

CONVERSATIONS

WITH BILL KRISTOL

Conversations with Bill Kristol

Guest: Aaron Friedberg

Taped Sept 2, 2021

Table of Contents

I: Afghanistan and US-China Relations (00:15 - 17:10)

II: China's Ambitions (17:10 - 40:58)

III: How to Compete with China (40:58 - 1:41:24)

I: Afghanistan and US-China Relations (00:15 - 17:10)

KRISTOL: Hi, I'm Bill Kristol, welcome to CONVERSATIONS. I'm very pleased to be joined again today, for the third time on CONVERSATIONS, by my friend Aaron Friedberg, Professor of politics at Princeton, foreign policy, national security scholar and expert, and in particular, China expert, who's written extensively on US foreign policy, in particular, US-China relationship, and author of a forthcoming book, *Getting China Wrong*.

So I want to talk to Aaron about that, about who got China wrong and why, and what it would mean to get it right, in a minute. But maybe we should begin as we're speaking here, what is this, September 2nd, President Biden announced the conclusion of the US military effort in Afghanistan after 20 years earlier this week. So probably, we should begin by spending a few minutes on American foreign policy in general and where we stand, don't you think?

FRIEDBERG: Yes. Well, first, thank you very much for having me back.

KRISTOL: Pleasure. So where do we stand? We got out of Afghanistan. Eric Edelman said on a previous conversation a couple of months ago, before the chaos with withdrawal, when Biden had just announced it really, that he thought it was the most consequential foreign policy decision of the Biden Presidency so far.

It's hard to know, we're speculating, but in the short-term, how immediately consequential, and what do you think more broadly about this moment and its implications?

FRIEDBERG: There's no doubt that this is the most consequential foreign policy decision of this administration so far, and it's only, what, seven months old, and this is a big one, and it's clearly not a good outcome.

I guess on the one hand, I'd say it's too early to say, which is almost always true. I guess I would say also that it strikes me that the long-term effects of this are not going to be as severe as some people have suggested, but it's clearly not good.

So the most likely outcomes, I think are somewhere in between the "it's the end of the American era" kind of thing, and on the other hand, the sense that, oh, it really does matter and now the administration has

freed its hands to do more important things like competing with China. I think it's more complicated than that.

KRISTOL: So let's go through each of those possibilities quickly. The end of the American era, I'm inclined to agree. People keep proclaiming the end of it, and then it turns out here we are. And certain realities that don't go away, whatever the particular decisions in particular, the conflicts or aspects of the overall world situation.

But Biden's speech, which was just this past Tuesday, two days ago as we're speaking, did say sort of "the whole 20 years has been a mistake and no more use of military force to change other nations, and terrible that we've been at war, that no American has grown up not knowing a time when we weren't at war."

And I guess I commented on that in something I wrote that, that will be true for the last century. We've been at war within every 20 period span. And you can dislike some of those interventions, but it's just as a factual matter, is that really such a surprise? But I don't know.

So that would be sort of — that speech from Biden pushed me a little bit in the direction of, well, maybe this is the big moment that he really intends to fundamentally change, not just 20 years of American foreign policy, but 30 or 50. Is that possible? Or, you think, unlikely?

FRIEDBERG: I don't think that's — My sense is that, that's not what he intends, although the language might suggest that. Giving him the benefit of the doubt, I guess you could say the view that he's presenting and that his administration generally has presented since it started, is that we have bigger fish to fry. We have big foreign policy challenges, in particular, China. We've been preoccupied for the last 20 years with these arguably lesser, all of them very costly conflicts, and those have distracted us and divided us perhaps, and if we really want to get serious about the big gain, we need to wind down these smaller conflicts.

So I think that's how — My guess is that, that's how he sees himself behaving now. The question is whether that's actually what's going to happen? Whether in fact, what has taken place over the last couple of weeks will make it more difficult for the United States to focus on the bigger competition with China? I worry that, that might be the case.

So instead of clearing the decks and preparing for this other rivalry, we may find ourselves drawn back into worrying about exactly the problems that have preoccupied us for the last 20 years, to the detriment of our ability to compete with China. So there could be an ironic, unintended consequence of this.

KRISTOL: Going back because things have gotten so much worse in Afghanistan? Or because there's terror implications elsewhere and so forth?

FRIEDBERG: Yes. We don't know what's going to happen in Afghanistan. It's possible that the Taliban will be more cautious about allowing people to operate from their territory, but I don't see any particular reason to expect that. Moreover, more generally, and I'm not a specialist on terrorism, but it would be surprising if jihadists the world over didn't regard what's happened in the last couple of weeks as a tremendous triumph, not only for the Taliban in Afghanistan, but for their movement more generally, which was how they felt after they drove the Soviets out in the 1980s.

So it's certainly not going to damp down jihadism in other parts of the world, Middle East, Africa, and so on. So we may find ourselves getting drawn back in, or maybe not in a major way that we've been in Afghanistan or that we were in Iraq, but having to worry more about terrorism. Terror operations, Homeland Security, all of these things have now been bumped up to the top of the agenda, at least for the time being.

And to me, the bigger problem, the long-term problem with competing with China may be kind of losing altitude. I don't know if I ever told you, but when I worked for Vice-President Cheney, 2003, 2005, I used

to get all the paper that was flowing through the system every day. And I would keep stacks of it by topic, just to see what were we spending most of our time thinking about. And in those days it was Iraq: giant pile. Afghanistan: almost as big. War on terrorism: big. And then things dropped off dramatically. Maybe there was North Korea every once in a while, and China way down at the bottom, just on a day-to-day basis.

And at least for the time being, I suspect the flow of paper and the concerns in the administration are going to be pulled away from the long-term competition. That may not be true in the long run.

So there's also the question that some people have raised about the impact of the manner of our withdrawal on others' assessment of our resolve and our credibility. And of course, there's a tendency, I think for people to be melodramatic about that. Some people have been saying that, "This proves that the United States is not a reliable partner." And of course, the Chinese themselves have been very happy to push that line, particularly as they talk about Taiwan.

It is an open question. My own view is that it's not likely to produce major changes in the alignments of the countries that we care most about, if only because, at least as regards China, they don't really have much choice. It's not as if Japan looking at this says, "Well, we can't count on the United States. We better cut a deal with the PRC." Or Taiwan. So I think some of that is overstated.

I guess another issue is, in particular, the impact on the calculations that the Chinese themselves actually make. So it's one thing to say what they say, but what do they actually think? Because we don't really know that.

I think one thing we do know is that they'd had a narrative which has been building over the last 15, 20 years, and really in some ways, going back even further, that the United States is in long-term decline. And that that decline has accelerated, accelerated with the global financial crisis. It's accelerating even more, and that their opportunity to rise and assert themselves and take on their rightful role is growing. Their moment is here.

I think they genuinely do believe that. This is one data point in that story, I don't think it's decisive. I don't think they're going to turn around and invade Taiwan tomorrow because they think we're not going to do something based on their judgment of what's happened in Afghanistan.

But it is possible, and I think there may be some evidence of this, that they will believe that the United States, for the next few years at least, is going to be even more preoccupied with its domestic problems and maybe with other foreign policy problems like terrorism, and that that presents opportunities.

If you go back to the 1970s, that was the way the Soviets read the situation after the US withdrawal from Vietnam, and they did try to take advantage of that. Ironically for them, what they did wound up waking us up and setting in motion the events that ultimately led to their demise. But they thought in the mid to late '70s, that the tides were flowing in their direction.

So it's always possible that these authoritarian regimes with their ideologies and their predictions of inevitable success will misread the situation and overstep.

KRISTOL: Yeah, the happy story of the '70s, maybe just to finish our discussion of Afghanistan here, is in '75, and you and I both remember that — you should say more about your own reaction to it as a college student — I was in grad school, it just seemed horrible. It was horrible.

And the Soviets went on the offensive for the next four or five years. And that's half the story. And the other half of the story is we went on a counter-offensive, I think you could say, beginning in the late Carter administration, and obviously very much even more so with the Reagan administration. And the Soviet Union collapsed 15 years after the great victory of their client state in North Vietnam.

So history does work in these funny ways, and it doesn't go in a straight line. So I guess we could have both of those in the next five and 50 years, but one can't just count on the reversal and the happy ending, of course. Right?

FRIEDBERG: No, that's right. And as we were discussing the other day, I was a freshman in college. So '74, '75 would have been my first year in college. So the US withdrawal was April 1975, and I remember sitting around watching on TV, the famous pictures, the helicopters leaving the roofs of the buildings in Saigon.

And as I think I said too, I had an epiphany at that moment, which affected the trajectory of my development, my political development, because many of my fellow students seem to think that this was a good thing. And my instinctive reaction was, "This is terrible. This is humiliating for us. We're being defeated. We're leaving behind these people who fought with us," and it was very depressing.

And of course, it came in conjunction with a whole bunch of other depressing things, the 1973 oil embargo, and the impact on our economy, Watergate, a year before, going back a few years before that, real social unrest, political assassinations, things did not look good at that point.

And yet, as you say, within a few years, there had begun to be a shift in the thinking in Washington about the need to confront the Soviets and compete more vigorously with them, and to the Carter administration, and then of course, Reagan. And then within 15 years of the US withdrawal, the Soviet Union was teetering on collapse and soon it collapsed.

So I guess you're always shaped by your younger experiences, and as I look at this, that is one template. And it's one reason why I'm somewhat more optimistic about the longer run, than perhaps my students who don't remember any of that.

At the same time, what is the Wall Street warning? "Past returns are no prediction of future performance." Just because we bounced back in the way that we did in the '70s and '80s, and the Soviets tripped in the ways that they did, it doesn't necessarily mean that this is going to play out in the same way.

By the way, of course, another irony here, one of the things that the Soviets did that turned out to be really foolish was invading Afghanistan. That was perhaps the thing that alarmed people in Washington most. Of course, in the end, it turned out to be a disaster for them.

KRISTOL: And I suppose if, when we're analyzing 1975 to 1990, you'd have to of course, analyze both the domestic situation in the Soviet Union and the domestic situation here. And then of course, the interplay of those and the actual foreign policy events.

So maybe let's turn to that, with respect to China. And in our last conversation, which was a little over a year ago, I think you emphasized much more than most experts, what had been changing, was in the course of changing domestically in China, in terms of their own governance almost, and perception of themselves and of the world, and that, that's very important. And in addition to the obvious, kind of jostling in different areas of foreign policy.

And so where do you think we stand in terms of China, the Chinese regime, the regime in China, and its view of itself and its view of the future?

FRIEDBERG: Well, that I think is the most troubling piece of the equation right now. As I said, I think there's been a growing sense on the part of leadership in China, before Xi Jinping, but even more so, since he took power in 2012, that the trends were running in a way that's favorable to China. The United States was in decline. Its model had been shown to be ineffective. And China by contrast, was a success story that really started with the financial crisis, and it's been building since.

And there's reason to believe that Xi Jinping has doubled down on that, that he reads virtually everything that's happened in the time that he's taken power, as an indication that his impulses, his assertive or aggressive impulses, are correct, and that this is the time to really press ahead.

Now, I do think, although this is not something that the Chinese leadership said, of course, I do think there is some reason to believe that there's an underlying anxiety there as well. So there's a sense, yes, the Americans are back on their heels and maybe in the longer sweep of things, the West is in decline and so on. But China has numerous problems internally. And it is likely, as it grows stronger, to face greater resistance externally. That's something that they've been predicting and expecting for about a decade.

So they're not surprised by what's happened. And that therefore, there may be a window of opportunity for them. And there may be a moment when, if they are smart about it and aggressive about it, they can really solidify their position and take advantage of what might turn out to be a temporary period of relative weakness on the part of the United States and its allies.

And there too, that is potentially a formula for miscalculation. Because you think that the clock is ticking, and you may make decisions that have disastrous consequences. I don't know that that's what's going to happen, but in general, I think they feel pretty good right now.

Having said that, maybe we can — I don't know if you want to talk about this now or later, but there's some really interesting things happening inside China now.

II: China's Ambitions (17:10 - 40:58)

KRISTOL: Yeah, let's talk about it. Talk first, a little bit though, about how distinctive is the Xi government as opposed to its predecessors? So it's, they feel good, but is it also, does he personally have a kind of ambition? And also, has he been able to centralize his control in such a way that we're sort of dealing with a somewhat different almost regime than we were 15, 20 years ago?

And then secondly, let's go to the question of also, how stable is the situation in China?

FRIEDBERG: Well, I don't think we're dealing with a different regime. We're dealing with a Leninist regime that's operating on Leninist principles. So in that sense, there's continuity. I also think that there's a great deal of continuity in the objectives that successive Chinese leaders have sought since Deng Xiaoping, or really, since Mao Tse-tung.

But the means with which those objectives are being pursued have evolved with the circumstances. So I think if you had to sum it up, the CCP leadership has for decades, certainly, had the objective of maintaining its monopoly on domestic political power. Arguably that's number one, maybe number one, two, and three. That's the thing that they're most worried about.

Number two, that they've had the objective of, as they would see it, reclaiming for China its rightful place in its own region, so eastern Eurasia. And emerging once again, as the dominant player in that part of the world, which they think naturally they should be.

And then third, and this is something which is emerging more now, more clearly now, that they really do have global objectives and that they're not simply interested in being the dominant power in their region, as important as that might be. But I think there's growing evidence to suggest that they see themselves as competing directly with the United States for the position of the dominant power in the world.

And all of that has become more evident under Xi Jinping. I think of him as someone who's clarified the objectives, and in some ways said more clearly what his predecessors were thinking. And also intensified the means with which he's pursuing those objectives, even literally stepped up the timelines for achieving them. So to me, there's a lot of continuity there.

It is true that individuals make a difference, and Hu Jintao was a bland and kind of boring, uninspiring, and maybe somewhat unimaginative figure by comparison, and cautious and weaker in terms of his relative power within the leadership in Beijing, and Xi Jinping is none of those things. He's very ambitious, I think probably sees himself in some ways on par with Deng Xiaoping, maybe Mao himself. So there's a great deal of personal ambition there.

He certainly has accrued enormous personal power within the system. As far as we can tell he's eliminated or neutralized any sources of opposition within the party. And of course, in the country itself, he's also done things to further solidify the party's grip on society and the economy, more so than Hu Jintao. But all of the things I think we've seen under Xi were actually evident and were beginning to come to the surface and become evident under his predecessor.

I don't think he's a revolutionary. I don't think he's someone who has grabbed the wheel and turned their system in a drastically different direction. I think he's going in the same direction, but he has stepped on the gas. He's a revivalist, he's trying to make the system work the way he thinks it was meant to work.

KRISTOL: Which doesn't mean that his ambitions are that limited or that he couldn't get us into a pretty big — get himself and us into a pretty big conflict, I suppose. I guess he will continue to have power for the foreseeable future. Is that how it's going to work?

FRIEDBERG: Well, we're coming up to a big — an important milestone to be next year, Party Congress. And since Deng Xiaoping, the sort of unwritten rule or norm has been that leaders would serve — General Secretaries of the Party would serve two five-year terms, and then would then step down.

We don't know whether Xi Jinping is going to do that. His second five-year term will be up next year 2022, because he started in 2012. I think there's good reason to believe that he won't step aside and so that he'll break with that norm. And that would be, I think quite significant.

And some of what he seems to be doing now is probably in anticipation of that. He wants to further solidify his position, put his mark on Chinese policy, domestic and foreign, and continue to rule the country for as long as he possibly can.

KRISTOL: And do you agree with — I read somewhere that if he does stay in power in particular, it doesn't feel like he just wants to have even more Belt and Road initiative and even more incremental gains in various relationships in parts of the world, and that there would be something big he would want as his prize, so to speak.

And I don't know, a) is that true? Maybe Hong Kong is in a way, part of that incidentally. And b) how much is that — What does that imply about Taiwan?

FRIEDBERG: Nothing good, because I do think he has set objectives for himself. He talks about three eras, the China under Mao: stood up to the Chinese nation, stood up and shook off foreign oppression. that under Deng and his successors, China got rich. And now in this third era under Xi Jinping, China is getting strong.

KRISTOL: I didn't realize that. That's an explicit kind of —

FRIEDBERG: Yes.

KRISTOL: The trichotomy, whatever you say, the triad of eras.

FRIEDBERG: Yes. And he's done this for a variety of reasons, but one of the things he said is, "We're not going to have any of this criticism of the past. The Soviets made a big mistake by criticizing Stalin, and they pulled on that thread and eventually the whole system fell apart. We're not going to do that. So we're not going to criticize Mao. Everything that has happened up until now was necessary and we're going to continue to move forward."

Proclaiming this new era, I guess also allows him to do what he's done in other ways, which is to put himself in the position of being the arbiter of ideological correctness and purity, which is a characteristic of dictators in these ideological systems. So its third era, he's the guy who defined it. He's the guy who's going to lead it.

Now, what the objectives would be, some of them may be measurable, like trying to exceed the size of the US economy, depending on how you measure it, that would be one. Taiwan could conceivably be on that list, and people have expressed a concern about that. There's some people who believe that, that's the thing that he sees as his most important legacy.

And there are reasons to be, I think, quite concerned about that. And there's growing concern in the region. I think there's growing concern in parts of our military, that we may face some kind of confrontation over Taiwan in the relatively near term, that this is not something that's going to be left to future generations to resolve.

KRISTOL: So let's go back to that in just one second, but Hong Kong, have you been surprised by the severity and thoroughness of the crackdown there? And do you think they think that it's been a success for them?

FRIEDBERG: I haven't been surprised. I think this is another example of something which I believe they intended to do in the long run. In other words, absorbing Hong Kong fully into their system, making Hong Kong just another Chinese city, doing away with the remnants of the system of independent judiciary and measures, democratic procedures that had taken root in the latter part of the British stay there.

I think they intended to do that all along. The one thing that's striking is how quickly they've moved towards that. And this was set in motion probably in 2014 with some initial protests. And then more recently with the protests. And they've just decided, I think. Enough is enough. We're going to absorb Hong Kong fully. We're going to crush any kind of resistance.

What's revealing about that, I think, and what's troubling about that, is it suggests that they are not concerned about the Western response. I think they might've been more cautious earlier because they were worried about disrupting their relations with us, disrupting their relations with the other democratic countries. It's pretty clear, under Xi Jinping, that they have not been concerned about that. And I think they've made a bet, which, so far, seems to have paid off, which is there'll be a lot of huffing and puffing and people will complain, but they won't actually do anything. They won't take measures that would seriously disrupt our economic relationship, because that would damage them. And we're going to get away with it. And so far, they have.

I think they have a similar attitude about their treatment of the Uighurs in Xinjiang. I've been struck by the extent to which they're not really hiding. They were hiding what they were doing. But as it became public, they didn't deny it. And in fact, they said, "This is something that's necessary. We have to put people in camps and we have to reeducate them so that there won't be terrorism." There's no shame there. I think they feel that they're doing the right thing and no one can tell them otherwise.

KRISTOL: So talk through the Taiwan situation. People toss it around an awful lot. And some people think, of course, we're not really going to fight for Taiwan. And other people think, no, it's absolutely the red line and the Chinese are not foolish enough to think it's like the Uighurs or Hong Kong. And they're doing fine without causing too much trouble in Taiwan, so why won't they just keep on doing fine for the next 10 or 20 years that way?

I'm sure that we don't know, but what do you think? How likely is a crisis? How likely are they to do really over stuff or try to do a little more salami tactics? How are we likely to respond?

FRIEDBERG: I think the calculation that the regime has made up until now is that they could accumulate advantages and draw Taiwan towards them, and also develop military capabilities that would be

overwhelming that would make it obvious that Taiwan couldn't resist, and beyond that, that would deter the United States from coming to Taiwan's aid, and that at some point, it would become clear that resistance was futile and people on Taiwan would accept the dictates of the mainland.

The likelihood that that would be a willing outcome, or the likelihood of a peaceful resolution of the Taiwan issue that would be satisfactory to the PRC, I think, has dwindled effectively to zero. And that's in part because of the way people in Taiwan see what China has done in Hong Kong. Because there's talk of the "one country, two systems." That was supposed to be the principle on which Hong Kong would have a distinct identity, and that's gone. And at times, the CCP has talked about "one country, two systems" with Taiwan. Nobody, I think, really believes that that's possible anymore.

Over time, there's also just a long-term trend in the way in which people in Taiwan identified themselves, that the numbers of people who think of themselves as more Chinese than Taiwanese has gone down. The numbers of people who want to be unified with the mainland have gone way down. And more and more people, especially younger people, think of themselves as citizens of a democratic country have no desire to be absorbed by the mainland. And that's only gotten stronger as time has gone on.

So from the CCP perspective, the political situation has gotten worse. The military situation has gotten better from their point of view because they have been spending year-on-year significant sums on a whole variety of capabilities, but in particular, on the so-called anti-access area denial capabilities that are meant to make it more difficult for the United States to intervene in a conflict anywhere in the region. They've also built up the kinds of capabilities they would need to subdue Taiwan, maybe without a direct invasion, with missile attacks, cyber, and so on.

I think what's disturbing, at least to me as an outsider, trying to read the tea leaves, there are a couple of things. The Chinese are always engaging in blood curdling rhetoric about Taiwan. And there's nothing that I'm aware of that's really new there. On the other hand, their activities, their military activities have gotten more and more aggressive. So more flights that have caused the Taiwanese Air Force to scramble, more Chinese Naval vessels coming up to the edge of Taiwanese waters. So they've been behaving in ways that are more menacing.

The other thing that's troubling, again, as an outsider, is to listen to the responses of people who presumably are following this day-to-day very closely and are saying, I forgot if it was the INDOPACOM Commander and the Chief of Naval Operations, saying a few months ago that there was a high likelihood of a conflict over Taiwan in the next five or six years.

KRISTOL: This is our senior general.

FRIEDBERG: Yes. And over the last several months, Japanese officials saying things about the importance of Taiwan, they talk about stability across the straits. One Japanese politician who wasn't expressing the official policy, but probably was saying what officials are saying on the inside, used the term, "a threat to Japan's survival" or Japan's security. And that wording is significant because in their constitution, it's that kind of threat that could justify their involvement in so-called collective self-defense. Former Japanese military officers have said, "We need to get busy now on active planning with the United States for a Taiwan contingency."

So people who are following this closely seemed to be very concerned about it. I don't know all the reasons for that, but you can guess that in addition to what we're seeing and maybe other things. And most recently, I think it was yesterday, I believe it was the Taiwan Defense, Ministry of Defense white paper annual report. And I haven't read it yet, but it seemed to paint a much darker picture of Taiwan's prospects in the conflict against the mainland than they have done in the past.

There's sometimes been an odd optimism that you find on Taiwan, the belief this is never going to happen. Or if it does, the United States will inevitably bail them out. And therefore, they don't have to worry too much. That, I think, may be starting to erode.

Then there's the question of what we would do in a contingency where the Chinese were using force directly, or even coercing Taiwan, imposing some kind of blockade, for example. And under the terms of the — I'm blanking on the name, but the Taiwan Security Act, I believe.

KRISTOL: Right. This goes back 40 years.

FRIEDBERG: Yeah. So just as we were de-recognizing Taiwan in order to recognize the mainland, Congress steps in and says, "Wait a minute, we have a commitment to Taiwan." And it's that legislation that provides the justification for US arms sales to Taiwan, and also leaves open the possibility that the United States would be engaged more directly militarily if China were to attack or threatened. So that's on the books.

There've been shifts in public opinion recently. There was a poll that came out a week or so ago that showed for the first time, a plurality, near majority of Americans when asked, agreed that the US would or should use force if China attacked Taiwan. And there are a variety of other indications of increasing public support for Taiwan in the abstract. Then the question is whether we could do it and how we would do it.

KRISTOL: Just on the "what we say" front, the Biden Administration has been, wouldn't you say, tougher, so to speak, more pro-Taiwan than one would have expected, perhaps more like the Trump Administration than like previous administrations?

FRIEDBERG: Yes. I think that's true. As part of their assessment of where we are in our relationship with China, I think they've taken these threats seriously. I assume that a part of what they're trying to do, and this was arguably a justification for some of the things that happened in the Trump Administration, is to signal to the PRC that we really mean this, and we're committed. We have this tie to Taiwan. We're not going to do things that upset the apple cart. We're not supporting Taiwan independence. There really isn't anybody serious on Taiwan, I think, who advocates that, let alone here. But we are serious about helping Taiwan to stand up to you, to Beijing. So I think that's what they're trying to do.

Continuing with arm sales, talking with the Taiwanese about making adjustments in their defense strategy, which people in the US military have argued in favor of for quite some time, which would be to put less of an emphasis on the big ticket items. You're going to buy big, top-line fighter planes, and you can only afford 50 of them and they'll be destroyed in the first five minutes of a war, but they're symbolically important. Spend less on that and more on essentially their own anti-access area denial strategy. So missiles, inexpensive missiles that could sink ships or bring down aircraft, maybe some kind of people's defense that would impose costs of the Chinese, even if they did succeed in putting troops on the island. There seems to be evidence that they're taking this more seriously in general,

KRISTOL: In general, how challenging is the actual defense requirements for us of Taiwan?

FRIEDBERG: Very challenging, and getting more so. And this is something that people who have followed it closely have seen coming for 25 years. So going back to the 1990s, the initial evidence of China's interest in missiles, the early evidence of what we call this A2AD anti-access area denial strategy, some people in the defense department were beginning to pay attention to that as early as the 1990s. This is where 9/11, Iraq, Afghanistan really knocked us off our game and deflected a lot of energy and attention and resources away from continuing to focus on that problem and coming up with solutions to it, to other things. And we've come back to trying to work on that problem. The Obama Administration, at least initially, talked openly about strategy for countering what the PRC was preparing and so-called air sea battle doctrine, although for various reasons, that disappeared.

It's a very complicated problem, in large part because of geography and logistics. Taiwan is, of course, quite close to the mainland. Taiwan, of course, is far away from the United States, maybe a little less far from one and Hawaii, less far from bases in Japan. But the thrust of what the Chinese have been doing is to develop weapons and reconnaissance systems that would allow them to strike at virtually all the major fixed facilities from which US forces would operate in the region in the opening stages of war, and also to

track and attack weapons platforms, including US aircraft carriers, which would, in the past, had been a major part of some effort to defend Taiwan. So they built this bubble that's potentially pushing us out further back, making it harder and more dangerous for US forces to come in close. I don't think we have a good solution to that yet.

People have described a number of ways of dealing with it. We're starting to do some of the things that we might need to do to counter it. But for a variety of reasons, I think we have not gotten as far as we need to get.

When the Pentagon talks about the "say, do" gap, which seems to be the way to say it Pentagon-ease. Although when I looked it up, I discovered that, like so many of these barbarisms, it comes from business management literature. But Secretary of Defense Austin saying, "We've been talking about this, but we're not actually doing enough to deal with it. We need to get serious about that." What exactly that's going to consist of is not yet clear. The administration had a classified defense department review of defense posture, defense balance in Asia that produced a report, the results of which are not public. So we have to wait and see. But at least they acknowledged the severity of the problem. And of course, it's not just Taiwan. It's military operations throughout the Western Pacific.

III: How to Compete with China (40:58 - 1:41:24)

KRISTOL: Yeah. So that brings us to the US, which we should now discuss how serious the change is here. But I just want to say one more thing just more Taiwan focused. I was thinking we chatted before the beginning of the taping here, the recording, about that this is more or less the 82nd anniversary, I guess, to the beginning of World War II, and these analogies are all extremely problematic, obviously. But I was thinking about it as you spoke, there are different models for taking over a smaller neighboring country, about which one has claims of ethnic or racial — they should be part of you one way or the other. Historically, they were. We're the same people. And one thinks of 1938 and 1939, and I suppose you could maybe put it this way, tell me if I'm totally wrong, the Chinese Communist Party in Beijing once hoped that Taiwan could be Austria, peacefully succumbing to the bigger neighbor with which it has common language and common ethnicity, so to speak, and all this. That seems to have gone out the window.

Now, maybe they hope it's Czechoslovakia where they are too weak to fight and they are betrayed by their big allies here, in this case, would be us, not the British and the French. But of course, it could also be Poland, where they did conquer Poland, obviously, within a month, but where it does trigger World War II. I suppose that's kind of the, there were many ways in which therefore we don't know and they don't know, I suppose, which of those is — I think we're beyond the Austria possibility though. Do you agree with that?

FRIEDBERG: Yes. Yeah, it's a good analogy because part of what the Nazis did was to try to demoralize the target countries. But they were also trying to persuade the Great Powers essentially that Germany had right on its side.

KRISTOL: Yeah. It wasn't worth the complicated issues. So you don't want to —

FRIEDBERG: Well, and even more that the geographical boundaries that had been drawn after World War I produced these problems and that it was unfair. The peace settlement had been immoral, imposed unfair burdens on Germany. And of course, there are many people, certainly in Britain, who agreed with that in the interwar period. I think that's fading as well. The CCP talks about, well, it's a remnant of our civil war. And how would you feel if we got involved in your civil war? I think, particularly as perceptions of the CCP in the West in the United States have gotten darker and darker, or as I would see it as the true character of the regime has become more and more evident, that kind of argument, I think, carries less and less weight. So who cares? You guys actually never did rule. CCP controlled China and never did control Taiwan. What is the real basis for this claim?

And moreover, that there's an ideological and moral piece to it. Taiwan is a prosperous, successful, self-governing democracy. Are we really going to allow it to be coerced and subjugated by this big, powerful, authoritarian country? One of the things that worries me is that at least in the past, I've had the sense sometimes in reading writings of Chinese authors or talking to Chinese interlocutors, that they didn't take that seriously enough, or they didn't think we really took it seriously, that their view of things was so materialistic and cynical, that they thought that talk of standing up for free people and opposing oppressive regimes was just cover for geopolitical motivations. You just want an unsinkable aircraft carrier off our coast, or even commercial interests, that you just want to sell weapons systems to the Taiwanese. And if they think that, that's troubling, because it means they're mistaking us, they're underestimating our willingness actually to fight for principles.

KRISTOL: But just to finish on that, there's no evidence on the other hand that they have backed off the notion that at some point, in the 21st century, let's say, a great power, China, would include Taiwan, right?

FRIEDBERG: Not at all, not at all. To the contrary. This is the biggest, and maybe it's not the last, but it's the biggest remaining injury that they feel was done to them by the century of humiliation and the intrusion of outside powers and also Japan and that must be corrected. And the CCP has wrapped its whole identity, not its whole identity, but it's wrapped a good portion of its identity around this promise that it's going to fulfill by reclaiming Taiwan.

And there's reason to believe that there is strong public support in the PRC for doing that. How deep it runs, whether people are really willing to go to war over it, we don't know. But of course, in that system, it doesn't matter either because if the leadership wills, it will be so. So they're very serious about it.

Thinking about this troubling question that you raised earlier about Xi Jinping's ambitions, it would be a tremendous victory for Xi, for the CCP if they were able to do this. It would demonstrate the weakness of the United States and the lack of value of our security commitments, even though we don't have a treaty with Taiwan. It would be a real blow to our credibility, much worse than what happened to Afghanistan. It would demonstrate, again, their rising power and the sense that they simply are too strong to be opposed. It would crush another ethnic Chinese democracy. So they've done away with Hong Kong. They would like to do away with Taiwan because the existence of those argues against the CCP's claim that democracy, liberal democracy is a Western thing. It's not for Chinese people. And it would also have military operational effects. It would allow them to break through the so-called first island chain and put them in a much better position to project power into the Western Pacific. So it would be a huge victory for them and a defeat for us.

KRISTOL: Just the last thing, it's hard to get off of Taiwan — I guess maybe that shows something though, how central it is in a way it could be. It is important actually, practically, right? It's not just because we have a long-term relationship with them and they're a democracy. As an actual military matter, the balance of power would be affected by Taiwan not being our ally and being part of a communist China?

FRIEDBERG: Yes, I think so. It gives them easier access to the deep waters in the Western Pacific, whereas now, they have to pass through these shallow waters off their coast. It puts them within a 60 or 80 miles of the southernmost island of the Japanese island chain. It puts them directly adjacent to the major sea lines of communication running from south to north. So in addition to the South China Sea, there's tremendous maritime traffic that goes to Japan and to South Korea. So yes, I think it would have big practical implications as well as symbolic indications.

KRISTOL: So let's talk about the United States then. *Getting China Wrong* is the title of your forthcoming book. You were in a minority and I think have been vindicated, honestly, in terms of your worries and concerns about what direction China was going in. The fact that economic integration would not lead necessarily to political liberalization or better behavior in terms of the Uighurs or Hong Kong or anything else.

But what about the US? It sounds more like even the Biden Administration, not “even”, but the Biden Administration has been surprisingly, and Congress in a bipartisan way, I'd say, hawkish compared to five or 10 years ago. What do you make of that? How serious is it? Do our actions match the words? What would be the key actions? Walk through some of that.

FRIEDBERG: I think there has been a big shift, and it's in the last five to 10 years. I also think it's not complete. So it's not as if we've gone from one consensus to a new consensus. The old consensus has broken down, but a new one has not yet fully taken shape, or it's only taken shape in part. And that part has more to do with the acknowledgement of the existence of the problem. So it's more about the diagnosis than it is about the prescription. And even there, you get people who say, "Oh, it's exaggerated. They're not really so much of a problem."

We had a theory about how all this was going to work, and it wasn't just the United States, it was the Western liberal countries more generally. And the theory was that engagement with China would eventually transform China. It would make China more like us. Economically, their system would converge and their foreign policy objectives and interests would tend to align more closely with ours. And in the long run, their political system would evolve towards something resembling democracy.

When we've talked about it before, I've made the point that there's a certain amount of retrospective cleaning up of the historical record, people going back and reinterpreting things that were said. “We never really meant that.” Well, I think the people who mattered most, like presidents of the United States, said it and they meant it. So what's happened is there's been an accumulation of evidence to suggest that that whole approach has failed. The Trump Administration took a hammer to that and said it explicitly in a way that hadn't been said before, but I think the feeling had been growing that it was not working out.

So accumulation of evidence, their economy is getting in some ways more statist rather than the West. Their political system is obviously becoming more repressive rather than more liberal. And increasingly, we see this assertive or aggressive foreign policy, which is intended to change the status quo. People were arguing about whether China was, in fact, a status quo power 10 or 15 years ago. I don't think anyone believes that now. It's a question of how revisionist they are, how much they want to change. Okay. So an accumulation of evidence, growing concern about the direction in which things were going, but uncertainty about exactly what to do about it. And we're in between right now.

It is notable that the Biden administration in almost every respect, at least for now has persisted in moving in the same direction as the Trump administration was going on almost all fronts. So hasn't lifted the tariffs, is talking more about a kind of industrial policy that's intended to strengthen us for long-term competition, restrictions on Chinese foreign direct investment, moving towards possible restrictions on the ability of American entities to invest in China. So in the economic domain, there's continuity.

In the military as well, talking about China as the primary opponent — something that, again, the Trump administration did explicitly more than had happened before — the Biden administration hasn't rejected that. To the contrary, they're saying we take it seriously and we're actually going to do more about it than our predecessors did. Ideologically, and more so than the Trump administration, the Biden administration has been calling attention to the clash of systems. And the president himself has talked about this as a competition between democracy and authoritarianism.

The Biden administration has made a point of doing something which they accused their predecessors of not doing, which was working more closely with allies, again, for the purpose of trying to counterbalance China. So all of that is pretty much the same.

But there are a whole bunch of important issues that have not yet been resolved. In a way we haven't gotten to the really difficult parts and it remains to be seen whether this kind of general sense that we need to do something about China is going to hold up. And by the way, that general sense doesn't include everybody in the political spectrum. Bernie Sanders had an article in *Foreign Affairs* about how we shouldn't start a cold war with China. So particularly on the so-called progressive side of the

Democratic Party, I think there's an active attempt to push back against what they see as kind of cold war tendencies in the Biden administration.

You have that, you also have the various commercial interests, which strategy aside, want to continue to make money and are trying to influence government policy in ways that would weaken our response to what China has been doing so that they can continue to do business in the way that they would like. So it's not resolved yet. Agreement, I think, generally on the diagnosis, but the prescription has not yet been fully filled in.

KRISTOL: Yeah. I mean, just put aside the history, which is usually a bad idea, but in a way it can be clarifying, just to say, okay, you came from Mars and you saw the US and China and you saw that China is behaving the way it is behaving and might behave, and people here say it's a threat. What would you expect the US to do?

And I guess for me just thinking in a very simple way, you'd say, well, you'd be spending more in defense against the China threat, both here, but also in terms of Taiwan. You'd be strengthening alliances in a pretty visible and conspicuous way and doing everything you could to contain China, I guess you could put it that way, in the region.

And then on the sort of broader economic technological sphere, you'd be strengthening our comparative advantage in various areas and trying to weaken China because obviously so much, one presumes, of future competition does hinge on the various technological abilities that one has, cyber, but also just tech in general. Obviously, tech in general and so many other things.

So I guess in each of these areas, I mean, how much are we doing as opposed to saying, not that saying doesn't matter and it may be the predicate to doing, but so alliances, defense and sort of technology/economic/industrial policy, I guess.

FRIEDBERG: Well, on the alliances, the current administration is talking the right talk and I do think that matters particularly after four years of Trump. They've got a somewhat difficult task, which is to try to restore confidence in the long-term commitment of the United States and our allies, both in Europe and in Asia who look at what's happened here, and what's still happening here, and not without reason, ask themselves whether this is just an interlude and whether the current policies will continue after 2024 or after that.

I don't think in the end for the most part, our allies feel that they have that much choice. Maybe the Europeans feel they have more leeway because they're not directly at the pointy end of the Chinese spear. But in Asia to the contrary, I think there's a general sense that they have to stick with us. They may not be fully comfortable doing that, then they may start to do some things to try to hedge against the possibility that we will bug out on them, but what else are they going to do?

So on alliances, progress, movement in the right direction. And that's not 180 degrees opposite to what Trump was doing. It's just that he interspersed that with insults and threats and suggestions that our allies were just freeloaders which did induce real concern and doubt. On the —

KRISTOL: Do you think on the alliance side, it's sort of like the Cold War in the eighties, I guess, headaches and some allies less strong than others and maybe Europe less committed than Japan, certainly. But basically, all right and sustainable.

FRIEDBERG: I don't know if I'd go that far.

KRISTOL: Okay.

FRIEDBERG: This is something that's worrisome. I think we're trying to do the right things, but here too, maybe we'll come to this in a minute, I think the really difficult decisions have not yet been made. The things that would really be costly that I believe are going to be necessary if we're going to maintain the

balance that ensures our security against a still growing China, I don't know how that's going to come down. You can read the evidence in various ways. I think generally, if you look at the allies, certainly if you look at public opinion polls, it suggests that there's been a real revolution in public attitudes towards China in Europe and in Asia, democratic countries in both Europe and Asia. And there's been a real marked shift towards a much darker and more worried pessimistic view about China just in the last couple of years.

And it's interesting to examine why that's so. I think the pandemic and Chinese behavior in the pandemic is partly to do with that, Uighurs, everything else, but there's been a real shift in public attitudes. In some places, government policy may lag, but that's quite significant.

On the defense front, again, I think the current administration is talking the right talk, but there is a question of whether they're going to walk the walk. And the most recent, the first Biden administration defense request is actually, I think it increases spending by 1.5%. So it's not even at the rate of inflation. So it's not real growth, it's actually a decline. And the independent Defense Policy Review Commission that included Republicans and Democrats I think was last year — our friend, Eric Edelman, was one of the chairs — argued that the US and allies too need to increase real defense spending by three to five percent.

My own sense is that that's correct, but how exactly are we going to do that? How are we going to pay for that, especially when we're doing all of these other things, increasing spending on other kinds of programs and running up the debt and so on. So it's not an easy problem, but it remains to be seen whether the administration is going to be willing and able actually to do that. So it's great to talk about it and to be focused on it, but will there be the resources?

I think there's also question about whether there's coherent procurement strategy there. And I don't have a strong view on this yet because I don't know enough about the various programs and where they stand, but there is a tension between spending on capabilities that would be useful now, or a couple of years from now if we really think we're headed towards this period of maximum danger or greater threat, and devoting more resources to kind of longer term research and development, development of next generation capabilities that would allow us to not only keep pace with, but to stay ahead of China, because they're clearly trying to do that.

So there are tradeoffs there and the tradeoffs are more painful if overall spending is not increasing. That's one of the reasons why I think you have to increase the budget overall because my view, you need to do both, current capabilities, but also —

KRISTOL: And there's not enough to be saved from reallocating away from Afghanistan or from, I don't know, taking a few troops out of Europe who maybe aren't quite as necessary as they once were or something like that?

FRIEDBERG: I don't think so. Certainly not Afghanistan. I don't know the exact figure, but it's probably a drop in the bucket in the \$700 plus billion at this point, or would have been if we had stayed there. So, no, I don't think so.

So there are tough decisions to be made. And there's going to have to be strong leadership, civilian leadership from the Defense Department, from the Secretary of Defense and from the White House, from the president because you already see real tensions between the military services over who's going to get what. The army, obviously — well, not obviously, but given the nature of the Pacific theater, the army, it has less of a role likely than it would have in a war in Western Europe or in a war on the Korean peninsula, or even the wars in the Middle East. So there's a strong argument for cutting back on spending on ground forces, but of course, the army doesn't like that.

Then within the services, there are strong commitments to existing programs, some of which no longer really make sense. Building more big aircraft carriers is not the wave of the future, given the development of all these Chinese precision conventional missiles. Spending more on super expensive F-35 aircraft

that have to fly out of bases that are vulnerable, it doesn't make sense in the long run. So some strategy is going to have to be imposed on this system and it's going to have to come from the top. And whether there is the leadership that's strong enough to do that I think remains to be seen. But the intention is good.

KRISTOL: I'm sorry. Say that last sentence.

FRIEDBERG: I think their intention, the fact — they're not saying, this is not a problem or we can defer this for another five years, they're saying the right things. And I think they're trying to do the right things, but actually doing them, which is where we are now is really hard.

KRISTOL: I mean, sometimes I read a story about Defense Department procurement and I think, "Oh my God, what a mess. This is not suitable for the 21st century and we're buying the same old stuff and it takes forever to get something new." And then you read a story about missiles or drones or precision strikes somewhere and Special Operations, you think, "You know what? Maybe beneath the surface, they're adjusting a little more quickly than if you read some debunking story about wasting hundreds of millions or billions on quote wasting and something." Where do you think the truth is between there? How much do we need a real fundamental re-thinking and revamping processes and how much is it maybe a little better than we realize?

FRIEDBERG: It's probably better than we realized in pockets, just like during the Cold War. I mean, concerns about procurement abuse in the Defense Department as you know go back decades and they're perennial. I suppose they are a less pressing problem when you have a less pressing opponent and when you have growing budgets than when you have a very vigorous opponent and you're fighting to maintain budgets, let alone to increase them. You can't afford it under those circumstances. So it's not that it's not a problem, but it's always a problem.

Maybe it's more of a problem now. People argue that this may be the case because the kinds of unmanned systems, for example, large numbers of unmanned aerial or under sea drones, networked artificial intelligence, those kinds of capabilities may not be the ones that the big defense contractors have been most interested in. They're not the ones that they've been most interested in and yet they may be the things that we really need. And so you're going to have to break through that vested interests may be a source of resistance to precisely the kinds of changes that are most needed now. So I don't want to understate that.

At the same time, as was true during the Cold War, I think you see pockets of activity, intellectual activity and then some attempts at doctrinal change in various places, particularly in the military. So the Marine Corps has come up with a new operational concept that's clearly focused on giving Marine Corps a role in a future conflict in Western Pacific that would involve the use of relatively small mobile forces that would take up positions on these many islands that can potentially contain China's Navy and move around to be less vulnerable and deploy anti-ship and anti-aircraft missiles.

I was quite surprised by that because it is quite innovative. There are people who don't think that's what they should be doing, but it's interesting that they're able to do that. And Marine Corps has a history, I think, of being able to do it. And I suspect there are similar things going on in parts of the Navy and the Air Force as well. So it's not hopeless.

And that was true during the Cold War too. We also don't know, at least I don't know all of the technological applications that are being explored. I saw a couple of months ago that we'd actually tested an unmanned, I think it was an underwater drone, I don't think it was surface, that transited all the way across the Pacific. So coming from the US to the Pacific theater. That's pretty impressive, and I'm sure there are other things like that that are not visible, but there's real urgency to this.

KRISTOL: And how about more broadly then on these sort of let's call it economic technological front? Do we have a strategy? Are we implementing something like a strategy? Do we need a strategy? Maybe just letting our big tech companies — We have a big lead in tech and just letting them truck ahead is fine.

Sort of like the vaccine suggests that for all the criticism of American business and big tech and our ability to turn things for ideas into products when we have to, we do it pretty impressively. So what do you make of all of that?

FRIEDBERG: I think economic domain generally, so both sort of science and technology and industrial policy, which used to be a dirty word, but now everybody seems to embrace it, is one part of that. But also more broadly our trade investment policy and our relationship with China in particular, as well as with our allies. That's the area where I think the biggest changes are necessary and where the resistance is greatest and the costs may be significant, and where, again, political leadership is going to be essential because if we're now serious about this competition with China, I don't think we can continue to operate on the assumption, what's good for Apple is good for the United States of America.

And we look at our overall policy for dealing with China since the early 1990s, effectively, it's been, we're going to trade, we're going to open up to China, we're going to try to get China to open up to us. We're going to encourage flows of capital, goods, technology back and forth, and that'll be good for the companies that are involved in it, but it will also be good for the country. It will be good for the world, again, going back to this getting China wrong because it will transform China. So yes, of course it'll make China richer and more advanced than it would otherwise have been, but that won't be a problem because it'll be a new China that's tamed, essentially.

Well, now we see that that isn't so, and I think we're now confronting that reality, but we have not really worked through the implications of it. And in my view, the place to start is by recognizing that given the nature of the Chinese regime and given the failure of this attempt to change it through engagement, we can no longer afford to regard China as just another normal trading partner, which is essentially what we're doing.

We're doing it less and less because we're making these sort of piecemeal changes. So we treat investment from China now differently than we do investment from other countries, even though theoretically, we're committed under our WTO obligations to treat everybody the same. We can't afford to do that. And that's step number one, I guess.

Step number two is to recognize that China as it's evolved is an entirely different kind of economic entity, that there really ultimately is no such thing as a private economic actor, a private company. That everyone and everything ultimately depends on the approval of the Chinese Communist Party, and from the party's point of view, everyone and everything is a tool of party state policy. So now we can't have Huawei building parts of our critical IT network.

So it's almost like, I don't know, it's like whack-a-mole where we're striking at pieces of this problem, but we're not stepping back and apprehending the whole and rethinking our entire economic relationship with them in the ways that I think ultimately we're going to have to do. And I think it's going to involve, I wouldn't call it decoupling, but what would be preferable would be a significant but partial economic disengagement, and not only between the United States and China, but between the United States and its advanced industrial democratic allies and China.

And you asked, what would we do if you came down from Mars and recognized this challenge? Well, the first thing you would notice is we are still engaging in an economic relationship with this major strategic competitor that helps it grow stronger and that allows it to exert leverage over us and our allies. And that fact is the biggest obstacle to our ability to compete effectively. And of course, it's a vestige of the policy that we pursued previously.

Look at the early stage of the Cold War with the Soviet Union, we didn't have to cut economic ties with them because we didn't have any. There weren't strong interest groups in the United States who wanted thousands of Soviet students to study here or wanted to enter into joint ventures with Soviet companies. There was none of that.

Well, we're intertwined as people always point out, and that is a major difference between today and 70 years ago, but it doesn't mean that we're not engaged in this intense rivalry. And acting as if we can continue with business as usual gives a tremendous advantage, a continuing advantage to our opponent. That's the thing that I worry about most, that we'll be paralyzed because there will be strong interests that will oppose the kinds of major changes that seem to me to be necessary, and I think the CCP is counting on that.

That's been their strategy up until now, make friends, use the foreigners to do the work in their own systems, to lobby their governments in favor of policies that allow China to continue to grow richer, faster and stronger. While at the same time, restructuring their own relationship with us and with the democracies in ways that reduce their vulnerability to any leverage that we might have on them.

They've passed through a sort of valley of real vulnerability in the early stages of the post Cold War period, they felt that they were at tremendous risk. They'd just been sanctioned and they were worried about it happening again, but they felt they had no choice. They had to open up, they had to engage more with the West, even though that created a vulnerability. But they didn't just accept it, they fought and they have worked over generations of leadership to try to use that relationship to advantage and in the long run to try to reduce their vulnerability to us.

And that's part of what we see happening more clearly now, just in the last few years. So the talk of increased self-reliance, technological self-reliance, the clear recognition that the Chinese leadership intends to build up its domestic industries and displace Western companies, not only from the Chinese market, but if they can, from grabbing big portions of Western markets as well. This is not an economic actor like any that we've encountered before and we can't treat it as if it is. If we do, I think our prospects are pretty grim.

KRISTOL: And it sounds to me as if you're going beyond what a lot of my let's say, pro-free market, pro-free trade, which I am generally, pro-business friends would say, who also understand the problem with China to some degree. And they would say, look, DARPA type stuff, investment and both increases in the defense budget, okay. DARPA type industrial policy to make sure we have a defense industrial base and are pushing ahead on the cutting edge of AI and all these other things and using it appropriately for foreign defense related purposes, intelligence purposes. Okay. Cutting back on some of the high tech stuff that if we can do it prevents China from having access to or easy access to. Okay. But we can still have a world mostly of freeish trade and consumer goods and supply chains going through China and so forth. And there's no need to cut off our nose to spite our face on that.

And so you can sort of have a little bit the best of both worlds. Sounds like you're skeptical that we can just have business as usual for the 80% of our trade, I'm making up the number, with China that's just t-shirts and auto parts and the capsules in which the fancy drugs come and so forth. It sounds like you're saying a more thorough rethinking might be necessary.

FRIEDBERG: I think we do have to rethink it. I wouldn't rule out the possibility that we could have a relationship that was healthier for us from the point of view of national security, but also longterm prosperity that did involve significant trade flows between our countries. Why shouldn't we sell them soybeans and buy consumer electronics that are manufactured over there? Those in and of themselves don't have strategic significance. I guess a couple of things. One, even that — although I recognize that it's probably going to be a part of this picture, unless and until there's some really dramatic change in the political relationship — even that of course creates leverage that the CCP exploits in our system and even more in some other places like Germany, where you have big companies that are lobbying their government to not say anything too critical about China, let alone impose restrictions on Chinese economic activity, because they see this big growing market there.

So that's a problem, and the CCP leadership recognizes it and talks about it as an advantage. One of the things Xi said last year was "We want to reduce our supply chain dependency on the West," and I think there he's referring particularly to these sort of high end, high technology products that they still are not

capable of manufacturing themselves. “But we want to maintain and increase the dependence of the advanced industrial countries on us.” And their policies are intended to produce that effect.

The reason they want to do that is strategic. It's not to do with increasing the welfare of the Chinese people. It has to do with increasing the power of the Chinese state in relation to other states. The other parts of what you described, I'm sympathetic to as well. You don't want, I don't think, the heavy hand of government, which in fact is bureaucrats who are being directed by people in Congress who are trying to satisfy their constituents, to have too big a role in managing the US economy as a whole. At the same time, I think, we have to find new ways of doing some of the things that we did during the Cold War to improve the cooperation between private sector and government to speed up innovation.

One of the problems with the way in which the world is evolving, and it goes back to our discussion of the military situation, is that the dividing line between what's commercial and what's military has pretty much disappeared, I think in many respects. Especially in these emerging areas surrounding AI and unmanned systems, and so on. The things that you want to be able to do in the defense realm are very similar to the kinds of things that people want to do in the commercial realm. Drawing a bright line may allow you to have the capability to still build tanks in the United States, which I think we can still do, but that's not all of what you need.

One other thing here, which I don't think we've really thought through adequately, and that is the importance of manufacturing. It's great to have the intellectual property created here, but allowing all of the work, manufacturing of the products that go into the iPhone, for example, to be done elsewhere and to be done in China, in particular, means that we've had a dwindling capacity actually to do that kind of work. There aren't enough trained engineers who have experience in doing that. And that's important, I think for long-term economic reasons. After all, we didn't get to be the kings of the internet, just out of nowhere. We got there because we were the kings of semiconductors and computers when that was first getting started.

But it also has a strategic or military significance. If we were ever to be involved in a conflict with China over Taiwan, for example, there's a good possibility that it would not be over quickly. We, and they, might both hope that it would be, and our strategies might be built around trying to achieve that, but it's quite possible that that isn't the way it would go. And if we were involved in a protracted conflict, we'd have to manufacture new weapons to replace the ones that were lost. And at that point we would have all these supply chains and just-in-time delivery of this and that, much of it would have broken down. That's a concern as well.

I don't think —You know the idea that “buy American” is going to solve this, or that we should try to be manufacturing every widget in the US, is nonsense. It's uneconomical and, and impossible. The idea that we might prefer that more of that stuff was manufactured in friendly countries and maybe including, especially friendly countries that are not directly adjacent to China is a very, very good idea. And a very pressing one.

We see that now in particular in semiconductors, where people have sort of realized that — The Chinese realized, if they didn't know before, which I suspect they did, that their commercial next-generation Huawei phones and so on were dependent on high-end semiconductors that weren't manufactured in China and that had to be imported from other places, Taiwan in particular. And that the manufacturer of those semiconductors depended on American technology and intellectual property. Taiwan is the place where most of these things are manufactured. Taiwan is just off the coast of China. If Taiwan were to be conquered tomorrow, or if that industrial capacity was destroyed, it would have major implications, of course, for them as well as for us.

But location geography still matters. And we have to be, we have to be cognizant of that. In Asia, some of our friends and allies have started as a result of the pandemic and the recognition of the risk of being overly dependent on one supplier, and in particular on China, for drugs and for medical equipment, have started to try to build a network of like-minded countries that would help one another and would distribute production in the event of an emergency. I think we ought to be thinking and talking about the same thing

with our allies in those regions, but also with our allies in the Western hemisphere, our allies in Europe. I think we need a kind of democratic industrial base, not just a national industrial base.

KRISTOL: I think we're pretty, don't you think pretty far from thinking that way? And I mean, beyond a certain belief — Well, which was evident in the TPP, which I don't think the Biden administrative seems to be getting us back into though. We should talk about that for a second. I think where you've just said it's pretty far from conventional wisdom or certainly from the actual actions of our administration or even the Congress, which is willing to throw a lot of money at technological stuff, some of which might be pretty good of a kind of industrial policy sort. But very much focused on us building up our abilities, much less competitive or comparative in the way they're thinking, I suppose.

FRIEDBERG: A couple of things. One, we're good liberals, in the 19th century sense. We believe in free trade. We believe in improvements in welfare. When we think about economics, we're focused on absolute gains. It doesn't matter if China is growing 10% and we're growing two percent, as long as we're growing, we're getting better off year on year.

KRISTOL: We would grow more slowly if China itself grew more slowly. That would be a loss for us, obviously.

FRIEDBERG: It would be, but this is where the relative gains comes in. They think in terms of relative games, because they think in terms of power. Everybody can get richer at the same time, but power is relational and not everybody can get more powerful at the same time. And to them economic policy or the economic domain is another domain of political struggle.

Their economic policies are designed to try to give them a relative advantage. And we're seeing that more clearly. We have to take account of that fact and just broadly, in the abstract, we would like to have to maintain, let's just simplify it and say, our GDP versus their GDP. Other things equal, it would be better for us from a strategic point of view if our GDP continued to be larger than their GDP. That's with a lot of over-simplification.

Well, how can we maintain this GDP gap? We can grow faster. We can do things that help us grow faster. We can also do things that make them grow slower. Ideally, we would focus on the first, rather than the second. But realistically we may be in a world soon where we have to think about the second. And we may even have to think about the implications of doing that if it involves some reduction in our growth as well, because if we're really in a political struggle, again, it's the relative gains versus the absolute gains that make the most difference.

One just sort of overall thought, and this is the way that I've come to visualize this, anyway. At the end of the Cold War the United States and its allies tried to build a truly global, liberal system. That was the idea. And it was a revival of the idea that Woodrow Wilson, had at the end of the first world war. And that quickly broke down because it was clear that Soviet Union was not a liberal democracy, and wasn't interested in being part of that system that, and was building this subsystem of its own in Eastern Europe.

And instead of doing what we had done after World War One, which was, we tried, we failed, we withdrew. Instead of doing that, we set about to build a liberal, international system that encompassed, ultimately, a part of the world that was geographically defined and included, ultimately, Western Europe, the Western hemisphere, increasingly parts of east Asia as well. Most of those countries, over time, became liberal democracies. Those were the countries with whom we traded the most. And we kept the Soviets out and ultimately they collapsed. Soviet Union broke down. The Cold War ended. And our governing strategic conception was what the Clinton administration referred to as enlargement.

We're going to expand this sphere. We're going to do what comes naturally to us, what we tried to do after World War I and World War II. And now we're going to do it again, which is we're going to encompass the whole world in this liberal system. And in the process of doing that, we will transform even illiberal countries like Russia and China into liberal countries. That's what hasn't worked. China is

sort of embedded in this liberal system and distorting it and damaging it and exploiting it, but it is a threat to that system.

I think, ultimately, what we need to be doing is focusing on rebuilding a partial liberal system. By which I mean, a system comprised primarily of liberal, democratic, as it turns out, advanced industrial countries that share common values and we hope convergent interests. If we're able to do that, if you look at the GDP of those countries, so the EU plus the USMCA plus the parts of the CPTPP, that are democratic, that's over half total world economic output. And China is now about 17%. We're about 25%.

We'd have enormous advantages. We'd have enormous advantages if we're able to work together. And I think that really should be the goal. It's not just, "Well, we're going to cooperate with our allies here and there." I think we ought to be in the longer term, thinking about rebuilding a system that resembles the one that we created to wage the Cold War. And of course, you're not supposed to talk about Cold War, it's not the Cold War and there are all kinds of things would be different about it. Yes, yes, yes. But I think that ultimately that has to be a piece of our grand strategy. It's not just our domestic policies, it's how we integrate with our friends and allies. And that's going to be tough because, all of us, including us have these deep ties with China, which are going to be difficult to break even to change in significant ways.

KRISTOL: And I suppose that the longer and longer term as with the Cold War, you can hope and even work to change the character of the opposition and erode its strength and hope that it changes internally. Things could have gone differently with Russia, up to 2000 or maybe after up to 2010 or so. It wasn't inevitable, I don't think, that it would go in a Putin-est direction. And of course, China, there was that moment in '89 where maybe things could have gone differently. Whatever had to have happened, or didn't have to have happened, it did happen, as you say, and you, but you can't — One has to adjust to the world as it is.

And it's not unambitious thing to try to have half the world integrated, more than half, as you say, in a liberal, democratic kind of free market-ish order. And then contain others for now and hope that one ultimately does change them as well.

The way you've laid it out, which is extremely helpful, I think is still pretty far from the way people are thinking, it seems to be. Both in the China expert world and the broader foreign policy world.

I'll ask for your final thoughts, but I mean, one thing that strikes me in this discussion is how you can't have an intelligent discussion really about foreign policy and national security without giving an awful lot of thought to China. But conversely one can't really give a lot of thought to China, without thinking also about the US and the global system, international order as a whole. It's not a discreet problem to be dealt with by a bunch of, as much as I respect China experts, by people who know the most details necessarily about what the differences between each Chinese leader have been over 30 years and so forth.

FRIEDBERG: No, to the contrary. But maybe that's a conversation for another time. A couple of thoughts. One, the CCP, Xi Jinping, they have learned to talk the talk remarkably well. So Xi goes to Davos and talks about how they believe in globalization and win-win cooperation. They don't believe in win-win cooperation. Again, it's about relative gains. And their vision of globalization is of a world in which we remain open and they can continue to exploit us in various ways. And they are able to close themselves off in ways that they want to. They may be open to some things. If we want to send capital, fine, but if we want to send high-tech products, no. They're the ones who have been selectively decoupling. And they're trying, I think, to build their own subsystem that would incorporate parts of Asia, but maybe also parts of the so-called global South, Africa in particular. It's not just that we're trying to draw these lines. They are doing that themselves, but they're doing it in a very particular way that involves trying to keep us open.

The other thing, and it goes back to my sense that we haven't yet fully come to grips with this problem. You can't have a strategy without objectives. What are the objectives of our strategy towards China? Now, we had objectives before and they were not crazy. They weren't stupid. They just were

unachievable, or at least with the policies that we pursued. But what are our objectives now? If we don't think we can transform them into a liberal democracy by being nice to them, what does that mean?

Well, one answer is, we've got to be realistic and we're going to establish some kind of *modus vivendi* with them. And we've got to cooperate with them. They are sort of left and right variants of that, but that may be possible in the long run. But at least at the moment, I would say because the CCP leadership believes that it has the wind at its back, we have to push back pretty hard. We have to get to a stalemate where they don't feel like they're gaining year on year, before we can have any chance of achieving some kind of equilibrium. It's not going to be a stable, formal settlement, but it may be a kind of equilibrium sort of like what we achieved during the middle years of the Cold War with the Soviet Union.

So even, but is that truly our long-term objective? I think our long-term objectives should be what it was at the outset, which is at least to try to create conditions that will encourage tendencies in China that may have a chance of leading towards liberalization. And that's not regime change and trying to bring down the regime and so on, but we have to — I think that should be our goal. That would be the best thing for the Chinese people, I think. It's not for us to say, but I think there's reason to believe that a freer society is a better society for most of the people who make up its population.

But I think in the long run, it's also necessary if we're going to live with a wealthy and powerful China, if China is both wealthy and powerful and ruled by a Leninist dictatorship of the sort that currently governs it, that is bad for stability. And it's a threat to our interests and it's a threat to democratic principles, because the leaders of that country see themselves in, again, this sort of zero sum life and death struggle with the West. It doesn't mean that they believe they can or should try to conquer us and plant the red flag at the capital, but they think that they need to weaken us and divide us, divide us from our friends and allies to the extent that they can. And that's what they're very actively trying to do.

In the long run, I think we have to hold open this possibility of peaceful change, peaceful evolution, which is what the CCP always accuses us of. Another question is, well, what can you do to do that? And there are things I think we should be trying to do. And I would say one of them is to remain as open as we can to Chinese citizens, particularly younger people who want to come and study and maybe work in the United States. We used to think that as soon as people set foot in the US they loved us and they loved everything about our society. Well, that's clearly not the case. But it doesn't necessarily mean that everybody who comes here hates us. I think a lot of them see the virtues of an open society. That's one thing.

I think we also need to not give up on the idea that it is a good thing to increase the flows of information into China and within China, not to proselytize and breach the virtues of liberalism, but to allow Chinese people to have better information about what their own government is doing. Because that will, I think, if it's possible, put more pressure on the regime to address some of these concerns.

If you go back and read the, I think it's NSDD 82 that was written at the beginning of the Reagan administration, it's really an impressive document because it doesn't say what people think it said. It doesn't say, "We're going to try to bring down the Soviet regime." It says, "This regime is hostile to us for reasons that are deeply rooted in its ideology, its history, its view of geopolitics. We are currently in an anomalous position of doing things that strengthen that regime. And at a minimum, we have to try to reduce those things. And we have to take the offensive, ideologically. We have to put pressure on this regime. We have to make them pay a price for the contradictions in their system, rather than doing things that help them get out from under those contradictions. And maybe in the foreseeable future," — and they were talking about a decade, so into the latter part of the eighties, early nineties — "when these old guys who were in charge now have passed away, there will be a new leading group that will be willing to pursue some kinds of reforms. And in the long, long run, maybe that will lead to a freer society."

What happened was the clock got sped up. The old guys died in rapid succession. The new generation like Gorbachev emerged and started to make these changes. And of course he did it in a way which caused the system to unravel. And that's what led to the collapse of the Soviet Union and the end of the Cold War.

I think we may be in kind of a similar situation with China. We have to reduce the extent to which, with one hand, we're making them stronger if we're really going to try to oppose them effectively. We have to try to create conditions which may induce, maybe not this leadership group, but at some point leaders to recognize that the approach that's currently being followed by Xi Jinping has failed and is a dead end and to consider the possibility of more accommodating policies.

And we have to leave open the possibility that in the long run, China will change. We shouldn't be silent about that. It's not provocative, in my view, to say those things. We shouldn't shrink from expressing that belief because it's part of what, I think, should still be our belief in the universality of the principles on which, not only our system, but other liberal democracies are founded.

KRISTOL: I think it's a good thought to end on. Really an awfully helpful and thought provoking and comprehensive conversation, Aaron. I really appreciate your doing this and there's an awful lot to continue to talk about, and I'm sure we'll be back in a year to see how things are going and what new thoughts you have. But thank you, Aaron Friedberg for joining me on this conversation. Very interesting.

FRIEDBERG: Thank you very much, Bill.

KRISTOL: And thank you all for joining us on CONVERSATIONS.

[END]