

Distinguished Chairmen and Commissioners:

Boeing keeps me up at night. The company considers China one of its most critical markets. It's also a key element in an American warfighting strategy. In June the CEO of Raytheon – another crucial defense contractor – admitted to having “several thousand suppliers in China” and claimed decoupling was “impossible.” Boeing is far more exposed to China than Raytheon is. If China invaded Taiwan, would Boeing exercise its considerable influence in Washington to weaken the Pentagon's warfighting efforts?

Corporate America has a China problem. For decades, Beijing has successfully incentivized many elite American corporations, business leaders, and politicians to strengthen the ruling Chinese Communist Party, and to entangle themselves within China -- often at a cost to America.

It goes like this: Beijing and its allies publicly excoriate a relatively small number of people and institutions: freezing out the NBA in 2019 after a deleted tweet, say, or criticizing Mercedes-Benz in 2018 for quoting the Dalai Lama in an Instagram post. The global companies fear a boycott in the Chinese market, or regulatory scrutiny. Chinese officials then reach out to the company's government affairs department, or its leadership, or its diplomat consultants – more on that later -- and urge them to apologize. To yield. Fascinatingly and disturbingly, sometimes companies that yield get punished further. And sometimes companies and individuals that don't yield find themselves rewarded by Beijing. The Party's unpredictability and unevenness leads businesses to be overcautious – which only makes the strategy more effective. And so, companies seek to placate Beijing.

How did this problem of corporate complicity start, and how can Americans fix it?

There is a clear origin story. Before Walt Disney thanked a public security bureau that rounded up Uyghurs and sent them to concentration camps, before LeBron James criticized the Houston Rockets' general manager for discussing democracy in Hong Kong, before Marriot fired an employee for supporting Tibet, before Boeing ran ads praising Beijing, before the late business tycoon and Republican super-donor Sheldon Adelson personally lobbied to kill a bill condemning China's human rights record, before Ronald Reagan called China a “so-called Communist country,” Henry Kissinger, whose relationship with the Party became a blueprint for this whole mess sat with Premier Zhou Enlai in a Chinese government guesthouse in July 1971, discussing philosophy.

By his charm, flattery, and persistence, over dozens of conversations over several years, Zhou initiated Kissinger as a “friend” of China. (“Friend” is a technical term, for a non-Chinese person who supports the Party.) Zhou, and successive Party leaders, convinced Kissinger that strengthening ties between the United States and China were not only good for America – they benefited the individuals involved (in this case: Kissinger). And Kissinger, arguably the most influential person in 20th century foreign policy, spread these ideas.

Kissinger's trips to China shaped history not only by reestablishing a relationship between the two countries. They also inaugurated two crucial phenomena that still shape American corporate and political behavior today. First, Beijing successfully employed tactics from the United Front Work Department: strengthening American “friends” and weakening “enemies.” As Chairman Mao Zedong put it, the United Front “mobilizes friends to strike at enemies.” Second, Kissinger's trips engendered the rise of a whole new industry: that of “diplomat consultants,” who fit nicely into the long-standing Chinese tradition of trading access for accommodation.

It's a tradition with sadly bipartisan enablers. Former defense secretary William Cohen, democracy icon Madeleine Albright, president George HW Bush, and especially former secretary of state Kissinger enriched themselves by instructing American firms on how to cohere to Party standards, chill anti-Party speech, and ensure that they were strengthening the Party in America. They do this not only when acting in their capacity as consultants, but also in their capacity as “formers:” dulling criticism while serving on think tank boards, ensuring cooperation with China while chairing U.S. government panels, pretending to journalists that they seek a strong U.S.-China relationship because it helps America. In other words, since founding the consulting firm Kissinger Associates in 1982, Kissinger – and so many like him – have been businesspeople masquerading as diplomats.

Corporate complicity in America is a difficult problem to discuss, because it involves criticizing so many powerful individuals. We cannot address the problem abstractly. Moreover, decorated Americans and storied brands make mistakes, and act in complex ways: people and institutions aren't just ‘Chinese lackeys’ that jeopardize American interests – they sometimes take actions that help, and sometimes take actions that hurt, America's manifold and often contradictory interests.

And, as war with China grows increasingly likely, this difficult conversation about corporate complicity grows increasingly urgent.

I should disclose at this point that I'm not a disinterested observer, nor are my views objective. It will be helpful here to share my background, and a mea culpa for some of my own compromises and ethical lapses, before I discuss how to address this mess. I'm a former Beijing-based journalist, who covered Chinese politics and culture for Newsweek. I visited all of China's twenty-two provinces, its four municipalities, its five (inaccurately named) autonomous regions, the “special” administrative regions of Hong Kong and Macau, and the country of Taiwan, which Beijing has long disingenuously claimed.

In 2022 I published a book, *America Second* (Knopf), which arose out of my frustration with how Americans, and American corporations discussed China. Not in the wonderful, awful, plain, or madcap ways of Chinese people, but in the ways of the Party. They'd repeat Party phrases like “China has lifted hundreds of millions of people out of poverty,” or “China has 5,000 years of history.” The problem is not the veracity of the phrases – the problem is repeating phrases which, like the two quoted here, are Party propaganda. Context and history matter. One can be, for example, an American socialist, and think that the country should nationally be socialist – but no one with any sense of history should ever call themselves a National Socialist...

The book also arose out of a desire to apologize for committing similar ethical lapses, from my two decades researching, living in, travelling through, working on, and countering China. I'd self-censor; tempering my criticisms to avoid offending the Party. I've taken money from organizations linked to the Party: still, today, I consult for corporations that strive to maintain access to China. Sometimes, I self-censor in the opposite direction: being more critical than I actually feel on China in settings with other China hawks. The data and consulting company I run, Strategy Risks, benefits from an increasingly risky world: indeed, I started the company several years ago with these trends in mind. Let me never pretend to be a disinterested observer.

These are complicated issues, and expressing one's self accurately is challenging. Still, I'd like to do better.

The solutions to corporate complicity and kowtowing to Beijing aren't to be found in mandating any sort of objectivity around China: rather, they lay in promoting transparency, and healthy debate. Require

corporations to disclose their exposures to China. Public companies, in their filings to the SEC, often don't even break out their China revenue, hiding behind broader categories like 'Asia.' The more information investors, regulators, and citizens have about how American companies are exposed to China, the better.

Strong libel laws that protect U.S. activists, journalists, and thinkers benefit America's battle against the pernicious aspects of Beijing. I'm delighted that, on July 4th, I can write the words "Henry Kissinger is an agent of Chinese influence" – a conclusion I drew from dozens of hours of research into Kissinger's business dealings, back when I was a journalist -- and know that our wonderful first amendment protects me.

And the solution to corporate complicity requires a healthy debate about war with China. Should the United States go to war with China to defend Taiwan? Does that mean World War 3? If there is a war, how are we defending ourselves from the possibility of a Chinese attack? If there is a war, how do we ensure that we protect Chinese-Americans, and people in China? I worry that we're suppressing this conversation, even though war may be near.

Play the grim parlor game: if one of those Chinese spy balloons had exploded over America, how many Americans would have to die for us to go to war with China? The possibility of war is very real, and very worrying.

I worry, too, about our awful history of Japanese internment during World War 2, and the ethical sacrifices U.S. bureaucracies will make and have made in times of crisis. I worry about the millions of Chinese who have worked for or closely with American companies, and who Beijing may soon see as enemy combatants. I worry about American companies supporting the Chinese war effort, or hampering the American war effort. And I worry that – like after 9/11 – fear and xenophobia, and not caution and strategy – will drive our actions.

We must prepare. Prepare by ensuring we adhere to our values of diversity, integration, and protecting our own. Prepare by working with Boeing, Raytheon, and other pillars of our military production to reduce – immediately – their exposure to China. Prepare by encouraging American companies to have contingency plans to protect their Chinese staff, and their staff in China. Prepare by admitting to ourselves that if Beijing attacks Japan, or Taiwan, or kills a number of Americans – public pressure may demand a response, even if that rashly leads to the next world war.

Prepare for the looming specter of World War 3: not because you strive for war, but because you strive for openness, transparency, and civic debate. Be prepared, because the alternative is far worse.

Talk about it.

Thank you.