business elites. How do you explain how they've accomplished this?

**Isaac Stone Fish:**

The Chinese Communist Party, unlike Moscow's influence in the United States (which is engendering chaos for chaos's sake), is focused on changing the opinion of China in America. As China has grown more important in the United States, the perception and understanding of China has also developed considerably, and it's different with Hollywood, universities, and the DC business elite.

I'll start with Hollywood. In the late 1990s, Hollywood made three films that were critical of the Chinese Communist Party: Kundun, Seven Years in Tibet, and Red Corner. Disney, which released Kundun, got banned by Beijing and this was when the Party was first developing this type of censorship as a new strategy. Before that, in the mid-'90s, they had given cash directly to a Democratic Party operative to encourage the reelection of Bill Clinton. This proved to be a bad way to play in DC.....totally illegal, and it caused a big political scandal. Beijing subsequently grew more sophisticated and realized, "Well, we should push on the corporate titans and not on the people currently in government," by restricting commercial access to the large fabled Chinese market. This proved to be a safer and more effective way to steer American corporate behavior in China.

Over a long period, roughly from 1998 to 2012/2013, Hollywood learned in fits and starts how to internalize in its own collective voice, by developing necessary self-censorship related to China. Thus, corporations strategized on the concepts of "Well, if I do this, will this offend the regulators in Beijing?" It just became a very common occurrence for producers, for actors, for people all across sectors of Hollywood society to say, "Well, I don't think we should do this. I think that would jeopardize our access to China."

For DC, the issue is much less with current policymakers than with former policymakers who leave office and go into consulting. There's nothing wrong with consulting; I'm a consultant right now. I think the issue is with trading access for influence, and the issue is with folks who have misrepresented themselves for decades as being objective arbiters of policy when really, they're business people who are then engaged in influencing government officials.

I had spent a lot of time in the book and focused a lot of ire on Kissinger. Not for the opening to China in the '70s, but for so long, we've seen Kissinger as this grand foreign policy genius. And he's certainly a genius, but he's a business person first. Since he had founded Kissinger Associates in 1982, what has seemingly motivated his activities has been maintaining his access to China, often to the detriment of US interests, and even the companies that he represents.

Madeleine Albright, George H. W. Bush, Al Haig, the former Secretary of State, are all folks who have this sort of checkered relationship or formerly checkered relationship.

Universities are more complicated. Universities are far more open to controversial and censorious ideas, but they're also supposed to be. We also expect that from Hollywood and from businesses, but to a greater degree from centers of higher learning. For universities, I would argue that the cost of self-censorship is much higher. And I think the issue at universities is less, well, we need to not self-censor at any particular point. In the book, I talk a lot about my own struggles and fights with self-censorship. It's something that I still do. It's something that I argue most people do, but the issue is be honest and open about that, and then to make good choices based on the trade-offs that you have.

At NYU Shanghai, for example, there was a dean affiliated with the university, who said, "Well, we're going to open a campus here. It's going to have the same level of academic freedom it does in the United States." That's a lie. It's not possible to open a university in China and have the same level of academic freedom. Should you go study in China? Yes, I think it's a valuable thing to do. Should you expect that you will have the same rights there? No. And I think these are trade-offs that we have to bring to mind and say, "Well, maybe I don't want to do this because of that." But it's a question that's really crying out for more debate, more conversation.

**Robbie Diamond:**

But is it fair to impugn—we do that with a lot of countries or a lot of clients and consultants all the time? Why is China different in this regard from other countries? Is it just because they're such an important actor on the world stage? Are there other countries that are spoken about in a positive way, but in fact the truth is otherwise?

**Isaac Stone Fish:**

UAE, Saudi, Israel...

**Robbie Diamond:**

Exactly.

**Isaac Stone Fish:**

... Egypt, even Norway. And the issue-

**Robbie Diamond:**

Even Norway?

**Isaac Stone Fish:**

Yes, there was a story in *The New York Times* a few years ago about tiny little Norway.

But the issue is both with China's size, the economic interdependency we have with it, and the threat that the Party poses to US interests globally. I think you could argue, well, yes, Saudi Arabia is a pretty pernicious actor, but it's a much smaller country, and it rules a much smaller population.

The issue with China is not only the domestic crimes in Xinjiang and Tibet and elsewhere, but also the threat it poses to Taiwan, Japan and, arguably, the United States, as well as many US interests in Asia.

You can also make other distinctions about the way Beijing operates. It's a radically different system from many other Southeast Asian countries. It's similar to Vietnam or North Korea or Laos, because it is a Leninist, far left system, but I think in terms of the influence game, it's a question of degree and importance, rather than a difference in type.

**Robbie Diamond:**

So, did your opinion change over time? Explain to us your intellectual journey from when you first went to China as a young guy right out of university, all eager and excited about being in such a radically different country than ours. I've been there several times. It's truly an amazing experience. Have you shifted your thinking over time? And, perhaps was there a moment that opened your eyes to a very different reality than your initial impressions, that really made you change your opinions on China?

**Isaac Stone Fish:**

My opinion would constantly shift and changed drastically over time, especially in my early days there as I tried to acclimatize myself with the place. I think the biggest shift for me came from the realization of the genocide in Xinjiang, because I went to Hebrew school. I was raised on a steady diet of "Never Again," and then here we are, yet again. And it became much more difficult for me to square what we had long heard in the United States about the CCP and the complicating moral factors it faces, such as the difficulty of governing a country like China, when this genocide began to happen. I just found it completely inexcusable to be able to think or argue around this horrible truth.

**Robbie Diamond:**

I have a particular question regarding the environmental community, because, of course, we at SAFE work on energy. I've been on multiple trips to China, brought there through the US China Business Council. It was very enlightening and eye opening, on so many levels.

But the issue for the environmental community is really that China has the largest emissions; this is clearly quite important in the climate debate. And it seems like I hear a lot of change in many

communities about China and what we need to do about it, but I hear it much less slowly, I guess, amongst my colleagues who I work with in the environmental community.

If China is a significant target in the climate debate, how do the Chinese use that to their advantage? And what can we do to assist China or push them along more rapidly?

**Isaac Stone Fish:**

I think there's certainly an understanding in Beijing that they can coopt US environmental organizations and have them advocate for better relations between the United States and China, which don't, in any way impact climate policy. And it's such a frustrating piece for me, because there's this fallacy (that's long permeated US climate policy), which is "We need to work with China to fight climate change." And it's long seemed to me and others that a more effective strategy to fight climate change is to push back against China, as opposed to yielding to China in order to fight climate change—the logic seems reversed. It's certainly in Beijing's interest to fight climate change.

Progress on environmental issues is certainly something China is very capable of pursuing. They clearly don't need to steadily increase their consumption of coal, which they nonetheless continue to do. However, somehow this belief in America that, "Well, we just can't criticize them. They're so fragile. If we start pushing against them, they will retaliate by building more coal-fired plants." I just have never been able to really see the logic there. And I hope that people can understand that, if fighting climate change is your real priority, then criticizing Beijing and offering concrete solutions, as opposed to holding your fire and waiting for Beijing to come around, is a far better strategy.

**Robbie Diamond:**

I have several other questions; then we'll bring Matt Turpin in during our discussion. First, is there a division now amongst elites that have, like yourself, changed their opinions about China? Secondly, how and why did that happen, and how can we make progress with China on these important issues?

**Isaac Stone Fish:**

Until 2017, 2018, it was basically stated US policy to strengthen China, but the landscape has shifted quite rapidly. Not as quickly as they've changed with Russia and Ukraine. But there's been quite a sea change with COVID, with Chairman Xi regarding term limits, with Xinjiang, and with the growing understanding that China jeopardizes US hegemony and US supremacy. And a lot of folks who I quote saying things earlier in the book—I've reached out to all of them—to see if they want to update, after hearing private conversations that they've had with other folks. The climate is now very, very different.

And a lot of the people in businesses who work the most closely with the party are the most frustrated and are the most aware of some of the predatory tactics. It's a very, very big shift in the government—Congress has always been very critical of Beijing, but now also other branches of the government are becoming more vocal. And I find the Pennsylvania Senate race fascinating because one of the people running; a former Co-CEO of Bridgewater had to distance himself from the Founder of Dalio's very pro-Beijing comments. And he really tried to put a stake in the ground about how critical he is of the CCP. These are views that are not kosher on Wall Street, but are very appealing to voters in Pennsylvania.

**Robbie Diamond:**

I have an important question regarding xenophobia, which from what you're saying is becoming quite apparent in America. However, I think you do have a profound love for China, having lived there for seven years. In the United States now, we're all very aware that Asians are experiencing many hate crimes since COVID. Can you give us a sense of your views and how you can be pro-China, pro-Chinese in the complex environment you're now laying out for us?

**Isaac Stone Fish:**

I'm glad you brought that up. The United States has a deplorable racial history in general, and specifically regarding the "yellow peril." Anti-Asian racism, especially directed towards Chinese from the 19th Century to the 1980s, up towards the present day has been pervasive in our society. One of the reasons I focused my book so much on people like Kissinger, and so much on issues of corruption, is the need to fight back in a way that doesn't signal out an ethnic group or people of a particular national origin. And I do worry, if or when we go to war with China, how do we do so in a way that doesn't mirror the atrocities that we've committed in this country against people of different races.

And so, I think this issue is something we have to be very cognizant of, for both ethical and strategic reasons. It's going to be very difficult to mount a comprehensive strategy against Beijing if we don't have the progressive left, or broadly speaking, the left as a whole fully engaged. And the worse Americans treat Chinese or Chinese-Americans, the more difficult it will be to get people to focus on the very real crimes of the Communist Party. I think one solution is to diversify the groups of folks having this conversation. For so long, people dictating China policy were old white men, and we still have a long way to go to change that paradigm. But we also have to realize that some of the most strident critics of the CCP and some of the people most frustrated with the status quo in China are the Chinese people themselves, whether living on the mainland, or in the United States, or elsewhere. And so, amplifying their voices is also quite important.

**Robbie Diamond:**

Thank you, Isaac. Let me bring Matt Turpin into this conversation, with regards to these important topics surrounding our relationship with China and the Chinese Communist Party, in particular. Matt Turpin is a visiting fellow at the Hoover Institution, who specializes in US policy towards the People's Republic of China, as well as economic statecraft and technology innovation. He's also a senior advisor at Palantir Technologies. From 2008 to 2019, he was the US National Security Council's Director for China, and the senior adviser on China to the Secretary of Commerce. Also, before his stint at the White House, he served in the US Army for 22 years. Thank you for your service to our country, Matt.

While at the White House, from 2013 to 2017, he served as advisor on the PRC to the Chairman and Vice-Chairman of the Joint Chiefs of Staff at the Pentagon. In addition, from 2010 to 2013, he was the Chief of Crisis Planning at the United States Pacific Command, the largest combat command in the US military in Honolulu, where he dealt with many of these Asian issues.

**Matt Turpin:**

Thank you, Robbie. And my deep congratulations to Isaac for the book. I really enjoyed it.

**Robbie Diamond:**

First, Matt, I think we'd all be interested in your thoughts on what you just heard from Isaac and on his book? And, then, I do think it's important for us to discuss the distinction between the PRC and Chinese people in China. A lot of Americans don't quite understand this distinction, and that leads to xenophobic accusations that aren't really fair or helpful.

**Matt Turpin:**

First of all, I think that Isaac described a tectonic shift in thinking across the US policy community. And I'd probably date that from late 2015 through approximately 2018. This was due to the coalescence of the opinions and research of a variety of different constituencies coming to the conclusion that our hopes and dreams for US policy towards the PRC was simply not resulting in the outcomes that we had hoped for. Much of what Isaac describes in the book, looking back to the 1980s through to the present day, reflects the activities of business leaders and consultants aligning themselves with US government policy to a very large degree.

Certainly, during the Cold War, it was very much in our interest to help the Chinese economy do well and to work with the Chinese government. If that meant that, that we were encouraging the private sector to do that, so be it. And then, following the end of the Cold War and the collapse of the Soviet Union, the decision was made—which you can see in May of 1994 as President Clinton made a specific policy change—to look at amplifying our trade and economic relationship. Largely as a belief that that through economic liberalization, we'll achieve political



liberalization. And the foot soldiers of that activity would be the US private sector and US companies.

And so, to a certain extent, there was a great degree of alignment between those actors and the interests of the US government. And that proceeded until really, it became clear, certainly by the first few years of the Xi Jinping reign, that the direction was not heading towards political liberalization. In fact, we were seeing deep backsliding in that. That then became a real deep reexamination of what it is that we want to do and how do we want to interact. But to a certain degree, those activities have already been hardwired into the US business community.

And that has been much of the difficulty of recalibrating because, of course, Beijing understands those dynamics and doesn't want that to change. And Beijing has done a fairly good job of incentivizing and coursing business leaders to maintain a friendly approach. And so that to me, has been the dynamic that we've seen. What Isaac lays out, I think, is spot on regarding how that has worked and the impact that has on our interests.

**Robbie Diamond:**

So, let's take this moment to expand on that distinction. First of all, I think people who are listening: we take questions from the audience towards the end; start submitting them, please, that would be wonderful. But I did want to get to this distinction between the PRC and China as a people and nation, and how to understand that. Let's start with Isaac, and then Matt can weigh in.

**Isaac Stone Fish:**

The Communist Party has ruled China for 73 years, which is a small fraction of China's history. And the Party likes to paint itself in the way that China likes to make us associate the two in our minds—the Communist Party with China—but they're two radically different entities. The Communist Party rules China today, it is not China. And the more that we criticize China, Chinese civilization, Chinese culture, Chinese people, the harder it is for us to (A), distinguish between China and the party, and B, it allows the party to say, "Well, look, they're actually criticizing you, Chinese people." And that's bad for the debate in the United States and it's bad for our soft power in China as well.

**Robbie Diamond:**

Matt, do you have anything to add to the distinction between the two?

**Matt Turpin:**

Yes, I think it is particularly important to make three distinctions here. The Chinese Communist Party, is made up of what we estimate is about 90 million members. And the Chinese Communist

Party, in a true Leninist party model, occupies the commanding heights of all elements of society and acts as the vanguard leadership, with control of government, social, military, business, and all of those sorts of communities. And the Party controls how individuals move and are promoted, so essentially, is in command of the organization of the world's largest human resources department and controls that.

There is also the PRC government, but not everyone in government is a member of the Party. And so, there's a distinction with what the government is versus the Party. I often think of the PRC government as the administrative arm of the Party, but that has individuals who are not of the Party.

And then, there is China itself, with 1.4 billion citizens, of which only 90 million are members of the Party. These are individuals who are simply living their lives and are incredibly innovative, hardworking, want what's best for their children, and are trying to make great and better lives for themselves. And they're stuck inside a system in which you have a one-party dictatorship that lays out all of the societal rules, and demands your full fealty. And promotes a narrative in which the successes of individual citizens can only happen through the leadership of the Party.

That creates a pathology of governance that creates all kinds of problems. And so, I think it's incredibly important that we as Americans do not mix those groups up, and that we are very specific about who we are talking about. And I think, for us as a country, as we are talking about the challenges and the concerns that we have, those are almost entirely directed at the 90 million members of the Chinese Communist Party. And in particular, at their leadership and the decisions they are making—not the Chinese people, who are often the greatest victims of the Party's activities.

**Robbie Diamond:**

So, Matt, you're an expert in economic statecraft and thinking about businesses; you work with Palantir, to guide how they interact with China. Are there new business models that they need to consider? How is that shifting on the ground with American and other offshore companies? And, maybe just to add to that, what do you think about the difference between the way the Europeans see it versus how the Americans see it, and maybe the other Asian countries?

**Matt Turpin:**

To take that last piece first, what we've watched over the last decade, or decade and a half, is several countries beginning to move and shift their opinions on the PRC's rise, and develop new interpretations. And I think one of the first countries to begin to realize that things were not going in the direction that we all had hoped for was Japan. And that came out of incidents around

the Senkaku Islands in 2010 and 2011, resulting in an embargo by China of rare earth elements, which drastically impacted Japanese industry.

That happened just as the LDP was coming back into power in Japan, and Shinzo Abe was returning to leadership. An effort was thus begun by the Japanese to pursue economic security. And to begin to recognize some of the vulnerabilities they had relative to the PRC, and to look to diversify those resources to other southern Asian areas. Japan has been running with this strategy for a few years now.

I think that, in the United States and Australia, we began to wake up to these concerns around the 2015 to 2016 period. And we've seen an equal initial realization of this coming out of Europe more recently. Particularly in March of 2019, the European Union published their trade strategy, in which they recognize that China is a systemic rival. Thus, you've begun to see a shift over time, as multiple developed countries understand the same kinds of challenges regarding China.

Therefore, I think that we should see this trend not as the US causing other countries to make these strategic changes, but that countries around the world are making their own conclusions about what's happening in the PRC, and are adapting their policies accordingly. And that's what businesses around the world are starting to do as well. So, I leave on the note of the discussion really about China plus one manufacturing policy, as companies look at the potential risks that come from being overly reliant and overly dependent upon a supply chain that has deep dependencies on the PRC, that you would look to diversify that sourcing to other places.

Part of that process is about establishing a "China plus One" manufacturing policy, and looking at which products and services can be acquired from multiple locations other than the PRC, thereby protecting you from retaliation and spreading out all kinds of risk. It doesn't need to only be political risk, but can be other types of risk. I think that's the pathway we will see going forward. Those are difficult changes for companies and countries to make, and require capital investment. And it will take years for that to manifest itself fully.

**Robbie Diamond:**

Let me then turn to Isaac. First of all, you mentioned, the Senkaku Islands and the retaliatory embargo of rare earth minerals—I have to give a plug to the Critical Minerals Center we have here at SAFE, run by Abby Wolf. And, clearly, as we started thinking about the trends of electrification, which we've been talking about for 18 years, and of course, what's going on in the Ukraine and Russia, this demonstrates yet again why energy considerations are so critical to geopolitics. I'm particularly referencing how we are moving from dependence on oil to dependence on rare earth minerals and metals. At SAFE, and under the leadership of Jeb

Nadaner, we're definitely trying to capture those "commanding heights" of guiding the direction of discussion and policy on these issues.

Isaac, do you think that we can have influence on the Chinese regarding American businesses there, or that is no longer the case? And do you think we have to totally separate from China or not?

**Isaac Stone Fish:**

The answer, I believe is somewhere in the middle. I don't think that we can really shape where China moves, but I also don't think that we have no influence whatsoever. And I believe what we must definitely change is the behavior of US businesses. We should stop from them facilitating China's military buildup or being complicit in the genocide in Xinjiang. And I think, just going off some of Matt's excellent points, there are really good financial reasons for companies to reduce their reliance on China and on the CCP. And it's not only regulatory risk with new US laws, or PR risk, or the fear of getting an angry email from Senator Rubio, or having to testify in front of Congress about something embarrassing. Rather, it's the trend of the Party having deeper control and more oversight over businesses, both Chinese and foreign, which makes it a more difficult environment in which to do business.

I think this is exemplified when I look at the Biden administration, which published a new Indo-Pacific strategy at the beginning of February. And I just wanted to read one sentence out of it, which is "Our objective is to not change the PRC, but to shape the strategic environment in which it operates. Building a balance of influence in the world that is maximally favorable to the United States, our allies, and our partners, and the interests of values we share." And I think that that puts in a short sentence the fundamental shift. For a long period of time, US government policy was focused upon shaping China into being a model like us. And that that would be the way in which we would achieve our ends, a belief that we could somehow make China into us.

And I think that what we've seen happen over the last four or five years is a realization that that's probably not something we're able to do. What we can do is change the strategic environment and change our own behavior, both in the commercial and the industrial and the technological space that better serves our interests. And that's where we should spend our time and energy. So, this is not about what did the Chinese do and how do we focus on what they're doing, but much more about ourselves, and working with other countries that share those same concerns.

**Robbie Diamond:**

I saw a question on the chat, and it's something I was going to ask you regarding what's going on in Russia and Ukraine. Is this going to accelerate or change even more minds about some of

these supply chain issues? And have you seen, even over the last eight days, the direct link between what's going on there now and in China? So, Matt, why don't you start with that?

**Matt Turpin:**

Yes, it certainly could. On February 4th, right before the opening ceremonies of the Beijing Winter Olympics, Xi Jinping and Vladimir Putin signed a joint statement between the PRC and the Russian Federation, which laid out essentially an alliance and partnership between the two countries. This sent a very clear message to the world that these two countries are going to back each other up, as they seek to change the international system to something that benefits authoritarian regimes.

And, I think that message, and then what we've seen happen over the last week in Ukraine are certainly beginning to change minds in many capitals, where leaders had been struggling with the, "Do I favor security or economic prosperity" question. Governments must begin to resolve that false choice with the realization that, in fact, economic prosperity and my security need to be tied together. And that means looking for other places to do business, and certainly other places to source supply chains. And I've been thinking about how do we in the U.S. change the international order to advantage us? To me, that seems like the path that we're on, and that what we're watching happening in Ukraine certainly cements those ideas even more.

**Isaac Stone Fish:**

Beijing is walking such a careful line between the West and Russia. Beijing, on the one hand, is favored by Russia going to war over Ukraine. It's a good distraction. It weakens Russia. I think there's too much focus on a China-Russia Alliance. I think Russia has a lot more to fear from China than it does from the West. I think Putin has more to fear from the West than it does from China. China is fine with Putin as a leader; the West is not. But there's so many territorial issues, frustrations push back against Chinese influence in Russia, fear of Chinese enrichment in the Far East, fear of Chinese influence in Central Asia, that Russia weakening itself in its west is a great way for China's interests to expand westward as well.

At the same time, it's quite embarrassing to be seen as Russia's most important ally at a time when the country is deservedly a global pariah. And Beijing doesn't want to draw parallels between Russia, Ukraine, and China and Taiwan. Almost every country in the world, including China, recognizes the status of Ukraine as a sovereign nation. The United States doesn't even recognize Taiwan as an independent nation; roughly a dozen countries do and the Vatican City. I think I'm hopeful that this will draw more attention to the many problematic linkages between the US economy and China's economy.

I'm hopeful that this will draw more attention to the many problematic linkages between the US economy and China's economy. I will say, however, that historically, we've traded roughly 25 times more with China than with Russia. China's economy is so much more important and so much more integral in the global sphere that, if China were to invade Taiwan, I think it would be much more difficult to convince US businesses to do something like what they're doing with Russia. However, I'm less afraid of a full-scale invasion of Taiwan right now, than I am with China's seizing one of the small Taiwanese islands off the western coast of Taiwan.

Would the United States go to war with China over Taiwan? Possibly. Would the United States go to war with China over the island of Matsu? Very unlikely. But that's a way to start changing the "facts on the ground"—take a little bit at a time, and then do a full-scale invasion much later when it already seems like a *fait accompli*.

**Robbie Diamond:**

You seemed very much convinced there will be a war?

**Isaac Stone Fish:**

I am.

**Robbie Diamond:**

Why don't you tell us about that? And Matt, you better get prepared because I'm going to ask you the same question. And then we're going to bring Jeb in to ask a few questions.

**Isaac Stone Fish:**

I think one of the issues I examined in writing the book that was a good lesson to learn and relearn is our hindsight regarding 2020. And it's easy to say, "Well, look at what these people missed." It seemed so clear. And yes, I do think that is very likely, but it's impossible to predict the future and there's so many shifting geopolitical plates that could make a war less likely or not happen. I think it's incredibly likely that the United States and China will be on opposing sides of a war in Asia in the next, gosh, several months to five years. And I think Taiwan is the most explosive.

But there's so many other countries that could spark a conflagration because of their relationship or disputes with China. It's not only Taiwan; it's Japan and South Korea, it's Mongolia, it's India, it's the Philippines, it's Vietnam. And there are countries that we don't even have treaties with. There are countries that are not even nominally our allies, but the United States might decide it's in its interest to protect those countries or defend those countries from Beijing.

And I think, just as Russia invading Ukraine has awakened people, yet again, that we are not at the end of history and that wars will continue to happen. I think it's unlikely for the United States

and China to not repeat something in at least the same ballpark as what happened during the Korean War, in our lifetimes.

**Robbie Diamond:**

Well, that's very disturbing because I've had enough of war and it's only been eight days. It's so depressing to watch and so terrible. Matt, what is your view on that?

**Matt Turpin:**

Yes. One of my favorite historians, Stephen Plotkin, who's a great historian of Russia, had a saying, "There is no history without contingency." And so, as I think of what the future holds for us, if the conclusion that Beijing draws, out of the events that are going on right now, is that they could engage in a similar military action and that they could weather the challenges, and achieve their ends without being derailed, then the likelihood is extremely high that China would do so.

One of our challenges is about creating the conditions in which the Chinese don't perceive that that is the outcome that they would get. And then the likelihood of an open conflict goes down. So much of the future potential risks are highly contingent upon the actions that we choose to take or policies that we choose not to pursue. I think it should be quite invigorating that our agency can push things in either direction. And we should be very mindful of that. We should also be telling the American people that these are serious conditions and situations for us to be examining, and that we should be insisting upon proper resourcing and proper leadership.

And companies should think seriously about the political risk of their own business models, given the reality of what's going on. I agree with Isaac that American companies would find it much more difficult if China and the U.S. engaged in open conflict. But if the United States and the PRC are in a shooting war in the Western Pacific, and U.S. service members are being lost, I think American companies will have to look at the reaction that German companies are going through right now. Currently, decades of German policy are being reversed over a weekend, where the SPD, the champions of the most politic approach, are the ones that are making these reversals.

Now, it remains to be seen how that's going to play out over time. However, I think that it's extremely important for companies to understand that what they believe to be unchanging geopolitical realities can change very quickly. And, therefore, American companies should be thinking about contingencies themselves, and thinking through scenario planning. Somebody should be pulling out Shell Oil company's old playbook about scenario planning, and thinking through those kinds of futures. How do CEO's want to position their companies and position their supply chains, in order to create enough resilience? To a certain degree that will encourage deterrence and stability, because certainly leaders in Beijing will not conclude that Americans

will think this is too dangerous or that China will lose too much if we have prepared for that. Strangely, preparing for such potential events will lead to the stability that we would want to have in such a situation.

**Robbie Diamond:**

Thank you so much, Matt. Those are really interesting points you made. Let me bring in Jeb. You all saw Jeb in the beginning. He is the Executive Director of our Commanding Heights initiative. Jeb, do you have any questions for our two panelists?

**Dr. Jeb Nadaner:**

Let me start with one for Isaac. For the elites that have had such a friendly relationship with China over the last several decades, have they been primarily from one side of the aisle or the other?

**Isaac Stone Fish:**

It's been very bipartisan. The ones that I focused on—and I think this is more of a quirk of history and the foreign policy establishment—have been more on the Republican side, but that might just be because of the influence of Kissinger. Certainly, with folks from Congress and from the Senate, politicians who have gone into lobbying and consulting afterwards, have been very, very bipartisan. Richard Daley is someone whom I mentioned in the book, the former Democratic mayor of Chicago. Madeleine Albright, the former Democratic Secretary of State. Yes, it goes both ways.

**Dr. Jeb Nadaner:**

Yes, I know, there was a book in volume—Sherrod Brown's book as a congressman, which is around 15 years old now. He already then started cataloging who in both parties had been involved. It's quite a listing of American elites. A follow-up question is: we've been through a lot of political change in America in the last few years. There has been a rise of populist movements on the left and the right; with that are some changing elites. How do those new elites left and right differ from the elites that had played such a large role in US politics earlier?

**Isaac Stone Fish:**

The folks in the Trump cabinet (Mnuchin and Wilbur Ross, for example) were very much of the same milieu, the same as in the '80s, who we identified as the "swamp." But they did have deep business ties to China in Trump's cabinet in a way that was not unfamiliar for folks in the cabinet beforehand. And I do wonder how it's going to be when these current crops of politicians retire. It's hard to know what business they are going to be doing in China afterwards.

I think, to be fair, my incentives and the incentives for a lot of other folks are now to be more critical of Beijing, because there's business to be done in the United States instead. And so, I



think the further the trend goes towards decoupling, it's certainly possible that you'll have folks incentivized the other way. Incentivized to be more critical of China than they would be otherwise, because it's a way for them to work with a company like mine, or work with a company that is seeking to redirect business from China. We possibly might swing too far in the other direction.

**Robbie Diamond:**

I have a question from the audience, which is about India, and its role in this power dynamic. In light of India's abstention from the recent UN vote on Ukraine and Russia, can you put that into context?

**Matt Turpin:**

Audience members and all of us should remember that India has a long history of non-alignment, but also a long history of working closely with the Soviet Union, and then the Russian Federation. India has a deep desire to not necessarily be pulled into what would be perceived as a set of European problems. And so, their reaction doesn't surprise me. It seems to be in alignment with their relationship with Russia, but I think there is probably also a set of discussions that are going on.

Regarding the long history of US support for Afghanistan and for Pakistan—that continued through US forces in Afghanistan—as that changed, the dynamic with India changed. So, India's alignment with Russia may be evidence of the realities for what those changes could be. I think that certainly the line of actual control conflict, and crisis that arose between India and China in the summer of 2020, has very much colored the Indian national psyche about China. This is leading in a direction that that sees India moving much closer to Japan and the United States in those areas.

And so, as Beijing and Moscow cement their relationship and their close cooperation, we may find ourselves in a period of realignment with India. And of course, geopolitical alignments only seem set in stone while we're in them, and then we get to pivot points and countries realign. I believe we're in that kind of a period, and it remains to be seen how that will play out.

**Robbie Diamond:**

I have two questions, one for Isaac and then one for Matt. Isaac, you paint a picture that we're going to go to war at some point with China. Why is it in China's interest in the next five years to do this? One could suggest it's actually not in their interest. And also, Matt, if it doesn't go well for China with Taiwan, it's pretty bad for them. So, give us a sense of like why you put that timeframe there, and then why would it be in their interest?

**Isaac Stone Fish:**

Their timeframe is fairly arbitrary. Two years...three years...four years...it's very difficult to know what is going to change year to year. But I think we have to remember that the most important calculus for Beijing is domestic. And even more specifically than that, the most important calculus for Xi Jinping, as he decides whether or not to push for this, is the viewpoints of the domestic political elite: how much movement he has with them and what kind of strategies he's trying to lay out there.

And I think it's important here to admit our ignorance. We have very little understanding of Chairman Xi's relationship with the two Vice-Chairman and with the Central Military Commission, which is the body that oversees the military. We have very little understanding of his relationship with the other members of the Politburo Standing Committee, which is the elite body that rules China, or with the greater Politburo, the 25-member body. Currently, we have to assume that that he's acting in a way that reflects the political reality at the top of China's leadership ranks. But we have very little accurate understanding about that.

It's certainly possible that Xi believes that, in order to shore up support or in order to move against an enemy, invading sooner rather than later is good. However, you could also come to the opposing conclusion. And I think it's important to admit what we don't know and to understand the important questions we need to be asking. It's also important for us to restate the value of Taiwan, and achieve a domestic political consensus on its continued independence. The Taiwan issue speaks to China's view of its legitimacy, as well as to Mao's legacy, and to the long history of China's leaders who have repeatedly spoken of the need to reunify or reclaim Taiwan.

This issue also speaks to the fact that Taiwan is the only democratic polity in the Chinese-speaking world. And it belies the idea that the Party often says to Chinese people that Chinese people can't be democratic, that they can't have this. However, there are liberals in the Chinese system who believe that Taiwan is an injection of democracy into the Chinese body politic. Thus, Taiwan's democracy and democratic identity is dangerous and must be erased, in order to strengthen the long-term ability of the Party to stay in power.

**Matt Turpin:**

I would add that Xi Jinping himself has, I believe, made it fairly clear in a number of statements that he intends to solve the Taiwan question during his rule, and that he would not leave that to his successor. And if we then play that out, if the models of former transitions of power in China are anything to go on—despite the fact that Xi Jinping himself has dismantled those transitions of power—Xi Jinping will likely enter a third five-year term this year, and he would potentially have a second five-year term out through 2032. And, during that period of time, he would look at opportunities to solve what the PRC calls the “Taiwan problem.”

I think Isaac is absolutely correct. That fundamentally, this is about the party being incredibly insecure regarding a prosperous, democratic, pluralistic society with all kinds of civil freedoms, existing off their shore made up of Chinese people who are more than capable of demonstrating that they can run a liberal democracy and provide incredible prosperity for their citizens. It is often assumed from a limited amount of polling that we have of PRC citizens, that the Taiwanese citizens are quite far behind them. In fact, Taiwan has one of the highest per capita GDPs in Asia.

And so, that example provides an extremely damaging threat to the Party's exclusive hold on power. And, to question that, and for there to be an open example of that, is highly threatening to the Party, and I think that's where we have to place this dynamic. And that it is not about China's long history and recent accomplishments. We live in a post-colonial world in which plenty of former colonies have gone on to become independent.

The United Nations Charter is around self-determination, and the Taiwanese people have been quite clear that they are not interested in coming back, to be governed by the mainland. But the Party has an incredible problem it has to solve. And that's what makes me extremely concerned about the outcome. This is where deterrence, on our part and on the part of Japan and other partners, is going to be so incredibly important. For the Party not to go down the path of forcing reunification, it is going to have to conclude that the costs far exceed the benefits of doing it.

**Robbie Diamond:**

Well, it's certainly disconcerting, because if you just put the word Ukraine as a democracy next to this other power, and you put Putin and Xi's names into it, it's quite disturbing. Jeb, I don't know if you have another question or want to share any other thoughts with us.

**Dr. Jeb Nadaner:**

One of the remarkable insights in Isaac's book is just how much the Communist Chinese Party has managed to coopt individuals, and to get into people's heads. My question to you is this: Is the primary realm of struggle with the Communist Chinese party principally a military struggle or is it a struggle for societies and minds and culture?

**Robbie Diamond:**

Or I'd add economic.

**Isaac Stone Fish:**

Richard McGregor's fantastic book on The Party has a quote from a former senior Chinese official talking about how the United States has the Defense Department and China has the Propaganda Department. And it's a shame that the war in Iraq has mostly ruined the phrase

“hearts and minds” because I think it is a good shorthand for the global battle that the United States and China are currently fighting for public perception.

I believe people in the United States are somewhat allergic to the word “propaganda”. It’s got a very broad definition of political speech that seeks to influence, and I think people in the United States see it as political speech they don’t like that seeks to influence. But some of the best ways of countering Chinese propaganda is by U.S. propaganda—from embassies, from Radio Free Asia, even from certain journalists’ outlets and from certain statements. Therefore, a lot of identifying what Beijing is doing, being explicit about it and explaining it to people in terms they can understand, is very effective. And I think it’s big and it’s small.

One of my favorite small examples is the importance of calling Xi Jinping either Chairman, which he is, of the country and the Central Military Commission or General Secretary, which he is, of the Chinese Communist Party. President, which is referred to in basically every major media outlet, is a mistranslation of the Chinese word for Chairman—the same word that they used to describe Chairman Mao, or Chairman of the Board. And so, it’s very important for us to be thoughtful and explicit in the language that we use. Not because one is necessarily true or false, but because this is another way that we’re repeating Chinese propaganda.

Another way that I’d like to describe this is, 15 years ago if you said the phrase, “All lives matter,” it would be entirely uncontroversial. You’re just making a humanist statement. Today, if you say, “All lives matter,” you are pushing back against the narrative of Black Lives Matter. You’re repeating a Republican talking point and you’re putting a flag in the ground that you have a certain ideological view. Same thing is true with certain phrases that the Party uses. So, the issue with saying “China has 5,000 years of history” is not that China doesn’t have 5,000 years of history, but that you’re repeating a Communist Party talking point meant to tie views of the Party to views of China.

**Robbie Diamond:**

I want to give Matt an opportunity to ask a final question of you, Isaac, and then we’ll wrap up.

**Matt Turpin:**

Thank you, Robbie. Isaac, given the book you wrote, you had to have noticed the comments by Jamie Dimon, the Head of JPMorgan, that got him into a lot of hot water last November. When he was noticing that JPMorgan and the Chinese Communist Party were both celebrating their 100th anniversary, and he jokingly (or perhaps not jokingly) said that he thought that JPMorgan would outlast the Party. Given what you have researched about elites and their thoughts about the PRC and the Chinese Communist Party, and what they say publicly, do you think that some of it is cynical, performative? Saying to the Party one thing, when in their hearts they actually

believe what Jamie Dimon said, which is that they think they're going to outlast the Party, and they're simply positioning themselves for a better outcome? What do you think?

**Isaac Stone Fish:**

I think that's probably right. I think Jamie Dimon is probably right. Again, these things are very difficult to predict. For every 100 year, 150-year-old company, there's Lehman Brothers and future shocks that we'll see, but that's a bet that I would take. And I do want to give him credit for his far milder apology about saying that, than most other executives would have done. I'm pretty sure it came through a spokesperson and not him. It was expressed in a mild form of regret and then the story died—such a difference from John Cena or the Disney CEO in the late '90s or countless other examples of US executives apologizing.

But, yes, I think it's pretty common that people speak one way about China publicly, because they're afraid of retribution, and a different way about it privately. And since I've left journalism and gone into the business world, it's really quite heartening to hear what people actually think. And to recognize that there's a lot more depth and nuance in their views than what they're willing to say publicly.

**Robbie Diamond:**

Great. That's a great conclusion, I just want to really, really reemphasize the difference between the PRC and China. I just think it's so important that we understand that distinction, and not to get into these ideas that one has to be anti-Chinese in order to have a position that we just do not like what the PRC does. The Party sort of controls that society and just has a different set of values that puts risks on us and our allies.

With that, let me thank Matt Turpin. I meant to mention that Matt Turpin is also a SAFE Senior Fellow. Thank you for fulfilling that important role for us.

Isaac, thank you for joining us. Isaac actually did help in our work on Commanding Heights when we wrote the first report, so thank you for that. That's why we wanted to host you, because you put together such a nice and really interesting book.

And finally, thank you Jeb, for doing more and more events and so effectively leading the team of Commanding Heights at SAFE, so that we can live by our values and help develop a strong foreign policy.

And to everyone.....have a good night. And we'll see you soon at the next event.

**Matt Turpin:**

Thank you so much, Robbie.

**Robbie Diamond:**

Thank you.

**Dr. Jeb Nadaner:**

Thank you.

**Matt Turpin:**

Good night.