

Kenneth: Okay, we're rolling.

Jim Stark: You will want to ask at some point, what are the American objectives? What do we want to do? What are our policy priorities? Because that then, lets us move into a discussion of how we counter China.

Stef Halper: Okay, that wasn't in the list. It's a great question.

Jim Stark: That was probably toward the end of mine.

Stef Halper: I don't think -

Jim Stark: Number 10 or 11?

Stef Halper: I don't think -

Jim Stark: Oh, yeah. Twelve. What should the U.S. do?

Stef Halper: Number 12. I think my view is that - and I'm about one inch deep into this ... I don't know. I don't think we have a coherent idea about what we're going to do.

Jim Stark: Well, we have some ideas.

Stef Halper: Okay.

Jim Stark: We have some ideas of what we - for example we want to remain a Pacific power, we want to diminish the Communist Party. We have some ideas.

Stef Halper: The problem is in execution. I think we're sort of diffuse in the way we're attacking the problem. And it's certainly not as well coordinated as the Chinese who seem to be going more almost in accordance with the script.

Jim Stark: Which is the advantage of an authoritarian structure. I mean, I think. [inaudible 00:01:33]

Bill Walton: What you two are doing right now is exactly the way I want the show to go. Where you're talking with each other. This is -

Stef Halper: Okay.

Bill Walton: You guys are exchanging views, and I'll chime in.

Stef Halper: It'd be better if we disagreed with each other on stuff. We tend to agree.

Bill Walton: That's a problem ...

Jim Stark: We don't, though. We've been developing these ideas for so long that we both ...

Stef Halper: It's an echo chamber over here.

Bill Walton: We've got an extra cameraman. Maybe we'll get someone else in here. Maybe we'll get the professor in here.

Jim Stark: Oh that would be nice. Yeah.

Bill Walton: Talk about that.

Stef Halper: Right.

Jim Stark: It'd be nice to have somebody to carve up.

Bill Walton: Alright, Kenneth, are you ready for me to do this?

Kenneth: Yup. Stand by. We are rolling here. Sarah you can turn on that timer.

Bill Walton: Turn on the clock. Is the clock going?

Kenneth: Yup. It's going now. Here we go.

Bill Walton: Okay.

Kenneth: And when you're ready, Bill.

Bill Walton: Okay. We are now ... Let me exit this thing. Choose a script.

Bill Walton: China is emerging as a global superpower, able to contest with the United States throughout the world. It's growing assertiveness is fueled by its economic success in part due to favorable trading terms with the United States. Now that the Trump administration is negotiating to rework our trading relationship with China, a light is also being shined on China's growing military prowess. What are China's overall national security ambitions? And how do they impact the nations around it? Or the United States? Are we being drawn into what's been called a Thucydides Trap named for it's Greek author? It's what happens when a rapidly rising power threatens an established, ruling power and conflict ensues.

Bill Walton: In 11 of 10 cases when this has happened in the last 500 years the result was war.

Bill Walton: With me to explore our relationship with China are my returning guests retired Rear Admiral James Stark and Dr. Stefan Halper. Both deep subject matters on China - subject matter experts on China.

Bill Walton: Jim was President of the Naval War College and has an extensive background in Naval fleet command. He has experience throughout the world. He's been a senior advisor and political military strategy with both the National Security Council and the Navy Staff Command.

Bill Walton: Stef, a professor at Cambridge University, is the author of The Beijing Consensus, and China The Three Warfares. He has served in the White House, the state department, and is the author of many major research studies for the Department of Defense.

Bill Walton: If you enjoy this conversation, I hope you'll subscribe to the Bill Walton Show on YouTube, iTunes, or any of the other major podcast platforms. Jim, Stef, welcome.

Jim Stark: Thank you.

Stef Halper: Thank you Bill.

Bill Walton: Well, let's kick it off. What are China's overall national security ambitions and how do they impact the nations around it?

Stef Halper: Well, I think China's principle objective is to retain the rule of the Communist Party and to insure a measure of stability, domestically. And that means a growing economy, jobs at the middle class and lower class levels, it means an agreement, really, to move to dominate their region, which they are now doing, and ... China has both regional and global aspirations. Regionally, they want to dominate, globally, they'd like to move to a position in which the U.S. is pushed out of the western Pacific, in which China dominates the South China Sea, and in which they emerge as a superpower essentially in 2049.

Bill Walton: That's the 100th anniversary of [crosstalk 00:05:45]

Jim Stark: Correct.

Stef Halper: Of the creation of the People's Republic. And the decade 2020 to 2030, according to the Chinese, is going to be a decade of confrontation with the United States. And at some point we ought to talk about what the U.S. objectives are and what we can do to counter this.

Jim Stark: I think we also ought to look at some of the historical antecedents of this policy. I see a book over here, never forget national humiliation, and that's one of the prime movers in China's current policy. Historically, they've surrounded themselves with buffer states around them. Today that consists of Manchuria, Mongolia, [inaudible 00:06:30], Tibet, the jungle areas of [inaudible 00:06:34]. But 200 years ago, they stopped their naval developments and they were, their maritime frontier was not well-defended and western navies were able to come in and starting with the first Opium War in 1840 were able to subjugate China,

not just along the coast, but they drove their ships deep up river into the interior of China.

Jim Stark: China has avowed that they would never let that happen again, and so they're now in the midst of a major campaign to expand both their navy and also their other forces that can push out into and control the East and South China seas, their bordering maritime areas, and then beyond that, into the rest of the world.

Bill Walton: Yeah, that's what they call gunboat diplomacy, where the inland waterways were controlled by the Brits and the Americans? [crosstalk 00:07:23] Let's go back a bit because one of the things I'm learning about is China's "Century of Humiliation," which they talk about, and this is Never Forget National Humiliation and Emotion, 1840 and the Opium Wars. Up until 1840 China saw itself as what -

Stef Halper: The middle kingdom.

Bill Walton: That's right. Unequaled by any other entity on the planet. And for 3000 years, that was how they saw themselves.

Stef Halper: They were a preeminent power.

Bill Walton: And then in 1840 the Brits showed up.

Stef Halper: The Brits showed up and very consciously attempted to addict the population to opium, which was coming up from India. It was a very sinister policy, and the Chinese fought to try to prevent this and limit it, and in the end they succeeded, but it has left a deep scar and the Chinese are now trying to rejuvenate the country, to return to its prior preeminence.

Bill Walton: And the century of humiliation ended in 1945, 1949, with the Communist Revolution?

Jim Stark: I'd say 1949, when [crosstalk 00:08:37] the Communist Party came into power.

Stef Halper: And of course in 1945 when the Japanese surrendered.

Bill Walton: Well the Japanese, I mean, if the Chinese don't like us very much, they like the Japanese even less because of 1937, the rape of Nanjing, and everything they did to the Chinese during the war.

Stef Halper: Absolutely brutal.

Bill Walton: But one of the things I'm trying to get a handle on is the Chinese Communist Party, because from what I understand, Mao was very much a dedicated

Marxist, class warfare, bringing people up by the book Marxist. Also a very charismatic leader, so it almost didn't matter that he was a Marxist because he was Mao.

Bill Walton: Now, with the mere mortal running China, although I'm not sure Xi sees himself as a mere mortal, they've had to evolve, and they've gone from being more of a Marxist strategy to one of really talking about supporting the middle class and bringing up standards of living, which is utterly not Marxist. And they're also talking about rejuvenation, national pride, all that, and that's the glue that's holding the party together?

Stef Halper: Well, you need to remember that the party is a network. It's a large collection of 80 million people who all benefit from knowing each other, working with each other, doing contracts with each other, and the party has tilted now towards the market. Market mechanism, capitalism. It wants to include that kind of activity alongside of the party's discipline. So you have a state-dominated or directed market economy. Very powerful.

Jim Stark: I think an important part of that is that it's a recognition of the fact that China's power and its ability to reach its international goals is highly dependent on opponents' economic wealth and prosperity. In addition to that, that rising economic prosperity is going to create greater satisfaction among the Chinese populace. So as they see themselves moving from this lower class into a growing middle class, they're going to be happy with their current government despite the fact that they don't really have real elections and that they're subject to the whims of a lot of petty bureaucrats within the Chinese Communist Party.

Jim Stark: But to the extent that they can, that they have, over the last 20 or 30 years, really had an amazing expansion in their economy and they're now a really true global power in that sense, they've been able to support their goals and they see that that is the path to reaching their global-

Bill Walton: Is the Communist Party operationally any different than the Emperor? I mean, it's an authoritarian, one-party rule with no traditions of factions being allowed.

Stef Halper: I think you're quite right. I think it's very similar to other authoritarian structures. The Party is no longer, as you've both said, strictly Marxist. It's a party which has modified its Marxism. It doesn't have, for example, Mao's ironclad commitment to cultural revolution, to backyard furnaces, everybody makes his own iron pots. No, they're not that way anymore. They are encouraging people to develop through capitalism and investment, and be disciplined in their direction by the Party. So it's a hybrid sort of communism.

Bill Walton: So those of us that hoped that opening up the market with China would make it a more liberal democracy, that's been proven to be wrong?

Stef Halper: Absolutely.

- Jim Stark: That's been a failure.
- Bill Walton: But the Party's adapted. I mean they're not ... I used to believe that the Communist Party, the ideology was so bad that it would be overthrown, but they've adapted.
- Stef Halper: That's one of the great things about China is that they're very flexible. They adapt very quickly, and they have in this case to the power of the market. The fact that the economy can grow very much more quickly through capitalism-
- Jim Stark: To their credit, I think they're very practical, very common sense in their approach to these things. So they see what works and what doesn't, and even though they are loosening the reins on the economy and encouraging private enterprise and so on, they still are dependent on state-owned enterprises. The Communist Party owns a lot of the [crosstalk 00:13:12] and they subsidize all of that and that can be a strength and it also can be a weakness.
- Bill Walton: Just to stay with the party, one more point before we turn to the military issues, 80 million people, maybe a little bit more now, ruled by a politburo of 25 or so members. And then there's a standing committee of 7, of which Xi is now the preeminent member of the standing committee.
- Stef Halper: And don't forget Xi is now president for life. He is no longer subject to the five-year-term that had traditionally capped the chief of state in China. He's been designated as the president for life.
- Bill Walton: And I think he's packed the politburo so that there's no one young enough to succeed him.
- Stef Halper: Yeah.
- Jim Stark: But on the other hand, I think that also as we discussed, the last time we met on this, that's caused some internal problems. Not everybody is convinced that that's the right way to go. To have somebody announce himself as the president for life means that nobody else has a path to success, and that they feel under pressure. So I don't think Xi has completely consolidated his control quite yet.
- Bill Walton: And the 80 million people, that's roughly 5% of the population. What about the other 95%? Where are they in the scheme of things? Are there people outside the party that would like to see change?
- Jim Stark: Yes, there certainly are, and you see, those are the people that they're putting in jail. In Xinjiang they've got a million people on concentration camps.
- Bill Walton: This is the corruption campaign?

Jim Stark: No, it's not the corruption campaign. It's popular dissatisfaction for nationalist reasons by non-Han Chinese citizens of China as well as problems within the security services.

Stef Halper: And it's also a reaction to the Han effort to stamp out the ethnic independence of say the Tibetans or the [inaudible 00:15:15].

Bill Walton: What percentage of the Hans represent of the billion-four Chinese? Are the Hans -

Jim Stark: It's a high percentage, and I don't know the exact percentage.

Stef Halper: I'm guessing 80-90%.

Bill Walton: OK, so it's the dominant culture?

Stef Halper: That's right. [crosstalk 00:15:28]

Jim Stark: And they're taking that large Han population and they're physically moving them into Tibet and Xinjiang so that if they don't already, they soon will outnumber the native local populations.

Stef Halper: This is one of the most interesting things about China is this sort of internal invasion of ethnic areas by the Han in order to neutralize the strength of these ethnic hierarchies. And it is ... in the case of the Tibetans, it's an absolute tragedy because they're eradicating the Tibetan culture, they're prohibiting people from speaking Tibetan or being taught Tibetan in schools.

Bill Walton: And you wrote a very well-reviewed book on Tibet.

Stef Halper: I did, yes.

Bill Walton: What was the title?

Stef Halper: It was called Tibet: the Unfinished Story.

Bill Walton: And it's on Amazon?

Stef Halper: Yeah. And the reason that I called it that was because the resistance in Tibet is so strong that you can't really say that this effort by the Han and by Beijing to stamp them out is going to succeed. We may have a few more chapters of this struggle.

Bill Walton: Well, what are China's military strengths now? What are they ... where do they stand regionally and globally?

Jim Stark: I think their greatest strength is the fact that they have this strong economy which they have used over the past two to three decades to both grow their military forces quantitatively, particularly in the high technology areas. For example, in my background in the navy, they're building some very impressive multi-mission ships. They've integrated the PLA air force and navy operations so that they use air force assets in order to support naval campaigns. They've grown a very impressive, very large missile force that can threaten us any place inside the first island chain and even a little bit outside of that. So they've done a great deal to expand their military capabilities beyond simply the peasant with the rifle in his hand, which is what it used to be.

Bill Walton: We talk about the size of our navy. What's the size of our navy compared to their navy?

Jim Stark: Our navy is about 280, 285 vessels, with an ambition of growing to a stated goal of 355, and now the chief naval operations is saying "Yes, that's a base we need to have even more." As we've spoken, my sense of that is that-

Bill Walton: The budget's an issue?

Jim Stark: The budget's a big issue, and remember, in order to do that within the Department of Defense, it's a zero-sum game. So if the navy budget grows, generally the army and the air force are going to have to get somewhat smaller budgets. They're not real happy with that, so yeah, I'd like to see the navy grow to 355 and beyond, but by 2030 for example, we're not going to be anywhere close to that. We may be at 300, 320 ships. The Chinese on the other hand, have today close to 400 ships and they will be growing by 2030 to about 530 ships.

Bill Walton: And their advantages to those ships are concentrated in the South China Sea and the western Pacific and Indian Ocean?

Jim Stark: Correct.

Stef Halper: Indeed, and the point is that the lines of communication between China and what could be operational areas, areas where there might be conflict, those lines are very short. So they're able to deploy quickly, they can mass their ships very quickly, and we're operating from 8000 miles away. Not easy. There are some ... disadvantages of Chinese navy, and really there are two of them. The Chinese are very weak on anti-submarine warfare. They don't seem to be able to engage us on that level. And I guess that's probably the main weakness.

Jim Stark: Well the other one is that they, from a geo-strategic sense, they are hemmed in by the first island chain.

Stef Halper: Well, that's true.



Jim Stark: From Japan down the [inaudible 00:19:41] to Formosa, Taiwan, the Philippines, all around to Indonesia and Vietnam. So the Chinese are going to have to break through that barrier if you will in order to get out and approach the rest of the world, both in commerce and trade and also in any military campaign. And they're very open about their intent to take over the first island chain and push us out, keep us farther away from the coast, and then engage us in the mid-Pacific rather than the western Pacific.

Bill Walton: And that's the reason why Taiwan is so critical, because Taiwan is a large, important island in that first island chain. In the 1950s and 60s, we used to call Taiwan the "unsinkable aircraft carrier," and it could be a base for U.S. operations to prevent the Chinese from breaking out into the Western Pacific. And that's why Taiwan could easily become a focus of conflict going forward.

Jim Stark: I'd like to get back to a point that you raised, Bill, which is that the Chinese are going to be fighting a conflict with us essentially in their own backyard. They'll have relatively few forces outside Chinese waters, so they're going to be concentrated there with their whole navy. The United States, on the other hand, has worldwide obligations, and even if we had to come up and fight the Chinese, we're not going to be able to put all of our navy into that. We're going to have to leave some forces in Europe, some forces in the Middle East. Otherwise you're going to see ... that's a perfect time for Russia, for example, to make its move against the Balkans or against the rest of Ukraine, or for Iran to try to close the, or take control of the Strait of [inaudible 00:21:24]. So we're going to have to guard against that, which limits our ability to put all our forces against this huge force that we're going to be confronting.

Stef Halper: And that gives the Chinese a 4-1 advantage in the south China Sea and the east China Sea, and in the areas contiguous to the Chinese coast.

Jim Stark: And they have air bases and missile launching platforms and missile inventories all throughout the Chinese mainland. They're going to make it really hard for us to operate close to them, which is why I say we shouldn't do that.

Bill Walton: How are we responding? Where is the ... either one of you? What do we [crosstalk 00:22:00] ... you're making me a little nervous.

Stef Halper: Making you nervous?

Jim Stark: We're all a bit nervous.

Bill Walton: I tend to have people on this show who make me nervous, and you're succeeding.

Stef Halper: The world is not the way we'd like it to be!

Jim Stark: I think the most important thing is that this administration, unlike previous ones, has started to think about it and talk about it publicly. There is a growing realization within the U.S. both publicly and within the government that this is a real threat, and that we're going to have to think about it and solve this problem. Now we haven't solved it yet, by any means.

Bill Walton: I think you mentioned on the last show when we were talking about this that the Obama Administration refused to even let you run war games.

Jim Stark: No, they didn't do that [crosstalk 00:22:43] but they refused to allow us to talk about the fact that China was a serious potential enemy in our strategy documents. You couldn't say it publicly.

Stef Halper: And they limited one of the instruments that I believe has been very effective, which is called a Freedom of Navigation exercise, in which we run ships essentially from Japan down to the southern end of the South China Sea to demonstrate that this is international water and that any ship operating in international water has the right to be there. And what I would like to see, you asked what we could do, one of the things we should do is take those Freedom of Navigation exercises and make them multi-national exercises. Include the Australians, the Italians, the Germans, French, whoever else would like to join us to show that this is an international waterway.

Jim Stark: And that's one way of diminishing China's prestige and also diminishing their reach. There are a lot of other things we could do. I mean, our objective here is to remain a Pacific power and expand our alliances in that area. Japan, Korea, Singapore, Philippines, things Jim has mentioned.

Bill Walton: Well, we're mentioning the positive things that Trump is doing to engage, but there's also some concern he's burned some bridges with some of the allies that we've had historically.

Jim Stark: Well he has, he has.

Bill Walton: Some color on that?

Jim Stark: I think our alliances in the Far East, one of our unique advantages over China, China really doesn't have any friends. They can't rely on anybody. They look to the Russians, for example, and they sort of tout them as this balancer. I don't think if I were the Chinese that I would trust the Russians very much at all.

Stef Halper: First you'd have to get their hand out of your pocket.

Jim Stark: But we're very fortunate we're allied with the other great economic power in the region, Japan, with other countries like Australia that have an advanced military, with Vietnam, which has a strong military tradition as we found out during the Vietnam War, and that China has also experienced in 1979. So China

has a problem because they're confronting a neighborhood which is increasingly united in recognition of China's threat and is willing to work with the U.S. for a common purpose, and that multi-lateralization of the issue is very much in our favor.

Jim Stark: So to the extent that we either convince the allies that we are a weakening power, as happened during the Obama Administration, or that the U.S. is pulling out of Asia, as has happened during this administration to some extent, then that hurts us.

Bill Walton: Well, Vietnam's an interesting case because they were a client state during the war with us and now they're moving back to become an ally. Or am I overstating that?

Jim Stark: I wouldn't say an ally, but I think that we have common interests and we can help each other.

Stef Halper: And the Vietnamese have, over many centuries, been concerned about China. The Chinese have crowded them, have invaded them, have really tried to take advantage of them as a smaller country. And the Vietnamese, as Jim mentioned, in 1979, gave China a real bloody nose up there on the northern border. The Chinese tried to come across, the Vietnamese army confronted them and beat them. And so Vietnam is a country that we need to develop with great energy among the others.

Bill Walton: What's the nine dash line?

Stef Halper: Nine dash line was a concept that the Chinese, this Chinese communist government, adapted from the nationalist government that preceded it in 1949. And it was based on the idea that China had historically dominated the South China Sea. So they drew a line around the sea and it had nine dashes - actually at one point it had 11 dashes - but it had 9 dashes and it showed that this was the area that China claimed as its territory. And we have taken the view that it is not China's territory. They never historically dominated that area. Other countries were active within it and it was directly challenged by the Philippines ... I think it was in 2016, who claimed China had no right to claim this area.

Stef Halper: And it was their challenge ... was upheld by the international court of arbitration at the law of the sea conference.

Jim Stark: It's also interesting to note that Taiwan supports the Chinese claim because it was their claim also when they had [crosstalk 00:27:48] when they controlled all of China. So they still claim also the area within the Nine Dash Line. But the Nine Dash Line goes completely against the current principles and long-held principles of international law, which generally say that a median line is going to be where you put the border, or a maritime boundary. And that's fair to all sides, whereas China claims everything.

Bill Walton: Well they just view that as a western invention though, right?

Jim Stark: Yes.

Bill Walton: It doesn't bind them.

Stef Halper: If you were to accept the Nine Dash Line, then you would accept the Gulf of Mexico as belonging to the United States, or the Northern Atlantic as French territory. I mean, it's absurd. It's beyond absurd.

Bill Walton: I can see the French - [crosstalk 00:28:33]

Jim Stark: Or that the Gulf of Mexico belongs to Mexico, because that's the name. Just like the South China Sea!

Bill Walton: They have naming rights.

Jim Stark: But the other problem is that it's not quite apparent what China claims that the South China Sea, the area within the Nine Dash Line is. Is it an exclusive economic zone? Is it territorial waters? Is it internal waters? They just know that they want to control everything.

Stef Halper: They call it "sovereign."

Jim Stark: They claim it as sovereign territory, whatever that means, because there are different degrees of control [crosstalk 00:29:12] you can exercise over the ocean spaces. And they want to certainly have the right to control all exploration of the marine and sub-sea resources. There's oil and gas in them tar hills.

Bill Walton: Yeah, there's some major oil and gas deposits out there, yeah.

Jim Stark: And so they have been very active in threatening and bullying other countries such as-

Stef Halper: Vietnam.

Jim Stark: The Philippines, or particularly Vietnam, to prevent them from using deep sea oil rigs in the South China Sea in areas China claims but that are well within the normal territorial seas or exclusive economic zones of these other countries.

Stef Halper: So the Chinese are very good at asserting their victim hood and their outrage and their sense of being mistreated. I mean, one of the things we talked about in this book is that they used their sense of them being a victim for the last 150 years to justify everything and not to pay any attention.

Bill Walton: They're pretty aggressive on territorial issues, and they have been for hundreds of years as they've expanded from the borders and boundaries of the Chinese Empire into areas that were disputed or less settled.

Jim Stark: 30 or 40 years ago, China passed a domestic law which said that no one could give away title to Chinese sovereign territory. And so whenever they go into international discussions of where these boundary lines are [crosstalk 00:30:50] they point to their law and say "See? You have to accept our point because we're not allowed to deviate from that because our law says we can't. We're afraid that we'd be put in jail."

Bill Walton: So we should carry a pocket constitution with us?

Jim Stark: Exactly, and help them re-enforce their laws internationally!

Stef Halper: I mean, one of the real issues here is that we ... Kissinger really began a lot of this ... we want them to respect the law. We want to have a rules-based international order. And we want to proceed by the rule of law. And Kissinger's mistake was in assuming that if we could proceed that way, then the Chinese would proceed that way and then we would have a basis for a stable international environment. Well the fact is they didn't and haven't proceeded that way. They will accept international law to the extent that it serves Chinese interests and to the extent that it serves their objectives. And when it doesn't, they will ignore it, and that's what they've done in the case of the South China Sea. They've ignored the ruling by the court and they've said, "We don't care what the court says. This is our territory."

Bill Walton: And they feel morally justified ... because they've been re-enforcing this sense of being a victim of the West [crosstalk 00:32:12] for 200 years and now it's their turn?

Stef Halper: That's true, and it raises the question of whether the global system is going to work by the rule of law or by whoever's got the strength, the might, to bend in their direction.

Bill Walton: One of the patterns I'd love to hear you comment on is China's [inaudible 00:32:30], when there's a conflict or something comes up where there's a disagreement, they almost intentionally escalate it to something more than it's meant to be. And then they're prone to conspiracy theories about us. Everything that happens, something we engineered. And then they demand an apology from us. Is that still the pattern?

Jim Stark: That's more or less the pattern, yeah.

Bill Walton: So they want to get us on the defensive and then-

Stef Halper: They're very good at that. I think Jim made a point that's very important. I think the Trump Administration has done very well with China generally. It has rejected the Kissinger typology, the Kissinger approach, and it accepts the reality of an aggressive China, which is active in cyber warfare, stealing our privileged information, restricting our access to domestic markets. They see what China is doing. The question is going to become, will we get the Chinese to change some of their trading practices? Will they stop forcing the transfer of sensitive technology to Chinese companies by Americans doing business there? Will they stop the cyber intrusions?

Stef Halper: These are key questions, and that's what going to come up in the ongoing trade negotiations right now, and if we don't achieve those things, we really will not have achieved much.

Bill Walton: We've talked about that. Are you optimistic that Bob Lighthizer and the team can make a meaningful-

Stef Halper: I think he's terrific. I think he's really good. [crosstalk 00:34:09] But it's not his decision in the end.

Jim Stark: I think it's a political issue, and my experience with political issues is that once the politicians get involved, right/wrong/common sense go out the window. And what I worry is that Lighthizer and his negotiators will be able to push a very good, strong line for the U.S., but if the president feels that he needs a quick victory, he can make a lot of big concessions and then declare that he's a winner because everybody knows he's this wonderful negotiator.

Bill Walton: You mean we're going to have another tax bill?

Jim Stark: Quite right. And having just paid up my taxes.

Bill Walton: We've got a headline, we've got a great new tax bill and you look at it and go, "Oh my goodness."

Stef Halper: Everybody gets shafted.

Bill Walton: Yeah, yeah, exactly. So that's the fear is that he's going to want to grab a headline by signing something?

Stef Halper: He needs a headline. He needs a political win. And this could be an opportunity to spin these discussions into some kind of claimed win. And it's really questionable as to whether or not it will actually be a win.

Jim Stark: As we've discussed before, the Chinese are very patient and they may figure that time is on their side. The longer we do this, the more pressure amounts ... more public pressure grows in the U.S. for a settlement. And they are, like the

North Vietnamese in the Vietnam War negotiations, they're prepared to sit back and take whatever punishment we deal out-

Stef Halper: Short-term. [crosstalk 00:35:41]

Jim Stark: Because they think that in the end, they're going to get what they want.

Bill Walton: If not 2020, 2024, and they're looking beyond that and they're looking at our politics and how we're ripping ourselves apart. [inaudible 00:35:54] Now we want to be the Marxists. It's our turn to give it a try.

Stef Halper: That's really very sad. I mean, the Chinese are very patient and they will wait us out. But we're not going to play that game.

Bill Walton: So let's play that over 10 years. It sounds like the trigger could be something about Taiwan, or is it Korea or is it a claim?

Jim Stark: It could be anything. It could be a confrontation over one of our Freedom of Navigation operations. By the way, we don't just do Freedom of Navigation operations against China, we do them all over the world routinely. You don't even know about them. It's only the ones in the South China Sea or the East China Sea-

Stef Halper: And we've been doing them for decades.

Jim Stark: Where they make the headlines. But we've been doing those [crosstalk 00:36:44] for 60 years.

Stef Halper: But I think that it's worth pointing out the other things we could be doing or would want to try to do in order to limit China's capabilities in this area. There's no reason, for example, why we couldn't offer support, humanitarian aid, education aid, to the Tibetans or to the [inaudible 00:37:06], who are, a million of whom are interned in re-education camps in Xinjiang province. The Muslim populations are becoming very distressed with what the Chinese are doing to the Islamic communities in China, and I think that is an opportunity for us to say, "Look, maybe we can be of some help here."

Stef Halper: We also have ... there are areas of Afghanistan where there are Muslim activists who come right up to the Chinese border and they've been anxious to come across the border and help their brethren. I'm not urging a ... circumstance which will create a military confrontation, but I'm saying that there are ways we can divert China's attention from the east coast to the far west. We can bifurcate their command structure. We can make it harder for them to proceed the way they've been doing. We can sell F-16s to Taiwan, something we ought to be thinking about. [crosstalk 00:38:20]

Jim Stark: More advanced F-16s.

Stef Halper: Advanced F-16s. So there are a number of things we can be doing and we should be doing.

Jim Stark: China's made no secret of the fact that once they feel the time is right, the balance of military power has shifted in their favor, they're going to invade Taiwan. And we need to be ready for that and we need to be actively assisting the Taiwanese in getting ready. There are a number of things that they can do. Part of the burden, more of the burden should be taken by the Taiwanese. I don't think they're nearly as active as they ought to be in getting ready, in taking the measures that they need to, but we can help them in that.

Stef Halper: They've been very slow to allocate the money to buy the weapons systems that we have offered to them.

Bill Walton: Who has? The Taiwanese have been slow?

Stef Halper: [crosstalk 00:39:11] The Taiwanese have been very slow and that's a real problem. Now they seem to be waking up, but it might be a little late.

Bill Walton: Are there factions within Taiwan that feel like, "Well, maybe we ought to just join the other side."

Stef Halper: [crosstalk 00:39:24] There are some, but the main problem here is that there's a lot of opinion in Taiwan that the U.S. will help them but they'll never let them go. And therefore, they don't have to spend the money.

Jim Stark: Our policy is deliberately ambiguous. We say that we're going to support Taiwan. The implication is that if China were to invade Taiwan, we would help Taiwan. But if Taiwan declares independence out of the blue, then we're not going to stand behind them. So Taiwan is trying to walk a tightrope here to make sure that the U.S. stays on their side, but that they are able to keep the Chinese at arm's length. And the past two governments have kind of shown both sides of that. The current government tends to push for Taiwanese independence much more strongly than the previous [inaudible 00:40:18].

Bill Walton: I want to talk about their ambitions outside their immediate geographical area, but one last thing. There is a very interesting article you send me about tactically how we might engage militarily with China that wouldn't be an air-sea war, it would be something using mines and submarines, which would be a very clever, effective, [crosstalk 00:40:41]

Stef Halper: It would have the advantage of not placing us on the mainland and taking them on in the ocean.



Jim Stark: It's part of what's generally called either an archipelago concept or ... distant control. And so it says that we should not put our military forces up close to the Chinese coast. It's just far too dangerous. It would take us a long time to beat down their forces. But the people who are ... the elements that could operate very effectively there are mines, always. Put them in their commercial and naval ports, and you'd have to lay the mines by submarines or from aircraft. And then submarines can operate extremely well throughout the South China Sea. It's a difficult region because there's a lot of shallow water, so it's harder for subs to operate, but they're very effective and the point would be you would take on the Chinese, the PLA Navy, as well as their merchant fleet.

Jim Stark: And so you could put enormous pressure on China's economy, bring it to its knees by stopping the import of energy, of oil, stopping the import of natural resources and the semi-finished goods and the components that the Chinese need to integrate and then re-sell abroad as all of the computers and machines and so on.

Bill Walton: So we'd be using what Stef has referred to as the three warfares. I mean, we would be using the economic pressures in addition-

Jim Stark: [crosstalk 00:42:06] It's more than three warfares. It's the kinetic side of it.

Stef Halper: In a certain sense, with submarines laying mines adjacent to the coast and near to the ports, it imposes a psychological pressure on the Chinese. They don't know where those submarines are or how many mines have been laid or whether they could get in or out. And that psychological pressure is very important. It's an important part of the equation. And I think we need to support the effort with strong public relations and legal arguments and say "Hey, this is entirely appropriate."

Jim Stark: And that effort with the submarines and mines would be combined with a surface blockade outside the first island chain so that China ... we could use our surface ships because you would need that in order to actually run the blockade, to administer the blockade. And it takes a surprisingly larger force than one might expect. I have some experience doing that in the Adriatic, against Serbia.

Bill Walton: One of your commands was in the Pacific.

Jim Stark: Yes. Well, it was in the Adriatic doing the blockade of Serbia-Montenegro and Croatia to keep weapons and oil out. So it's hard to do, but geography favors us in that regard. We have just perfect choke points that we can use to channel Chinese shipping and then stop them and insert them and seize their vessels, turn the cargos around and whatever. And so that's a part of it, and the great part about that is that it's farther from China's coast, so they can't use their aircraft and all of those missiles. It's harder to get to, and we could hurt them without them getting to us.

- Stef Halper: A key thing of this is that we don't want to provoke them into a shooting war. What we want to do is compromise their ability to carry on the way they are and draw them closer to the table for discussion. And I think that these steps that you are outlining are designed to do that. But if they flip into a kinetic exchange, into an actual shooting war, that's something that we would need to address at that time, I guess.
- Jim Stark: I don't have a crystal ball but frankly, I think the way things are going that we ought to expect that by 2030, there probably will be an invasion of Taiwan. Unless something changes.
- Bill Walton: And then President Beto O'Rourke will ...
- Jim Stark: Whoever.
- Bill Walton: I want to ... let's talk about one belt, one road of it. What is happening outside of this immediate area of conflict we've been talking about. What are their global aspirations?
- Stef Halper: One belt, one road, is a very imaginative and well-financed program that China is using to build bridges, roads, and facilities across central Asia and all the way up into Europe in order to allow those countries to purchase Chinese goods, to transfer those goods west to Europe, and then to take European goods and transfer them back to China. It's a very dramatic process. It's very expensive. It has generated a fair amount of resistance among local governments who are fearful that China is taking over local commerce and manufacturing.
- Jim Stark: The one road is a takeoff on the old silk road from Marco Polo's times. It's now called, it was originally, it was then called a few years ago the New Silk Road, and that was the land bridge to the Middle East in Europe. So they're going to build pipelines, they're going to build railroads, it enables China to get a more secure source of natural resources and goods so that they're not subject to this American naval blockade and it's combined with a maritime element which originally was called the String of Pearls, and it's a series of basis or port access agreements all the way along Southeast Asia, India, Sri Lanka [crosstalk 00:46:34] Pakistan into the Middle East that would allow Chinese industry to get in there, and government, or political influence follows trade in this case.
- Jim Stark: And so China is using these huge construction projects and investments in order to increase Chinese influence throughout East Africa. They're really there in force, and it's working very well for them. As Stefan said, it's not without tension. There are problems in the way China does this. But the idea is ... actually absolute genius.
- Bill Walton: But they don't really care about the tension, do they? I mean, they're making progress and they're getting some friction, but they're moving ahead.

Stef Halper: That's generally correct. I don't think that's ... not going to stop them. They try to deal with it on a case-by-case basis.

Bill Walton: Yeah, I don't think that the shaming thing works with them.

Stef Halper: It doesn't.

Bill Walton: They're going right ahead with this.

Jim Stark: They have a very mercantilist approach where there's a winner and a loser. Trade is not win-win: somebody comes out of it on top. And they want to come out on top in all of these arrangements. So they're taking ... they're taking money and investing it in bad investments, losing money on these things, but in the end they're still the guys sitting in the front office that are running things.

Stef Halper: Yeah, it's true. They're willing to lose money.

Jim Stark: Not only are they doing it in the Indian Ocean [inaudible 00:47:54], but they're now into Central and South America.

Stef Halper: And West Africa.

Jim Stark: And West Africa.

Bill Walton: So, line of action for people listening. What should we be doing? We need to wrap up here. What should American people be thinking about this?

Stef Halper: Well, in the first instance, we have to be acutely aware of what the Chinese are doing. We have to be aware of the extension of influence that they're doing with this one belt one road program. Sorry.

Jim Stark: No, I was going to say that I think American business needs to look beyond the pot of gold at the end of this Chinese rainbow that they've been chasing for so long and realize that even if they get short-term profits, in the long term, they're going to be weakened by ... subjecting themselves to these Chinese-imposed rules, and they're going to have to stand firm and say, "We're not going to do all these things that you tell us to do." That there are real dangers in subjecting themselves to a Chinese authoritarian system. So as long as we're having growing public recognition of this ... in the military, one of the things I'm encouraged by is the fact that there is a great deal of thought being given to how you ... combat China. It's not ... you don't hear all that much above the surface, but if you look for example in professional labor publications it's all over the place. And that's fairly new in the last few years.

Stef Halper: Yeah, very, very much so.

- Jim Stark: That's a good thing. And I think this administration and whoever follows them have to be very constant in maintaining the U.S. position, not giving it away all the time for short-term political gain.
- Bill Walton: Well in this sense, I think Trump is smart about [inaudible 00:49:36] American business, to not close plants or do this or do that. [crosstalk 00:49:41] You know, my free trade free market friends, "Oh, it's terrible, we shouldn't be interfering with the activities of the marketplace." But I've talked about this before: the average CEO is in the job about 4 or 5 years. They've got to make their numbers. [crosstalk 00:49:55] They're not thinking 25 years out. They've got to make their numbers. So their incentives are to make short-term deals.
- Jim Stark: That's money in his bank [crosstalk 00:50:03] and that's his retirement and then it's not his problem anymore. [crosstalk 00:50:07]
- Stef Halper: This is a real problem for us because the problem of dealing with China is not something which can be solved. It has to be managed. And what we're doing is suggesting ways in which you can manage the China relationship with a view to gaining a certain advantage at some point. That is really, I think, the most productive way to look at it.
- Jim Stark: I love that. Manage, not going to solve it. [crosstalk 00:50:37] We need to manage it and we need to take a constructive, long-term view, and get all the players engaged, government, business, etc.
- Stef Halper: And if business can't be a part of that, then we'll have to do it another way, but we have got to manage this thing.
- Jim Stark: But certainly the U.S., we ought to make clear, we're not proposing that we stand up and go toe-to-toe and duke it out with the Chinese.
- Bill Walton: I'm not hearing that.
- Jim Stark: We want to have peace with China. It's in both our interests. But we have to be able to do it on certain terms, and to the extent that China keeps trying to tilt the table in their favor, we shouldn't allow them to do that.
- Bill Walton: Last word? Jim? Stef Halper? Thanks again for joining. To be continued. We'll wait for the next headline and have some fresh stuff to talk about. If you enjoyed this conversation, subscribe to the Bill Walton Show on iTunes or YouTube or all the other major podcast platforms. This show's been about China. We'll have other shows coming up and welcome you guys. Back. Thank you.
- Stef Halper: Thank you very much, Bill.

Jim Stark: Thank you, Bill.

Kenneth: Super.

Stef Halper: There you go. [inaudible 00:51:45] Can I just mention to you that in your opening, you said that in ... [crosstalk 00:51:52] 11 of 10 cases, and you meant -

Bill Walton: 11 of 15.

Stef Halper: 11 of 15 cases. So you need to edit that.

Bill Walton: Let's reshoot that when these guys take off. Let's do that again while I've got the [inaudible 00:52:04], yeah, thank you, because I can't read that very well. It's out of focus. We need to figure it out. We may need a larger font. These eyes, I got four different pairs of eyeglasses.

Jim Stark: I have glasses all over the house. [crosstalk 00:52:19]

Stef Halper: I often wear mine around my neck.

Kenneth: Yeah, it's clear, but I mean for you it would be different glasses you need there to here.

Jim Stark: Were you able to over the things that you wanted?

Bill Walton: We got halfway through.

Stef Halper: There's a lot there.

Bill Walton: We could go open-ended on what's happening around the world. [crosstalk 00:52:36] We could go open-ended on-