



Targeting Taiwan: Beijing's Playbook for Economic and Cyber Warfare

October 4, 2024

*Featuring Ti-Chen Chen, Benjamin Jensen, RADM (Ret.) Mark Montgomery, and
Craig Singleton*

Moderated by Lili Pike

Introductory remarks by Clifford D. May

MAY: Well, welcome, and thank you so much for joining us for today's event hosted by the Foundation for Defense of Democracies.

I'm Cliff May. I'm FDD's founder and president.

We're just pleased to have you here for this conversation, some in person, some tuning in live with the livestream, some listening to our podcast afterwards, and also I understand, on C-SPAN. Very pleased to have C-SPAN with us.

It's Friday, October 4th, and today's panel will discuss the findings of a recent tabletop exercise FDD facilitated in partnership with the Taiwan Academy of Banking and Finance. That exercise focused not on conventional warfare and not on a cross-strait invasion, bombs dropping on Taiwan, an amphibious landing on the island's beaches, that sort of thing, but rather, on cyber-enabled economic warfare, which is a subject and a threat that FDD has been studying for a rather long time.

Now, based on the results of that exercise, we came up with recommendations intended to help the free people of Taiwan prevent attacks or mitigate attacks, or at least recover more rapidly from attacks against them by the Chinese Communist Party which, I will remind you, is the most powerful communist party in history and which is allied with Moscow, Iran, and Pyongyang – an axis of aggressors.

During our week-long visit in Taipei, there was one question I asked government officials, think tank experts, almost anybody I could: Why did Mr. Xi choose to suppress Hong Kong now? I mean, why didn't he abide by the treaty his government had signed with the British and allow the people Taiwan – I'm sorry – of Hong Kong to retain their freedoms for 50 years following the British handover of the colony in 1997? He then could have said to the Taiwanese people, "Look, this is all I have in mind for you: one country, two systems – good principle, not so terrible, right?" Why crush Hong Kong's freedoms? And then turn to Taiwan and say, "You will be ruled by me and by my communist party, whether you like it or not." Why did he do that?

And I'll tell you, the best answer I received to that question: because he can. The international community certainly won't stop him. What will Americans do to support an ally, a free people, and a democratic society?

Well, to discuss all this and more, we're pleased to welcome today's expert panel.

I'll start with Craig Singleton. He's the director of FDD's China Program, as well as a senior fellow at FDD, where he analyzes the CCP threat. He previously spent more than a decade serving in a series of sensitive national security roles with the U.S. government, focusing primarily on East Asia.

Admiral Mark Montgomery – you'll see him second from the – from the right – serves as a senior director of FDD's Center on Cyber and Technology Innovation. Previously, Admiral Montgomery served as policy director for the Senate Armed Services Committee, and for 32 years, he served in the U.S. Navy as a nuclear-trained surface warfare officer, including as director of operations at U.S. Pacific Command.

Ti-Chen Chen is a deputy director at the Taiwan Academy of Banking and Finance. She previously served as project manager of financial training and development at the Taiwan Institute of Financial Research and Training and at the Zhiyuan International Financial Management Consulting Company's Financial Engineering Department.

Benjamin Jensen, over on the far right, is senior fellow for Futures Lab in the International Security Program at the Center for Strategic and International Studies. He's also a professor of strategic studies at the Marine Corps University's School of Advanced Warfighting. He has worked with DARPA, with the Marine Corps Warfighting Lab, NATO, the U.S. Army and other government agencies and organizations to develop wargames and exercises like the one I described to you.

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Moderating today's conversation is Lili Pike. Lili is a reporter at Foreign Policy covering U.S.-China relations and China's foreign affairs.

OK, just a few words about FDD: For more than 20 years, FDD has operated as a fiercely independent, nonpartisan research institute exclusively focusing on foreign policy and national security. As a point of pride and principle, we do not accept foreign government funding. For more on our work, please visit our website, [FDD.org](https://www.fdd.org), follow us on X and Instagram, subscribe to our YouTube channel. We're everywhere you want to be.

Let's dive into our discussion.

Lili, over to you. Thank you.

PIKE: Thank you, Cliff, and thank you all for coming today and tuning in online. I think this audience needs no reminder, but despite all the conflicts and crises around the world today, Taiwan remains one of the greatest challenges that the next president will face. And this report that we're going to discuss today takes a unique perspective and looks at the overlooked kind of set of risks that Taiwan could be facing.

And speaking of unique perspectives, we are very lucky to have Ti-Chen with us today all the way from Taiwan, along with all the other excellent panelists, to discuss this report and exercise. So let's dive right in.

I'd like to first turn to Mark. You've participated in many wargames and tabletop exercises involving Taiwan. What made this exercise different?

MONTGOMERY: Yeah, thanks, and you're absolutely right. There is a cottage industry of tabletop exercises and wargames both classified, unclassified, government, nongovernment in D.C. about Taiwan. The genesis of this was on a previous trip that Craig and I were on with Matt Pottinger, who's a – the director of our – the chairman of our China Program. About a year ago, we were talking through all these military issues, and constantly in the background of the discussion was, What about these nonmilitary challenges? And particularly as a cyber person, I was getting asked that a lot. So when we came back, Craig and I talked. Eventually, we were connected to the Taiwan Academy of Banking and Finance through John Whitley, and were able to start working this idea.

You know, for us, if – I went back to my days at PACOM as the – Indo-Pacific Command – as the J3, you'd have said to yourself, "Hey, I need a plan for the most likely scenario and the most dangerous scenario." But the truth is, we concentrate a significant amount of our brain power, you know, more than 90 percent on that most dangerous scenario, and that makes sense in the Department of Defense because the reason you do a lot of wargaming is to drive military requirements, and those generate from the most dangerous scenarios.

But when you think about the policy and processes that are required, the most likely scenario, the scenario that could happen at any point isn't driven by some, you know, proverbial Davidson window of 2027 or something, is this most likely scenario, and – and what worried me the most about this was I did not – I get called to do 20 to 25 wargames a year, again, for me, the Department of Defense or from other organizations, and none of them were on this. That doesn't mean none are happening, but they just weren't on this – this kind of most likely scenario.

And the other thing I'd add I thought that was unique about our opportunity was because of our connections with Taiwan Academy of Banking and Finance, we could do it in Taiwan with Taiwan subject matter experts playing Taiwan, which does make the wargame a little more realistic.

And then finally, we are very lucky to have an evil villain, a very evil villain to play President Xi in – in Craig Singleton. And I think that really happened because often, the red team becomes – has a set of rules and will execute to those rules. In – in a wargame, that becomes obvious. And – and Craig had a wide latitude to just change the wargame, complicate things for Ben as the – as the game administrator.

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And I think having a aggressive, pernicious, you know, shape-shifting President Xi, which is – it's something – with good hair, very good hair...

(LAUGHTER)

You know, that kind of gave the wargame – and so when you ask what's unique about it, I think all of those factors came together to make it a really unique opportunity.

PIKE: Fantastic. Well, we'll turn to Craig real soon, but Ti-Chen, I wanted to turn it over to you. I know that the Lai administration, since coming into office, has really focused on this concept of whole-of-society resilience and created a new committee to really elevate that work.

So if you could, describe, you know, what TABF's motivations were in trying to run this kind of exercise and that kind of shift in thinking in Taiwan toward whole of society resilience.

CHEN: By establishing the community for the whole society resilience, I think our government is trying to convey a very clear and strong message, which is actually national security matters for everybody. So to improve our ability to make defenses, military defense is not enough. It also requires the determination, commitment, and the concerted actions from our people, from everybody in our society.

So by devoting ourselves into a TTX, we actually would like to encourage the other institution in the private sectors to devote themselves, devote their expertise to the initiative that would help to make our country stronger.

And also, by this tabletop exercise, we wanted to highlight the important roles of financial markets in the warfare, and invited more experts to evaluate what would happen to the financial market and how can we do to increase the resilience of the overall market. Thank you.

PIKE: So Craig, as Mark said, the tabletop focuses on economic and cyber coercion rather than a military confrontation. So in your role as President Xi Jinping, why did you think that that approach would be more logical towards reunification compared to a military scenario?

SINGLETON: Sure. I thought the cost asymmetry was just staggering. I've always thought about Xi's reunification drive as very focused on disruption, less so than, you know, destruction. And I always think about today and I think that Taiwan has demonstrated just remarkable resilience in the face of what is already a low level economic and cyber coercion campaign. But it's very clear that Xi is not content with the status quo, that reunification isn't just a goal, it's an ideological imperative.

And so I think, from my perspective at least, China will undoubtedly, in the coming months and years, pursue a phased and flexible campaign that consists of a mix, a blend of economic, cyber, and some military coercion here.

And they're going to be applying pressure from multiple angles, and they're going to employ integrated operations with the goal of reducing Taiwan's resistance and their resilience, and they're going to try to do that by keeping the U.S. on the sidelines, to not trip U.S. redlines.

And I thought that this scenario afforded me as the aggressor just tremendous flexibility to scale up or scale down operations based on Taiwan's response, based on the international community's response or non-response.

And with that, I thought that, in comparison to a lot of the wargames that Mark, Ben, and I have done here in D.C., I could manage the escalation risks more using these tactics and tools as opposed to a kinetic environment where I think escalation management becomes a lot more difficult.

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PIKE: So in reading the report, there are, you know, these many creative scenarios for combining cyber and economic coercion. Ben, I know that you designed these scenarios, and so I'm curious, what you were considering as you thought about how to design the most productive tabletop exercise. And what were the kind of key, valuable lessons you drew from this exercise?

JENSEN: Sure. Look, whenever you design a game, what you're really doing is a significant amount of research to create a world, and that world has to model a series of interesting decisions, and those decisions have to have at stake questions of strategy with clear cost/benefit trade-offs as well as assessments of risk. Now, that might sound like D.C. word salad, but what it really means is the quality of the game is a function of the research and the players.

And so the first thing we did is, we really, you know, stepped back and thought about, well, what is economic coercion? How could you use financial markets? to start to model out just basically and logically, I mean, we were fortunate, both, you know, Admiral Montgomery and I had spent a lot of time under his leadership in the Solarium Commission. So we had really thought extensively about the importance of critical infrastructure, the importance of all the indirect ways cyber operations can undermine cohesion and create real policy dilemmas that the – that aren't in our usual lexicon for a strategic response.

And then frankly, our team in Taiwan was nothing short of amazing because they were able to really take us inside the inter-workings of the Taiwanese banking and finance system in a way that we could actually think about particular pressure points that then Craig could model.

And to really make this visceral – and so you know what I mean – it means creating a game in which you can have people talk about what it's like to lose power, what it's like to lose the ability to communicate, what's it like to not be able to use a banking app that day, what's it like to wonder if a banking run has destroyed the credit that you built up in your home, what's it like to wonder if you're going to be able to trade in the stock market the next day if you're a major financial institution.

And so, we had to be able to capture and catalogue those fears in a way that it presented policy dilemmas that our U.S. team would have to respond to and then the Taiwanese team could really work through where they thought they had prepared and where they maybe came up short.

So all of that went into a game design that really allowed for that flexibility in response but really allowed us to weigh those dilemmas and frankly see where all sides really came up short, less, you know, the evil guy with the good hair down there.

(LAUGHTER)

MONTGOMERY: If I could jump in there.

PIKE: Yes, of course.

MONTGOMERY: I'd say first, you know, I've done about a dozen games that Ben designed, either, you know, for congressional committees or for the government or for think tanks. And this one, I thought was particularly salient because – and I'd recommend each of you, if you get the report, look in the tabs. Most people ignore appendices or tabs. But in there is the kind of list of all the different threat – you know, 18 or 19 financial threat vectors the Chinese could take.

I almost worried when I first was reading, as, you know – as we're developing this, that, hey, we're giving the Chinese a blueprint until he kind of pointed out, "Well, these are all things they've done already." So the Chinese have the blueprint.

The real problem here is – is the Chinese have a blueprint and, you know, we – we haven't down – we haven't downloaded a file yet, you know? We're still trying to figure out what our – what our risks are, and they have all these different attack vector tools on us.

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And – and one other thing – we – we – we kind of don't emphasize it enough in the report. There's a couple pages on it, but not enough, that you can achieve a successful non-military effects with military actions. Not kinetic actions, not strikes, military actions.

So, closure – missile closure areas are a great tool if it – if Lloyd's of London looks at that and goes, you know what? We're not going to insure anybody passing through that missile closure area. And you know, 50% of world shipping goes through the Taiwan Straits, you can have these dramatic impacts. And Craig used them to some effect in the – when you're really putting the final screws to the system is you bring in the military.

So, you know, people might criticize this and say, well, you left out the military. We didn't. What we left out were kinetics, because kinetics would trip a redline. And so, Craig brilliantly played it that he only brought in the U.S. military tool – I mean, the PLA's military tools as a final pressure point on the system to kind of crack the resilience. And that has me very concerned that if you put together the economic, financial, energy, and cyber tools with a military pressure point, you're really at risk.

So, really good game design, I think. And this needs to be played out by people who are smarter than – have different skill sets in the team that were there, so that we're really getting all the lessons. Sorry I went on, but I think the game design is something you can't – it's important that people understand that.

PIKE: It's really fascinating. I encourage everybody to read the report to see the different scenarios and the combination of the economic, cyber and then military vessels that come together for the different scenarios over different time horizons as well. So, Craig, as you were playing Beijing, my understanding is that you drove the action in every round of the exercise. What did you consider to be the most powerful weapons at your disposal? Specifically on the cyber and economic fronts?

SINGLETON: Sure. I mean, I've always thought that Beijing's power is most potent in the shadows, not necessarily the battlefield. And I was very focused on waging psychological warfare. I really wanted to erode public confidence in Taiwan's ability to defend itself. So, as we were talking about using ransomware and deepfakes and disinformation and causing bank runs and cutting undersea cables, and I think because we were able to so expertly leverage Mark and Ben's experience with the Cyberspace Solarium Commission, we could have targeted cyberattacks on critical infrastructure.

All of that was very much intended to foment a crisis of confidence. And I thought that the blend of overt and covert tactics allowed me to have a sense of plausible deniability, frankly. And I don't think there's any doubt in my mind, at least, that these shocks are coming to Taiwan. The question facing Taiwan is really whether they can endure the siege. And I thought that the game, by employing these very specific actions in each of the four scenarios that we sort of took all of the parties through, helped identify where we need to plug holes today to prepare for what is very clearly coming tomorrow.

PIKE: I want to dive into all those specific vulnerabilities in a second, but just to stay with you, Craig, if you could help us understand how those kinds of covert actions would ultimately lead to a reunification scenario or get Taiwan kind of closer to that scenario, I think that would be helpful, because you can imagine what an amphibious invasion would look like and how that would clearly lead to reunification. But it's less clear, I think, how these scenarios would play out.

SINGLETON: I mean, I think as we think about the psychological effects of a sustained, prolonged new type of forever war, that's what we're talking about here. It's a war of attrition. And I think in many respects, China already perceives and perhaps believes that it's advancing along this path already. The first scenario that Ben designed, the Long Walk, is not too dissimilar from what's occurring today.

A slow, sustained pressure campaign consisting of a low level, sort of intermittent mix of economic pressure and cyber, such that perhaps I start to lose confidence in not just the government's ability to defend the island, but basic services, civil defense.

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And I think that it's that slow drip, drip, drip in this particular moment that forces most people to start to come to terms with the fact, and I think we explored this really well in the game, and Ben sort of made a reference to it earlier is, if I can't go to my bank and pull out money, if the power turns off, my day to day life, how will I respond? How can I prepare?

And I truly wanted everyone in this game to be thinking about that. I think Ben used the right word. He said, it's a very visceral feeling, and I wanted a sense of fear and uncertainty that I can employ at, frankly, no cost to me. All of the tools I used were tools that I already have at my disposal that I'm employing against other countries, including Taiwan. It was just the intensity of those tools. And so, I think the cost imposition and the cost differential there, to me, felt very comfortable.

PIKE: So, to go into the vulnerabilities that the game exposed, I think, if we could just turn to Ti-Chen as our financial expert, if you could talk about just the key risks and vulnerabilities that you saw from playing the game on the financial side?

CHEN: Yes. Thank you, Lili. I think the major financial risk that might manifest, in the context of warfare, would be the liquidity crunch. In the third scenario simulated in the tabletop exercise, we imagine that China put heavy hand in Taiwan, which caused the international trade to shut down, and which might trigger great panic in the financial markets.

We can imagine in that situation, there will be significant capital flight from Taiwan, causing our Taiwan dollar to depreciate significantly, which might actually trigger the financial crisis or economic crisis at broader scale, impacting our regional or even global markets.

So, at that situation, to prevent the crisis from keeping escalating and to impact the broader areas of our global markets, we would like to argue that Taiwan should have adequate access to contingency funding, so that the government would have adequate resources to do necessary market operations whenever is needed.

PIKE: And Mark, if you could talk about, layered on top of that, we see the cyber vulnerabilities. I know some of those relate to what Ti-Chen said. Can you speak to those?

MONTGOMERY: So, thanks. Yes, I try to look at it in two different grab bags. The first is, the kind of purely cyber malicious activity. And there is a lot they can do that they've demonstrated across energy, communications, financial services. Those are kind of the big three. But there's others.

You know, there are transportation systems in Taiwan that are used for domestic movement and water systems, things that can impact the primary three that we were really looking at. So, and the idea there is you could either have pre-positioned malicious payloads and you think there about what the U.S. intelligence community calls the Volt Typhoon events, where we've already revealed, you know, we've decided to reveal something that we knew at a classified nature for some period of time, that China had installed malicious payloads in a number of our critical infrastructures, rail, aviation, financial services, energy in Guam, Hawaii, the West Coast.

Here's a spoiler alert. China has a map. They're probably in the Midwest and East Coast as well. But that same kind of mentality of payloads, we know, or we suspect, is going into Japan and Taiwan as well. So cyber payloads. But they could also just do cyber malicious activity that for something for which they had not done that proper operational preparation of the battlefield, which is what those payloads were, they could use malicious activity that just takes them down. So there's kind of a whole cyber malicious activity bag.

Then the second bag is the Information Operations bag, the, you know try to do malign influence operations that convince the Taiwan people, you know, to lose credibility in the government, and when it's joined by actual activities, financial or energy or communication activities that show the government underperforming, well, then you know that has added effect. You know, the worst information – or disinformation is the one that's based in a kernel of truth.

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You know, like your government can't provide for you. The United States is not a reliable ally. No one is coming to your – you know, to save you. If those are backed up by the appearance of those things being true, those kind of, those themes, and those themes are being broadcast, you know, on a daily, hourly, minutely basis in Taiwan every day right now by the Chinese intelligence services. So, if you take those two things together, cyber malicious activity, cyber malicious information operations, and run them persistently, against China, excuse me, against Taiwan, you're going to have a very vulnerable and fragile public resilience.

PIKE: And Craig, I'll turn to you for the energy risks, if you can speak to those vulnerabilities.

SINGLETON: Sure. Victoria Coates at the Heritage Foundation always reminds me that energy security is national security. She tells me – we talk about all the time, and I couldn't agree with her more. I thought that the banking and finance sector was very resilient for so much of the game play, and of course, under the most significant duress, there were going to be cracks in the system, but it felt like energy was the Achilles heel.

Taiwan is wholly dependent on the outside world for its energy needs. It makes the island highly vulnerable to disruption. They continue to have low stockpiling capabilities and storage capabilities. They continue to import large amounts of LNG from countries like Qatar that are ideologically aligned with Beijing and have made clear that they would side with China in the event of a Taiwan contingency; they're decommissioning their nuclear infrastructure.

And so it just became very clear at various points in the game, and I think particularly in some of the comments from the banking executives, well, if there's no power, I can't run servers in banks, like everything shuts down here. And so it felt like a loss of energy could result in a loss of power, and that was not only electricity, but potentially sovereignty.

PIKE: I was struck in doing research on this topic that 99 percent of Taiwan's LNG is imported.

SINGLETON: Frightening.

PIKE: Frightening. Yeah.

MONTGOMERY: I think you're hitting a good point there on this, on the LNG, what worries me the most is, I think, Qatar has all but – they're about as transactional a country as there is out there with all the negative implications that is, and the United States is trapped in a relationship with them that I think is inherently unhealthy.

And Qatar, I think, has made it clear that if China asks them to cut off these shipments, they're going to be cut off. This is one. This is an existential issue for Taiwan. LNG, that only comes when China is not extremely mad at you, is not reliable LNG for Taiwan. They need to get – they need to figure this out and, you know, they made a very questionable decision a decade ago to come off of nuclear power and shut down otherwise safe, reliable and still functional operating nuclear power plants, I think three of them and – and they've really put themselves in this corner, and they're gonna have to figure out to get out of it. And I don't think Qatar is a lifeline they should ever rely on.

PIKE: So, Ti-Chen, as to come back to you, I think you know, what's really unique about this exercise is all the expertise TABF brought on the financial side. So we've talked about the vulnerabilities, if we can now turn to kind of what we should do now, what Taiwan should do, what the U.S. should do, can you speak to the kind of key resilience measures that should be taken on the finance side, starting with Taiwan?

CHEN: Thank you, Lili. Further to my previous comments about major financial risk that might materialize in the context of warfare, we would like to propose that Taiwan should have the opportunity to join the IMF, International Monetary Fund, which, you know, it's actually multilateral foreign to facilitate the global collaborations on monetary policy.

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And second initiative we would like to propose is that Taiwan should sign a bilateral agreement on currency swaps with the U.S. to enhance its liquidity arrangement in crisis. For the IMF, I think the benefits of including Taiwan into the IMF network is not – it's beyond Taiwan's crisis management.

Actually, by including Taiwan into IMF, I think the IMF will have a better position to help the world to understand how the world economy is tightly connected with Taiwan, and how, you know, China's threat – Taiwan's [China's] malicious actions against Taiwan is actually self-defeating given the fact that Taiwan is so important globally in terms of technology, in terms of economies, and any threat to Taiwan is actually a threat to the world and where actually China's growth is driven from.

So as the geopolitical risks escalate around the world, IMF is a very important part of the global financial safety net. We believe the most important thing for IMF to actually to keep the geopolitical risk from developing into a global economic crisis, the first step is actually to include Taiwan into its network. And in terms of the bilateral agreement with the U.S. for the currency swap, I think it's both mutually beneficial for Taiwan and for a U.S. with the arrangement, it will actually decrease the need of Taiwan to sell off the U.S. assets in crisis and making sure the crisis will not spill over to other parts of the country especially those one with large portion of U.S. assets. So, it's good for Taiwan, good for the U.S., and even good for the other parts of the global market.

PIKE: Thank you. And I know that China has pushed back on U.S. efforts to support Taiwan's inclusion in the IMF. So that's an interesting topic we can get back to you. But one of the other measures that I found interesting in the report was this idea of de-risking and having Taiwanese companies return from China and de-risk in that way. And I think it's interesting, obviously, because it mirrors what we're seeing in the U.S. with business in China.

Craig, if you could talk about the counter argument there, which is that mutual dependency between Taiwan and China actually protects Taiwan. I know there, there's been a lot of discussion of the Silicon Shield and dependence on chips in Taiwan. So, if you could just kind of respond to that.

SINGLETON: No, I mean, I think there are real asymmetries in leverage there. And almost all of them favor Beijing. I'm not sure I would – I'm not sure I could believe that the imbalances that are so stark serve as a deterrent. I tend to think that in the case of Taiwan, they serve as a vulnerability.

I think you can make a really compelling case for why the United States would like to maintain certain leverage over key parts of China's economy. That weaponized interdependence construct, sort of what the Chinese typically employ against us. Is there a way for us to reverse engineer it?

And I think there's been some really tremendous research that's done in that space and where we strike the right balance there. But I think in the case of Taiwan, almost all the benefits are in Beijing's favor.

I thought it was really interesting because during the wargame, all of the banking and finance executives whose job is risk management were in some ways even more hawkish than some of the military or former military participants thinking about creative strategies where they could move capital out of China back to Taiwan.

Starting to think about what would happen if Taiwanese executives, particularly at banks were detained or arrested by Chinese authorities, which is certainly not outside the realm of possibility, and it's already occurring in other sectors.

And I already – I had a very strong sense that those banking and finance sector officials were almost light years ahead of some of the planning that's being done, even in the U.S. financial sector about the risks. And I think that was really heartening to see.

But ultimately, at the end of the day, and I always defer to them because they're the subject matter experts on what their risk exposure is, a lot of them felt that they could take some really reasonable steps in the short and long term to protect themselves without having some sort of a full decoupling.

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They didn't use the word decoupling or de-risking. I think they just – we just talked about risk management, which is frankly just a reality of today's geopolitical environment.

PIKE: So to go to the U.S. side of this equation, Mark and Ben, since you were involved with playing the U.S. side of the game, and constructing a game from that perspective as well. Ben, just to start with you, if you could talk about the key takeaways, you know, we talk a lot about military support from the U.S. to Taiwan, but what are the immediate steps that the U.S. should be taking to support Taiwan better on the economic and cyber fronts?

JENSEN: Sure. So, again, a consistent theme. A lot of us here play a lot of games. And we see them, and we see the utility of games as a way of modeling these types of hard defense and strategy issues. But most of the time, you find that you default, you over militarize the game inadvertently because it's the most responsive thing.

It's the thing that's easiest to exercise; it plans to be exercised; it doesn't push back that much, unfortunately, to be deployed. And so that means there's a tendency to reach for the military instrument. Even when it's the wrong treatment for the disease. It's the equivalent of putting suntan lotion on, you know, when you have bone that's already burnt to. Not going to help, too late.

And so the biggest takeaway for me was just how off our policy responses are because the type of detailed playbook that you would need to help your partners, whether it's Taiwan, Ukraine, any democracy on the front line, build resilience against authoritarian regimes who are trying to undermine the free flow of goods, ideas, and people globally requires an entirely different type of policy playbook than I think we currently have.

And Craig's approach to the game – and I'm going to use the word first, because you haven't said it yet, and I love it, is siege – really viewed this almost as a more medieval form of kind of state craft where it's the siege, but it's a siege where you're using modern connectivity has a weapon in and of itself.

And the only way to have the people survive inside the castle walls in that siege is if they can recreate different connections and survive the initial onslaught. And just to look at our current policy instruments, yeah, that could be avoiding liquidity traps. So currency swaps. It probably means provisions. One of the more interesting ones that came out was mirroring partner nation stock exchanges so if they're subject to massive cyberattacks, you can actually put them up in the cloud someplace else and continue trading. And it really comes back to this concept of risk.

Because if you allow clever people enough information, they're going to make bets about their level of certainty and their trade off. And more information becomes helpful in that to manage risk. And the only way to get there is to now create resilience and connectivity that allows you to survive the authoritarian onslaught.

Whether that's a cyberattack, whether that's a blockade in non-name only, so a quarantine. Or whether that's a continued series of strikes against a free nation like Ukraine or Israel, you have to be able to build policies that both allow the market to work with you, but allow this broader network of democracies to be able to, again, the exchange of goods, ideas, to allow people in society to make bets and price risk.

And I just don't feel comfortable that we have that right now in the United States. I think we can get there, and games like this are a good stepping stone, but it requires a fundamental rethink of how we even view policy options in a crisis.

PIKE: Just to pick up on the kind of web of democracies and how they can, you know, work with the U.S. on these issues, Mark, if you could speak to, you know, what you think Taiwan's allies beyond the U.S. could be doing to also kind of plug some of these vulnerabilities.

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MONTGOMERY: Yeah, thanks. And, first, I will pick up on one other thing on the U.S. side, which is that – and we've seen this, and a lot of us have seen this in a lot of wargaming, even kinetic wargaming. The U.S. decision making process is slightly slower than required to complete – to compete with an authoritarian regime like China or Russia we've seen in other places.

We tend to – and this is really amplified in the gray zone. Where we're trying our hardest not to escalate, where, you know, we're trapped in a provocation principle, as Brad Bowman, one of our senior fellows here says, you know, we have this real problem competing in the gray zone.

And that's where – when you said playbooks, it reminds me, we really do have to be able to be more agile and more quick in the gray zone, and I would say gently that if there's a problem with one democracy competing with authoritarian in the gray zone. The only thing worse is two democracies trying to get their act together and compete with the authoritarian in the gray zone.

But, you know, for allies, I think there was two areas where we saw a real opportunity for a partners or allies besides the United States to help. The first is in reshoring – shoring up Taiwan's resilience and there, Japan is clearly the country that can do the most.

Japan can help with finances; they can help with – they can really help with energy. Japan is a significant LNG importer, they have significant LNG stowage. They could become – there could be an agreement on an immediate opportunity to bring some of that over. And then in telecommunications, I think there's a series of countries that could probably help with that.

The second area, beyond reshoring the resilience of Taiwan, allies and partners can help and the cost imposition on China. And again, I have to be honest, we did not get too much cost imposition because China, you know, Craig, as President Xi, carefully played it so that we didn't bust redlines.

But if we begin to establish redlines that are a little bit lower, you know, and say, hey, you can't do this. We're going to need help. The European Union will have to come in hard on this. They'll have to be supportive.

You can't displace United States or Japanese efforts with European efforts, you know, if they can go to them like Russia has gone to India and China with its oil sales – you know, oil natural gas sales, it makes your sanctions less effective. So you're going to need the EU. You're going to need India. I think India will play China a little harder than they played Russia.

I mean, to their discredit, India has been soft on Russia throughout this Ukrainian – two years of the illegal invasion of Ukraine and – but I think on China, they're not going to show up with any kind of military tools, but they could show up with non-military sanctions, support, things like that. And then finally, the rest of Southeast Asia will have to have this moment where they decide what's the economic security partner choice I want. If it's the U.S. model, the western model of a free and open trading society where you're not addicted to dictated to like China does, is, I'm a big country, you're a small country. If they side correctly, then Indonesia, Malaysia, Singapore –I think Australia, in this case is a given –they'll come to, you know, they'll come to support this kind of cost imposition, but you're going to need your allies and partners in this. Of course, it starts with the United States, and it starts with the United States realizing that its redlines are too high to trip.

PIKE: And just to pick up on what Ben was saying about kind of the lack of preparedness right now and playbook in Washington since you ran this exercise, have you seen increased interest in talking about these concepts within the U.S. government, within the Taiwanese government? What was the reception to the exercise, beyond the players here on stage?

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MONTGOMERY: I'll pick up on one thought, which the U.S. government – it was a month ago, and there's some big things going on in the U.S. right now, politically, that I think probably distract people from thinking about this too much. But in Taiwan, before our game, this decision was made, but since our game, they've kind of publicly discussed it. They have a Task Force on societal resilience, which really is – a bunch of us in here worked on the Cyberspace Solarium Commission.

It's like the Solarium Commission, but add in disinformation to a much higher degree, and kind of just public attitude in a way that we probably didn't look at it. But they announced this, and what strikes me is really unusual, and Craig predicted this, I mean, it's being run by President Lai, so this is top down leadership, and when the president shows up, the vice president shows up, and all the cabinet members show up, and that kind of top down leadership and monthly or quarterly review of issues is what's going to be required to improve their resilience at the rate necessary for the challenge they're facing. So, I think Taiwan has got the message, but Lili, I'm not sure the United States has really digested this.

And frankly, we have a lot of number one priorities in domestic and foreign policy, which would explain why it hasn't quite gotten the attention. But we're hoping that reports like ours, and there's a lot, I think there's a lot of other people who support and write in the same manner that we do, that you know, in the next administration, this will become an issue no matter who wins the presidency to tackle.

PIKE: Just to turn to the future and think about these scenarios actually playing out in the real world. Craig, you said that some of these things, like the Long Walk scenario already happening in Taiwan. If you could talk about, kind of, we just had the election in Taiwan last year, and now we have a few more years until the next round of elections. How do you see these, kind of, coercion measures ramping up in the coming years? Which of the scenarios do you think is most likely to play out?

SINGLETON: I think when we were designing the games, we were very focused intently on pursuing – giving me as China, as much opportunity space as possible to operate at, like a sub threshold level. And it was very, very difficult, I thought, during the game, for the U.S. team to respond. I would say that very few of their actions forced me to rethink my strategic calculus at all.

Part of that, and I think Mark's alluded to that here, is we haven't actually articulated redlines on any of these things, so I was very keen to exploit that ambiguity. And what I thought was just my general understanding of our decision making process having been a part of it here, to really throw a lot of sand in the gears.

And I think is, as China reflects on what they're currently doing, they would sit back and say, well, if it ain't broke, why? What are we fixing here? There was so much talk after the election in January in Taiwan that yes, democracy had prevailed, and that this was a setback for Beijing. But I actually wrote in *Foreign Policy*, and I said, this is all wrong. Right after the election, the Chinese released a number of documents, including, until then classified speeches from Xi Jinping, where he articulated that this is exactly what we wanted.

We wanted to decrease popular support for the DPP. And I think as they look back and reflect on what they were able to do over the last pretty much since former House Speaker Nancy Pelosi's trip to Taiwan in that interim period. I think they would look back and they would say, we achieved our objectives. So how far can we push before we do hit some sort of resistance? And that's where I would assess that they're thinking already strategically about limiting President Lai to one term.

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And I think that what we can expect, frankly, is the Long Walk shifts into the second scenario, the Ghost in the Machine, in about a year and a half, two years, where we start to see efforts to intentionally destabilize parts of the banking and finance sector and the energy infrastructure and trade with the goal of undermining the current ruling party. And I think that that's where we're headed. And I think all the steps that we sort of articulated during the game now need to be put into place in preparation for what is almost certainly coming.

PIKE: Ti-Chen, I wanted to see if you had anything to add from the Taiwanese perspective about what you think would be kind of the likeliest scenarios in the coming years?

CHEN: Yeah, actually, I would like to share and reflect on what we have taken away from the TTX. I think the TTX is really unique for us in several ways. One is it's actually our first time, or Taiwan's first time, to include international partners in an exercise for the future scenario. And it actually helped us to see this scenario from fresh eye, especially from the China's perspective, what is their political calculus, what they will do, and what will be the impact on Taiwan.

And the other aspect I would like to add is the exercise actually helped us to understand what's the true meaning of the financial resilience. One is that actually, from China's political intention, actually they know that pushing for the unity agenda would be a long fight, so they have to do it practically. And financial markets would become easy and attractive targets in that sense.

So this exercise really helped us understand the pivotal roles of financial markets in the world fair, and it helped to understand actually to – how it's important to keep resilient financial markets by actually – to keep a close eye on the financial market, understand what would be the signals of the greater attacks, so that we can have the great position to make intervention, make responses, to keep the attacks from going further and impacts our economy.

Then the second meaning of the financial resilience is really to get access to the contingency funding whenever Taiwan is in crisis, experience the stressful situation. So that that is the value of the TTX that the TTX has provided to us. Thank you.

PIKE: And just to follow up on that, in kind of your interactions with the financial institutions in Taiwan, the banks and the companies you work with, do you see that they're actually taking these threats more and more seriously going forward?

CHEN: Yeah, sure – sure. Actually, our regulators and the financial institutions have, from time to time, doing stress tests. And after the TTX, after we have talked with lots of the regulators and financial institutions, they have been more aware of the importance of the financial warfare and the importance of the financial markets in – when the geopolitical risk escalate.

So in the future, we believe the stress test exercise will also include more scenarios that are related to the geopolitical risk.

PIKE: Ben, I wanted to ask you about – if you were to design another round of this game or the next round, would there be a – kind of a whole set of questions that came out of this exercise that you'd want to continue to pursue?

JENSEN: Well, I wouldn't let Craig play Xi Jinping again. That'd be first. It kind of rigs the game. It's like, you know, me playing basketball against LeBron James. It's just not really going to go well, in LeBron's favor.

No, I mean, I want to pick up, first, something that, you know, our – our colleagues from Taiwan are saying with a thought experiment. I want you to imagine for a second that, you know, George Kennan is sitting right here and he's a young diplomat thinking about strategic competition. How would he write that classified memo on political warfare in 2024? What would it look like?

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I think if you really start to think about it in that sense, you realize you can't talk about modern grand strategy without including financial markets, without including critical infrastructure, without including kind of more diffuse networks that connect the private and public sector, and – in meaning the chess board looks very different.

And I think if you start from that premise, that really opens your aperture to designing both what we've built here and then even follow-on games. And definitely, when I think of that kind of thought experiment to look to a follow-on game, here's what really emerges.

Number one, for sake of simplicity, we really had to zoom into U.S., Taiwan, China, lesser extent Japan and some of the partners. I think this has to be a global game because Xi Jinping's perspective isn't just across the Strait, it's actually global.

And he views this in some type of very twisted, egomaniacal way of – of unleashing this larger, greater empire. So take him seriously at that and play the game globally, play it where there is entire movements that can happen, because financial markets and critical infrastructure aren't confined to any one nation. So by definition, they have to be global.

Second, I think it's worth considering that despite our best efforts, authoritarian regimes are getting closer and closer, which means it can't just be a kind of democracies versus China game. It's going to have to take seriously that there's a transactional set of relationships across the autocrats around the world that can create very cascading series of effects that you have to take seriously.

So if we had to re-do this game, I would, A, want to definitely bring in our partners in Taiwan because of their expertise, but we'd probably need to find forums that allowed us to bring in voices from Africa, South America, and then start to bring in major energy conglomerates and go financial markets and broader critical infrastructure to see this modern form of political warfare.

Cause Craig's right – the highest form of strategy is to attack your adversary's plan. We had phenomenal people with military experience – I see Ike here – we had folks with phenomenal Treasury experience, and they were doing really sound strategy but it never could completely attack his plan, right? It never could cause him to recalculate the cost or benefit of holding Taiwan hostage.

And I think a second game would have to test that premise globally. What does the global siege of a series of autocracies look like? And how do we develop the – the combination of connectivity and resilience so that you can survive that siege and even prosper at the other end?

MONTGOMERY: If I could pick up but slightly more – I – I love what you said strategically. I'd probably be more pragmatic and say the next two need to really pick apart the energy and communications issues. They were there. They weren't at the same detail as the financial services because of the leadership of – of TABF.

But to me, this energy problem in – you know, I'll – I'll beat Qatar one more time and say this is not the – this is not the transactional partner Taiwan needs long term. But there are long – there are – are – there are – I think if we dug into energy, we'd – we'd find a lot of expensive problems and a lot of moderate to cheap solutions – a lot of expensive solutions and modern to cheap solutions.

Expensive solutions are, you know, restarting nuclear power plants. That's not cheap but it's a durable, long-term, green – green consideration that – that could help them. Building LNG stowage can – it can be expensive or it can be moderate by doing it at sea. You know, there's ones you can do slightly off shore that – that some of our other allies and partners have done.

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Figuring out who's shipping your LNG. Make sure they're companies that are easy to re-flag under U.S. flags. In other words, use Marshall Islands and some of the other ones who are 15, 20 percent of the world's LNG shipping. Make sure that we can repeat what we did in 1986 in the Straits of Hormuz crisis back then, where we rapidly re-flagged Kuwaiti tankers. I mean, there's system – things we can do like that in energy.

I would say in communications, there's the same thing. You know, a – I don't know that Starlink's a good answer for them. I'm not sure how Elon Musk and, you know – how a – an owner of Tesla would feel about Starlink stepping right into the breach when, you know, 14 of 18 submarine cables get severed, right, and they really need telecommunications support.

So I'd be talking with the U.S. government about being inside Starshield, which is the – the military's owned – owned Starlink net – the U.S. military's-owned Starlink network. Or be in the new Amazon network that's going up, you know, something like that. Make sure you have, you know, a – a cost-effective, viable, redundant solution to these things.

So I would dig into those two in the next wargame. And I – and I think I'd keep the financial services there – you've got to play all of these together, but maybe focus a little bit more on those.

SINGLETON: I would just add onto that briefly – I can't agree more with what Ben said. He really hit the nail on the head. The one thing that I was waiting for in the game that I was scared to death about was collective response. It was the one thing that I was waiting to hear from the U.S. side, particularly in the latter scenarios, and it just never got there. And I was petrified.

That was the only thing I'd written on my – I had like, my – called it my dictators playbook in front of me during the game, where I had, like, everything – all my fears and concerns, and I had to keep it covered up during the game.

And collective response and pushback – and China is, I think, adamant about concerns about an Asian NATO, and I don't think that that's the appropriate framing, but collective response, particularly in the economic realm was the one thing that I was petrified about.

And I think if you could build out that pillar by pulling in some of those partners, then – then you would really give me cause for concern.

PIKE: Well, it sounds like there'll be a lot of games in your future.

So I think that's a good point to end on for now. And I have more questions to ask but I wanted to give an opportunity to turn it over to the audience and take some questions, and then I can come back if – if we have more time.

Sure. I think we have a mic coming around if we could get started here?

QUESTION: Great.

PIKE: And if you could introduce yourself and – and just start from there?

MULLINAX: Sure. Thank you very much. My name is Jim Mullinax, I'm a diplomatic fellow at the Wilson Center, and I wanted to follow up on your last comment, Craig, if I could. There's been a lot of talk about how to boost Taiwan's resilience in the effect – or in the event of some type of coercive pressure from the mainland. What kinds of collective responses do you think are potentially valuable in a situation such as this? And – and who would be part of that collective? And why didn't these come up in the – in the situ- – in the scenario that you were describing?

SINGLETON: I think because they're still so nascent. You know, I – what I love about working in the China space is there's so much great work being done across the town about this issue.

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Victor Cha has, I think, done amazing work on understanding how China views weaponized interdependence. And we were just on a panel earlier this week where we were talking about Japan and South Korea and U.S. trilateral engagement, and this was a topic that sort of popped up, and everyone in the room was like, "Yes, of course, these three anchor alliances could all work together on these issues. Isn't this a natural place to start?" And then everyone starts to raise all the other frameworks like the Quad that are developing. Isn't eco- – responding to economic coercion something that you could pull in these partners?

And I think – I think what I started to realize in that conversation and I think just tracking other experts like Victor's research is sort of that there are these anchor alliances, I think I try to think of them as, that we're going to be able to lean on for all of the things, and we take that a little bit for granted. But we have to build out these agile alignments on all of these other issues. And the venn diagrams are not always going to overlap, and there are times where it doesn't make sense, actually, for the U.S. to be the face of some of those programs. But it does require those anchor alliance partners to put some skin in the game, and I think as they start to recognize and understand – and Ti-Chen, I think, referenced it really well – that there are second- and third-order effects to a lot of the things we saw happen in the game. You start to pique their interest and be, like, "Wait, I didn't understand that's where the energy flows come from. I didn't understand what my risk exposure is to certain financial instruments and financial decisions."

And at present, amidst all of these other competing global crises, it's understandable that perhaps – I mean, even here in the United States, we haven't done this yet – map out those linkages. And so you have to do the hard work, and it – it's brutal, looking at these supply chains and looking at these dependencies, and they're changing not yearly, but sometimes monthly. It's very hard to produce a report, to do research on this, I think, on a moving target.

But I get back to where in private, countries that aren't anchor alliances but could be potential, you know, agile alignment allies or whatever we want to call them, they – they want to be in this game because they know that there's a – a reverberation on them. And the question is whether we can build out some of that informal framework and those overlapping structures.

I – I think we have some good momentum to do that, and I think this administration has done just a phenomenal job in the Indo-Pacific sphere. We've mentioned other parts of the world that we have to start thinking about. I think you have to pull them into the conversation, and it just takes time, pressure, and as you know from government, someone's got to be in charge. Who is that person? Where does it sit in the interagency? I think we have to figure out some of those things, and we haven't quite figured it out yet.

MONTGOMERY: If I could jump in, two – two quick thoughts. One, it – it's only very recently that, like, our one anchor alliance there, to use Craig's terminology – Japan has been willing to say that an attack on Taiwan is an existential threat to them. And they still don't say it out loud; they just say it privately, you know, to our – to our national security leadership. I – I think they feel that way, but they're still – so even there, our most, you know, clear ally, it's only – and it only caused by Russia invading Ukraine. There was no compelling argument for the United States that made them feel this; it was, the Russian invasion of Ukraine laid bare the risk they have with an authoritarian.

I – I think the other thing we have to remember is that for a long period of time, we dropped Taiwan like a bad habit in 1979, and the Taiwan Relations Act is extremely transactional. All we do – all we did for 42 years was, "We'll sell you goods," you know, foreign military sales, and even then, you can say in a – in a very slow, un- – unhealthy rate. "And we'll sell you U.S. goods" – and by that, I mean, you know, foreign military sales; and number two, "We'll do our own planning," for which they were not invited for 40 years of that 42. And only during the Trump administration did we start to invite them into some that planning, and only until we passed the Taiwan Enhanced Resilience Act have we really started to, you know, engage with them.

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We – we've met with several Taiwan admirals who, in their 30-plus-year career in the Taiwan Navy, never operated with a U.S. ship. I mean, the Chinese Navy got – but the PLA Navy get – got better treatment from us over the last – over that intervening 40 years, much better treatment than the Taiwan Navy. Taiwan Air Force and Army, the same way. The only difference in that is because they were buying U.S. F-16s, Taiwan pilots not wearing Taiwan flags on their flight suits, could – could train in the United States.

The – the Biden administration has done a lot of good things. They still limit the maximum rank of a military officer to visit Taiwan to a two-star. That's insane. How do you plan for a war without having your INDOPACOM commander go there and meet with his counterparts? And you know, so there's all kinds of these weird iterations...

So 40 years of bad treatment followed by two to three years of inconsistent treatment – it's not surprising that we really don't have a good lay of the land. And it's hard for allies to figure out how to fit into that, allies and partners, when we were in – you know, in – in this way, not a – a good partner to the Taiwans, even though we were willing to let them buy our – our military tools.

ASDAL: Hi. Kirsten Asdal. I do China risk research for the private sector.

And Craig, I want to go back to your redlines comment, where you insinuate that we haven't set redlines for – against China. And redlines are kind of the ticket into this siege. You know, we – we don't get to play unless they break a redline, and then we have justification to, you know, do a response. But I'm not sure that's true. I – I want to get your thoughts more on that because I think there could be plenty of justifications for response before a – you know, a clear new redline that we have to set. There's – there's stuff in the economic bilateral relationship that we've said they have to do and they haven't done for 25 years. We could use something from the Taiwan Relations Act. It's vague – we could use, you know, its vagaries to our benefit to say anything that is – that – that any effort towards non-peaceful reunification is of grave concern or whatever. Say, you know, all this stuff is nonpeaceful, and all of a sudden, we're going to do, you know, some kind of Soleimani-style reaction and – and – and all of a sudden the – you know, does that make you nervous? How do we get in the fight with – with this redline-type of paradigm?

SINGLETON: I think so much of what's missing today in our strategic thinking is a lack of political will, and I think you just have to look at our nonresponse to China's support for Russia's illegal invasion of Ukraine to understand that supposed redlines have been crossed left, right and center for the last 18 months with no cost imposition whatsoever on the Chinese. We're not making major sanctions designations against the Chinese. We told them no military support. Well, when you say "no military support," does that cover dual use? Because Reuters last week reported that Russia's operating drone factories in China. Well, those drones are being used on the battlefield against Ukrainian soldiers. Is that war support?

We have been – we have been inarticulate in describing publicly what those actual redlines are. And I think in the absence of being clear and being public, the Chinese have exploited that opacity for their own strategic ends.

One thing that was very clear, and we have some amazing colleagues here at FDD who follow Iran, is how fearful Chinese banks were to being sanctioned during the Trump administration in response to Iranian oil purchases and transfers. And you saw massive declines in Chinese purchases of Iranian oil because there was a true fear in the Chinese banking system.

And Chinese banking system required connectivity to the world that the U.S. was going to go after them. That was predicated upon political will from a President who at times felt unpredictable. But people were scared of that guy. You don't get that sense now. And I wonder whether we have to consistently and repeatedly hamstring ourselves by allowing the Chinese to go right up to the line and cross the line, get sort of, to use a baseball analogy, to get that chalk right on their cleats.

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And yet we sort of say, "I don't know." I think the compete and coexist paradigm that this administration put forward is inherently flawed and that competition is a means, not an end. And so, if we don't articulate what our end state is, and Brad Bowman and I talk about this all the time, because we're in agreement, having talked about ends and means, is that we don't actually have a strategy. We haven't articulated publicly and privately what these redlines are.

And if we have articulated them privately, it's very clear through China's actions that they are disregarding those warnings because there's a lack of political resolve here. And I do think that if we're going to think about a Taiwan contingency, we just need to look at what's happened in the Middle East context, the Russia context, to understand that, frankly, I would say our adversaries in Beijing in particular don't see a lot of resolve here.

HARRIS: Ike Harris. So, I was a member of the blue team on this event, and I would just like to take issue with Chairman Singleton's besmirching the reputation of President May.

SINGLETON: I do like Chairman better than President because there's just no such thing as a President in China. But yes.

HARRIS: That's fair. So, one piece of context, and kind of double down on what Ben was saying, I think the problem for the U.S. side was that the things that we would put in place, the multilateral actions, some of the other government actions that we talked about, would all require a substantial amount of interagency coordination or diplomatic coordination.

So, we were constantly reactive because even to think about some of these things, months of timeframe to get them in place. So, the only action we really had that we could unilaterally use was the military sort of a show of force. There was also an aspect to this we discussed about whether or not this was a prelude to an invasion. So, it kind of in prudence meant that we had to at least prepare as if it was.

So, there was a military aspect to that as well. But I think all the points are right. Like, we just could not get ahead of the Chinese side to put them on the defensive, because everything we were going to do was going to take a substantial amount of coordination, either inside the government or internationally.

SINGLETON: No, I think – Sorry, I just wanted to add one quick thing, And then I'm really keen to get Mark's views. There's a real debate in Congress right now about whether they should pass legislation. And I think, to your point, if certain behaviors happen, there would be automatic trip wires against major Chinese financial institutions, even PBoC [People's Bank of China]. Like, what would happen if these things happen and sort of automatic triggers.

And I think members of Congress are right in this case to outflank the executive branch and create this structure that forces a response. And I think it shouldn't. Foreign policy I don't think should be driven from the Hill in that way. But I think on this particular issue, just introducing those bills and seeing more and more D and R cosponsors suggests and signals to me as Beijing that maybe they would be serious about this.

And you wonder how intense my provocations have to be such that Congress actually takes that bill and runs with it in the next Congress. And what would that mean? And I think that type of a move would be both symbolic and very substantive.

MONTGOMERY: You know, I do have empathy for you, Ike, having watched the blue team try to play this. What I would say is, I mean, this is why we did the tabletop exercise. At FDD, we fashion ourselves as an action or a do tank, not a think tank. The whole idea is you've got to come out of this wargame and say, what actions do we need to take now ahead of the event so that we can prevent things, mitigate them, or recover from them?

And there are a lot of things we can do out there, and you need to put them across the spectrum of each of these sectors, across your alliance, U.S. only, Taiwan only, or Alliance, including Japan and others. And you have to look at short term and long term, which ones can I get done immediately? Which ones I can't? And then begin to prioritize and tackle those action items.



Targeting Taiwan: Beijing's Playbook for Economic and Cyber Warfare

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*Featuring Ti-Chen Chen, Benjamin Jensen, RADM (Ret.) Mark Montgomery, and
Craig Singleton*

Moderated by Lili Pike

Introductory remarks by Clifford D. May

And I mentioned earlier in energy that there are things you could do quickly and like restarting nuclear power plants. I'd put that in the five to seven year kind of bin. So, that's our job now. That's the job of – of all the people in the D.C., kind of, national security environment is to make the decision making for the executive branch easier and when the least desirable ways, as Craig averred to, is to pass law. But eventually, we had to do that.

We had to pass the Taiwan Enhanced Resilience Act, because for 15 years, Congress passed a – it's a sense of Congress that we should do naval exercises with Taiwan. And through four administrations on an intensely bipartisan level, the Department of Defense blew off that recommendation. They were then ordered to do it. And six months later, we started the first of what have now been five or six bilateral naval exercises.

It is not the most effective way to govern national security from Congress, but sometimes it's the only one to kind of lift you out of lethargy or fear, whatever you're operating in as an administration that causes you to not do the right thing ahead of time. So, hopefully, we have a good list of action items here. I know Taiwan financial services has them.

We, you know, we in the United States government need to take these on, and the next administration needs to really tackle some of these things early on to send a strong deterrent signal to China that we take this version of a crisis as seriously as we do the military one where you see us buying, you know, a metric butt-ton of munitions that get directly at China, mostly because we learned from Ukraine that we don't have the right munitions.

PIKE: Well, I think that's a good point to end on. Taking my time-keeping responsibilities very seriously here. But I wanted to thank all the participants, the panelists, and thank you all for tuning in today online, here in person. I encourage all of you to read this report. There's a lot of detail that we didn't get into here today, so I think you'll be able to find that outside.

And then if you want the short and brief version, you can find our coverage of the report on foreignpolicy.com. So, thank you all again. That ends our session and round of applause for the panelists.

(APPLAUSE)

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