

Chairman Gallagher Opening Remarks
Center for a New American Security's Update on Relations With China
12.12.23
as prepared for delivery

Last October, at the 20th Congress of the Chinese Communist Party, Xi Jinping set a deadline for his generals:

Be prepared to invade Taiwan no later than 2027.

The lesson of Ukraine is that when autocrats tell you their intentions and mobilize hard power to back it up, you should believe them.

But too many Americans, including leading politicians, military leaders, and business executives, do not seem to be taking the CCP seriously.

A few months back, the head of a major asset management firm came to my office and told me that the chance of China invading Taiwan in the next five years was, and I quote, “zero.”

At the G20, Joe Biden suggested that China’s internal economic problems would prevent Xi Jinping from launching a war.

As I outlined in the Wall Street Journal, we should not count on Beijing’s economic weakness to compensate for a lack of hard power on our side. That view badly misunderstands the nature of the Chinese Communist Party and the history of aggressive authoritarian regimes - even a cursory examination of the lackluster Russian economy in the lead up to the Ukraine invasion shows that economic weakness may INCREASE the likelihood of military action.

Nor should we assume sanctions will send the PLA home if they are preparing to cross the Taiwan Strait. Our committee conducted a wargame in New York with financial industry leaders that showed economic deterrents could only augment, not substitute for military power.

Our wargame also showed that strategic decoupling is a prerequisite for both military and economic deterrents. If the PRC can quickly choke off supplies of lifesaving medicine and cripple our critical minerals-dependent supply chains, how credible is our deterrence posture?

That's why we need a whole-of-society effort to prevent war, and that means securing the cooperation and expertise of Fortune 500 boardrooms.

American businesses need to take off the Golden Blindfolds, stop enjoying expensive dinners with Xi Jinping, and open their eyes to the strategic risks of dependence on China. Hardening our economy will involve everyone from manufacturers to tech companies to asset managers. From VIE securities that lack shareholder protections to the risk of asset seizure in the event of a conflict, the long-term risks of business in China are far more extensive than many on Wall Street would like to believe.

Washington must also recognize the urgent need to revitalize our defense industrial base and surge hard power west of the international date-line before it is too late. That means turning Taiwan into a porcupine and overcoming procurement bottlenecks which see the island waiting for Harpoon missiles it ordered three years ago.

Our task on the Committee is to ensure that when General Secretary Xi Jinping wakes up every morning and looks toward Taiwan, he says to himself: "Not today."