

Center for Strategic and International Studies

TRANSCRIPT

The Truth of the Matter

“Edge of a New Epoch”

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Bob Schieffer: I'm Bob Schieffer.

Andrew Schwartz: And I'm Andrew Schwartz of the Center for Strategic and International Studies, and this is The Truth of the Matter.

Bob Schieffer: This is the podcast where we break down the policy issues of the day. Since the politicians are having their say, we will excuse them with respect and bring in the experts, many of them from the CSIS, people who have been working these issues for years.

Andrew Schwartz: No spin, no bombast, no finger pointing. Just informed discussion.

Bob Schieffer: To get to the truth of the matter on this episode, we'll talk with one of Washington's true wise men, a former Deputy Secretary of Defense and now CSIS' CEO, John Hamre. Dr. Hamre, thank you for joining us on this inaugural broadcast of The Truth of the Matter.

Andrew Schwartz: It's always good to have the boss on the first episode.

Bob Schieffer: So what I want to start with you is, is the question, what do you see as the most important issues today?

John Hamre: Well, I'm limited because of my own personal background and interest about foreign policy and defense policy, but it's my view that we're at a profound pivot point in American history. We've only had five historical epochs of foreign policy in American history. I think we're on the edge of a new one. The last epoch was the Cold War period, and it was as great competition between Western liberal democracies, and authoritarian, in this case, communist states, authoritarian governments. We prevailed over that through luck and having chosen the right values, I think, for society, I think the last 30 years have been anomalous. I don't think the last 30 years were representative. I think it was just to kind of the momentum of the Cold War, but I think we're now on the edge of this brand new one, and the question is, "Does America want to be an international leader, or are we getting tired of it?"

John Hamre: You know, there's a very strong theme in America that we've paid too high a price. We were the suckers. We did this global good, common good for everyone by providing an international environment, and we paid the price nobody else did. That's a very common theme that you're hearing now, and we could be on the edge of the more traditional pattern of American foreign policy, which is to pull back into kind of our own world. We did that from 1820 until 1898. That was a period of where we just pulled back. We weren't interested in the outside world. Then from 1920 until 1941, we pulled out. There was a period of isolationism, and are we coming back to that? And what kind of a world does that mean for us? That's what I'm quite concerned about, because I think that's a profoundly different world. I think the problems, every problem in the world today is horizontal and all the governments are vertical.

John Hamre: So how do you solve a complex problem when you wait for it to show up on your shore? Ebola is a good example. We didn't do anything about the Ebola crisis in Africa until somebody brought it back to the United States, and then we went crazy. We need to be thinking in different ways, but I don't know that America and America's politicians are thinking about it this way. I think there's a hunkering down and a quest for simplicity in a world that's even more complicated than it's ever been.

Bob Schieffer: I've heard people say in the past that in times when there is a foreign threat to the United States, Americans pay attention to foreign issues and news coming in from other places, but when that foreign threat seems to go away, we turn inward, and that's when we have these periods of sort of isolationism, as it were, and after the Soviet Union came apart, of course, we began looking inward more than we had before. But now it seems to me the world has changed since then. China is a rising power. I hear some say that the most important issue facing this country is managing the China relationship, and how do we do that now?

John Hamre: I think there's a lot of truth to what you said. We have tended to have outside threats that have shaped our foreign policy, and I think right now there is a great debate going on: "Is China a great threat?" And there are very strong voices in America that want to make it the next Soviet Union. I think that's misreading history. I don't think there's a question that China is feeling more confident, and is getting stronger, and is trying to prepare international institutions that are more favorable to their interests. Part of that's our fault. I mean, we did not choose to modernize, for example, the international financial institutions, so if you look at the international financial system, the world bank, the IMF, et cetera, they're dominated by us and the Europeans. Well, 60% of the global GDP is now in Asia, so we've got a mismatch between the global structure that we created and today's reality.

John Hamre: I'm not surprised that China wants to find a way to have a stronger voice, and it should if we're going to do that, but there are other people in town that view this that China's the great threat, we're going to be fighting World War III, and we shouldn't be helping them get ready. And I think that's going to be a battle for us, and we don't have clear voices on this in the United States these days.

Andrew Schwartz: Are we in an era of strategic competition with China?

John Hamre: Well, yes. We are, and I think we should properly define it. It's partly economic, but very much it's a political competition. I mean, our form of government, the government is meant to be a balancer between the rights and privileges of individuals versus the needs of society, and we're always balancing back and forth trying to get that roughly right. And we'll get in the middle of great debates, and it takes us a while to get that sorted out. Civil rights took many years. Some say it's even going on now. Certainly the whole question of how we treat transgender people in America is a very contentious issue, but the

government is trying to basically find that balance between what individuals want and what society needs.

John Hamre: But in an authoritarian government, China, a small group of people ... Now, it's 80 million, you know, the Communist Party-

Andrew Schwartz: Communist Party members.

John Hamre: The smaller group of people are deciding what to impose on both, on both individuals and on society. That's the real competition between us in my view. It's not just this economic competition. Now, it has economic dimensions, but the real issue is, do we understand the significance of this competition that we're in now? This larger sense of, "How do society and people and liberty get connected?"

Andrew Schwartz: Dr. Hamre, our strategic engagement with China, and with all of Asia really that we've engaged with over the past several decades, since the end of World War II, has been based on economic prosperity for them and for us. And that's kept the peace for the most part, but now things seem to be shifting a bit, and there seems to be a bit of parallel competition between us and China in terms of economy, in terms of security. What do you think about this, and where do you think it's headed?

John Hamre: Well, it was an anomaly of history that the biggest power in Asia was not an Asian country at the end of World War II. It left us in that role, and we initially tried to create something like a NATO. You know, it didn't work. There are just too many unique historical dimensions in Asia.

Andrew Schwartz: There was no Alliance. We protected-

John Hamre: No. It was-

Andrew Schwartz: We defeated and then protected Japan.

John Hamre: And the rivalries between Japan and Korea, between Japan and others, China, et cetera, were too complicated to put into a treaty structure. So what we did instead was to enter into a series of reassuring partnerships with everybody in the region, some formal alliances and some informal partnerships, but our goal was to make sure that it was an environment free of intimidation so that everybody could prosper. And we had a much more mature view about how to deal with China.

John Hamre: We never tried to create a containment strategy for China. Our strategy was just the reverse. Engage China in every possible way, bring them into the international system. They'll realize what a mistake they made by embracing communism, and they'll become like us. Well, now we're starting to realize that isn't true.

Andrew Schwartz: It didn't work.

John Hamre: It certainly has prospered everyone by having them becoming part of international economic orders. It was good for us, but we're now realizing they have honest, legitimate but challenging national interests, and they've got their set of hotheads that are defining that we're the problem, and now we're in that, "How are we going to manage two great complex countries that have a lot of scratchy tension points?" But I can't imagine that it's going to be good for either of us if this turns into war.

Bob Schieffer: which brings me to the places where they are confronting us. The South China Sea, for example, where you have these artificial islands being built out there, and then China is saying, "This belongs to us." There's no question they're also stealing our technology and have been for a long time, and there are human rights issues. This whole face recognition, the technology advances we're seeing now. How do we handle those things?

John Hamre: Each one of them is a very profound problem, and each one of them will have to have a well-crafted strategy to deal with it. I think one of the most difficult problems is the way that China is using advanced technology, face recognition, artificial intelligence, to create an efficient police state, to control everything and everybody, this surveillance state, and of course this just gets fundamentally to the difference between our system, our form of government, and theirs. You know, they're intimidated and threatened by individuals with free thinking. We think it's our responsibility to give space for people like that and to help them prosper. So we have fundamentally different perspectives on this.

John Hamre: I think the only thing to do is to call it out, show it for what it is. I personally think that are an enormous number of talented young Chinese that are not going to want to have their lives governed by some third tier security goon in the public safety commission that's going to decide whether they get to a college education or not. I just can't believe that this remarkably talented group of people are going to put up with that. So we ought to call that out. I mean, I think we ought to be [crosstalk 00:11:42].

Andrew Schwartz: Especially if they're-

John Hamre: Like the Uygurs is the case right now where this is a big deal.

Andrew Schwartz: The Uygurs who are the ethnic minority in China?

John Hamre: Ethnic minority, Western China. They feel that their culture is being completely destroyed. By the way, China they did have some serious domestic unrest 10 years ago, but the solution is, is, "We're going to erase the distinctiveness of their culture." And obviously people feel threatened by that and want to fight back.

Andrew Schwartz: And Uyghurs can't walk two feet without being under surveillance where they are.

John Hamre: On the South China Sea, it's ... Look, this went to the International Court of Law of the Sea Tribunal, and a uniform ruling against China, and China said, "To hell with it." Well, that's not something that we can accept, and I think we should be standing up for those that have legitimate territorial claims in a process that we helped to establish. It's one of the great shames that America's never ratified the Law of the Sea. I mean, because of wacky domestic American politics, but it is in our interest to see normal procedures to handle what's right now a lawless place. The open seas are a lawless place. There's illegal fishing. There's illegal trafficking of-

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John Hamre: There's illegal fishing. There's illegal trafficking of people. There's illegal abuse of natural resources. This isn't collectively in our interest. Again, it comes back how is America going to be involved in this next phase? Are we going to be an international leader or are we going to retreat? I think that becomes the big challenge.

Bob Schieffer: Well, as someone said, we're seeing two ideas here. China is building roads and bridges all over Asia. We're building a wall.

John Hamre: Yeah, and lots of sports stadiums inside our wall so we can ... We're becoming a recreational society, and they're making strategic investments in their future. There's a real challenge, and we really do have to look honestly and hard at ourselves, at our own priorities. Are we still willing to sacrifice for big things? That's a real question, I think, in America these days.

Andrew Schwartz: Are we really competing with China if we're not building roads and bridges and infrastructure all over the world? How are we competing if we're only building stadiums inside our own borders?

John Hamre: Right. I mean I think we compete effectively in other ways. I think we compete with the nobility of ideas that are good for everybody. I mean when you hold out, as a premise of your society, that it's the responsibility of government to provide everybody's human potential to be realized, being open about society, remove the barriers to personal progress, that's been our history, and that's why I think the rest of the world embraced much of our leadership in 1947, '48 because of that.

John Hamre: But in, well, the last 10 years, a lot of people have questioned whether we have double standards, that things that we condemn others for we say, "Well, but that, we have a reason why we have to do that." I thought that was the tragedy of Guantanamo and of Abu Ghraib. We basically said, "These guys are so bad, we're going to bend our own values to deal with it." Well, ultimately, that was

very corrosive. It led lots of people in the world to conclude that we were hypocritical about the values that we espoused. I think we need to return to those values.

Bob Schieffer: Let me ask you about this whole situation with Huawei and whether we ought to be a part of it. Explain to us exactly what this company is, what they offer, and what are the issues here?

John Hamre: Well, I think it's like those Russian dolls. There's one inside another inside another. First of all, Huawei is a hugely successful private company in China, but we have to understand that private companies are not private in China the way they are in the United States. Huawei enjoys the status of being a flag bearer for China, so it enjoys great privileges. It doesn't have to go to competitive finance markets to get money. It can go to the government. It receives intelligence support. So the government knows exactly when they go in ... when Huawei goes into a negotiation, their intelligence service is telling them exactly what the other guys is thinking and going to do. Huawei enjoys access to technology that has been stolen by Chinese intelligence sources. So it's not a level playing field.

John Hamre: If you are comparing a Huawei against a Siemens or an Erickson. Companies that are Western companies, they have to develop sophisticated technology, but they do it inside rules that we establish where we simply create a fair marketplace and they have to with their own imagination decide what to build and how to be successful at it. And this is a different model. Now, the most inner element of dispute about Huawei is that because Huawei has benefited so much from Chinese government technology support and that it is a Chinese government entity it will spy on everybody else in the world for China. It provides hardware that on which the fifth generation of internet technology operates. So that means that they can sit there and say, "Well I like that piece of message, I'm going to send that, a copy of that over to my friends in Beijing." That's sort of a concern and I think that is a legitimate concern.

John Hamre: We do know of connections between Huawei and the Chinese intelligence services. And in many ways that's the core of it the dispute. But there's a much larger issue which is this is an example of the great competition that's coming. China wants to dominate 10 major technologies in the future and they'll pick one company and they'll put all of the resources of the government behind that one company so that it can win. In the West we don't pick companies to win. We say we're going to ensure that the markets are fair, we're going to give tax subsidies for research maybe, but you decide what you're going to invest in and it's up to you. We don't have a Huawei competitor in the United States. The closest thing to a Huawei competitor is Samsung, a Korean company and Erickson, a little bit different degree. But that's because our companies have decided they don't want to be the aggregator of the full product, they are going to be making components and big elements of Huawei's system is actually American technology.

John Hamre: So we have an immediate issue which is Huawei as an agent of espionage. That's one issue. I think we have a larger question and that is how do free enterprise societies like ours compete against state enterprise countries and this is a state enterprise effort with all of the resources of the government put behind one company and we're saying, how do we establish fair ground rules for that one company to compete in our markets? We can't compete in China because they preclude that. Do we let Huawei into our markets and under what terms? That's the debate that we're having.

Bob Schieffer: And basically the president at this point has said he does not want American companies to deal with Huawei. Is that?

John Hamre: Two things. For several years we've been blocking Huawei from selling things in the United States. Although there's a fair number of smaller internet exchanges around the country that have Huawei equipment because it was cheap. The advantage is that their products have been fairly cheap. Well that's because they don't have to pay for the cost of money. For example, they don't have to worry about a research department because they've got the government helping them with that. So they've-

Bob Schieffer: And they stole the intellectual property.

John Hamre: And they stole a lot of the intellectual property. In their own right they've been a creative company. But what the president most recently did was he said, "We're not going to let Huawei have access to our technology." And right now Huawei's 5G technology does depend rather extensively on American technology. So this is really a blocking action that would be very hard for Huawei. Now what they'll do is they will start investing in to have that capability organic in to China. So this strategy of blocking them is a temporary success. It will not be a permanent success. It's just what happened for example, on space launches. 15 years ago we blocked any American company from participating with China on space launch and it led China to develop the most successful space launch booster in the country or in the world this day. So I mean we have to think about this dynamically, not just as a standoff, a onetime standoff.

Bob Schieffer: If we use their equipment and so forth, won't they find a way to get a back door into that equipment? So they'll know what's happening in our national grid. They'll know what's happening and everything.

John Hamre: Yes. That's the threat, that's absolutely the threat. But there are other ways that they are conducting espionage to get into our networks as well. So it is a very real issue. I really do think it has to be treated as a national security issue. Do I think that it solves our vulnerability, our cyber vulnerability? Not at all. It's a big piece, but it does not solve it.

Andrew Schwartz: Dr. Hamre, let me ask you this a little bit of a different way. What is it that we're actually competing for with China and if we're competing with them, what's the desired outcome? What's the plausible desired outcome of this competition?

John Hamre: This is again not unlike what we confronted in 1946, '47, '48. At that time, the Soviet Union was putting forward a view of the world under communist principles. But again, as an authoritarian government, the government small group of elites would dictate the future of your life, my life, society's wellbeing. I mean small group, authoritarian government. And we thought that was dangerous for us and we held out a vision for a fairly open world of a rule of law, due process, transparency and accountability, a free press. The kind of world that we have enjoyed and we felt was going to be favorable for everybody else in the world. Who are we competing against?

John Hamre: Because remember this was also occurring at a time when the European empires collapsed and all of a sudden within a narrow period of about five years, there were 80 new countries on the world stage that previously had been colonies and now they were going to become independent free countries in the international order and the question is who got their loyalty? Were they going to be loyal to an authoritarian mobilization world. Were they going to be loyal to a liberal international, democratic world.

John Hamre: That was the competition that we had with them. And I think that the strategy to create things like the World Bank, the IMF, the United Nations, which was crucial for that, it gave them a place to be in the world. What it was the long-term based on the values that we cherish. That was a great strategy at the time. So how are we competing now? Who are we competing with now? Either we're competing for the future of countries in Africa, South America, in the Middle East. I don't think there's any question that China is preparing the foundations for a competing international economic order. I think they are.

John Hamre: They're not rejecting the opportunities that we'll give them and insist that we dominate, but the world that we created, the Bretton Woods world is still dominated by us in the Europeans. We haven't really opened it up adequately, but so we have these two worlds that are emerging and I think we're going to be competing to say where does the rest of the world want to affiliate? Do they want to affiliate with a state capitalism authoritarian mobilization model or do they want to affiliate with a democratic rule of law free enterprise model? That's I think the stakes.

Bob Schieffer: What do you see as the most serious danger point in the world today? Would it be North Korea?

John Hamre: I don't think so. I think that North Korea is a country that has so few real capabilities, but they are genius at intimidating neighbors. They know that if they were to use nuclear weapons in any sense, it would end their civilization. I think they know that. So it is a criminal family that's controlling a country. And the question is how do they transition? I think they are so proud ethnically, they

don't want to be a province of China. So they want to have their independence. The question is can we manage the future in a way where the two Koreas come together in some predictable but-

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John Hamre: -gather in some predictable but safe way. I think that's where we're struggling with right now. These are going to continue to do provocative things, but I don't think ultimately, they'll be profoundly dangerous to us.

Bob Schieffer: And what about Iran?

John Hamre: My own personal view is that, and I know this will be controversial, I think we overstate the threat of Iran. Iran has an economy the size of Maryland, the State of Maryland. It's a deeply fractured society, deep, deep ethnic divisions in society. Profound alienation of the young people who don't see a future for themselves in a society where the mullahs and their patronage networks have closed off opportunity. Iran is traditional military sense, fairly weak, but they are extraordinarily clever at giving themselves flexibility into the future. And they take advantage of that. They've unhinged much of upper Mesopotamia because we go into Iraq and we overthrow Saddam and they see opportunities everywhere and they're very good at that.

John Hamre: Do they offer a model to the world that everybody else wants? No. Do they offer technology to the world that everybody wants? No. Do they offer a unique manufactured goods that everybody's craving to buy? No. I think we overstate the threat of Iran. We haven't managed Iran well. So I think being smart, I think we can do some important things. But I think we ought to start with an objective look at the risk that Iran presents to us. I don't think that's in our popular imagination.

Andrew Schwartz: And they too don't want their civilization to end.

John Hamre: No, they're very proud people. I mean 5,000 years civilization, but we have not found a stable basis going forward. And it's partly, that's been us. And partly that's been them. And so we have to stay forceful but threatening to destroy them is not going to be a viable solution.

Bob Schieffer: But then you come to Afghanistan where one has to wonder. They don't seem to be afraid to put their civilization on the line.

John Hamre: Well, we go into Afghanistan with very noble aspirations and then we turn it into a quest for universal goals of democracy without really understanding it. And now we're right on the edge of abandoning them after having invested for 18 years. And I think the starting point I think with Afghanistan is that there are two power axes that intersect Afghanistan. One power axis is Pakistan, the Taliban, and it was Saudi Arabia. It's not so clear that Saudi Arabia is part of it

now, but China's stepped in. So you've got a China-Pakistan-Taliban axis. The other axis is an Indian-Iranian-Russian axis. Those were the two power axes that intersected in Afghanistan. And everybody in Afghanistan was kind of affiliated with one or the other.

John Hamre: And the fact that the rivalries that the outside countries had got manifested by battles inside and vice versa. And here we go, stumbling in not aware of much of this and think we're going to just give them democracy on a platter and it's all going to work out just fine. We never really developed a coherent strategy. We had one for a brief period when Ambassador Khalilzad was first our ambassador there, he went around to all of the neighboring countries and he basically gave them all the same message, which is there are three options: one is you win, but the reality is that you won't win because the other countries are going to block you. So you don't get to win.

John Hamre: Second option is we just pull out immediately and you have total chaos and you've got a mess on your hands for years. Okay, we can do that. The third option is work with us, help us develop a legitimate government in Kabul that can properly represent and guard your core interests and create a political process to reconcile these competing interests. And that was a winning formula. And initially we had a strategy and Zal Khalilzad was the architect of that, but then we yanked him out. We put in other diplomats that didn't understand it. We became distracted because we went to war in Iraq. We really lost our focus and now it's too late.

John Hamre: Is it possible to create that sort of a framework again? I don't know. I don't think that it made sense for us to negotiate only with the Taliban and then say, "Okay, but now you work it out with the government in Kabul. Well, what were they going to work out? I mean, because we already said we were going to leave. I mean it seemed to be a very flawed strategy. President Trump has said he wants out. I understand that. Every American wants out. But under what terms? And how will we do that?"

John Hamre: There is a potential pathway, but it involves all of these neighboring countries being brought in to help find a solution that everybody can live with. Because everybody there has core interests in Afghanistan and we don't. So it seems to be, we've got to understand those core interests and then find a way where we'll create a mechanism where those interests are honored. So it's possible, but you can't do it by just simply announcing we're going to negotiate a deal with one faction and then we're just going to pull the hell out of there.

Bob Schieffer: Final question I suppose, but what do you think is going to happen next? What's the next thing we're going to have to worry about?

John Hamre: The next thing we're going to have to worry about? Well, I've always had this fear that President Trump will just say, "Let's pull our troops out of Korea. We've been there for 60 years. They're strong. They can defend themselves. We don't need to be there any longer, and I'm the only president that can bring peace to

Northeast Asia." And I think that's a great confusion because the reason we have troops in Korea today is not because of North Korea. It's because of China. We have decided it's in our core interests for Korea to be the champion of democracy, rule of law, transparency, accountable governments. That model of how to organize society, where the government is the balancer between public interests and private interests.

John Hamre: We stayed there to create a really a wonderful prosperous, glowing democracy and they're in a neighborhood where they got Russia to the North, they've got China around them.

John Hamre: We're there because we are championing those values. Simply saying, "We've finished, it's all done. We're pulling out" means that we are throwing in the towel in the great investment of the post-Cold War period where we made an investment in democracy and free enterprise and societies of opportunity. It helped create that in Korea and instead put them into the position of having to find their own way against an overwhelmingly powerful China, and a not so powerful, but sometimes pernicious Russia in the far East.

John Hamre: And that's my worry is that we don't properly understand what's at stake in Korea.

Andrew Schwartz: Because our investment there is still obviously bearing great returns.

John Hamre: Yes. Well if what you value is vibrant societies of liberty and opportunity and that that's in a broad sense going to be good for us. I think it has clearly been good for us, but that's the debate that Americans are having. That's this debate. Have we been suckers? We've paid the price, they've gotten the benefit, and we just ought to pull out and they're on their own. I personally think that's profoundly wrong. But we have a lot of work to do to convince Americans that that is a strategy that's good for our future.

John Hamre: It's not just altruism, it's concretely at our advantage to have countries around the world that share our values. It's good for our economy, it's good for our citizens, and it's good for a peaceful world.

Andrew Schwartz: Well, whatever happened to the notion that for us to be active in the world and engaged in the world keeps away the problems of the world from our shores?

John Hamre: I think that the recession took away an awful lot of our confidence. Again, I kind of come back, it's very simple minded analogy of all the problems in the world are horizontal and all of the governments are vertical. And if you want to solve a problem, as big as we are, we can't solve a problem just when it comes to American soil, whether that's pollution or drugs or infectious disease or human trafficking. I mean, it's far harder for us to solve any of those problems that affect us if we're just doing it when we wait until they come here.

Andrew Schwartz: Right.

John Hamre: And the questions we have to start rebuilding a sense that partnering with other people in the world, partnering with a constructive agenda, looking deep at root causes, not just things you don't like, but the causes of things you don't like, and working on them is our long-term strategy. And we aren't there yet.

Bob Schieffer: Dr. Hamre, thank you for giving us the truth of the matter. I'm Bob Schieffer.

Andrew Schwartz: I'm Andrew Schwartz. Thank you, boss.

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