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CHINA INSIDER

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CAN
BEIJING
BE HELD
LEGALLY RESPONSIBLE
FOR CAUSING THE GLOBAL PANDEMIC?

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A nurse is operating an equipment in an intensive care unit treating COVID-19 patients at a hospital in Wuhan, China, on Feb. 22, 2020.

INTERNATIONAL LAW

Beijing Could Be Held Legally Responsible for Mishandling CCP Virus Outbreak, Experts Say

JANITA KAN

Months before the CCP virus developed into a global pandemic, Wuhan doctors tried signaling their concerns about a mysterious pneumonia caused by a SARS-like virus. Instead of allowing the warnings to flow to the public, Chinese authorities censored the information and reprimanded the doctors for “spreading rumors.” As more information about the virus emerged, the Chinese Communist Party (CCP) failed to share it with the rest of the world and instead downplayed its severity. It withheld information, censored reports, and made false misrepresentations to the Chinese people and the international community. When the regime finally placed its first containment measure on Jan. 23 by locking down the virus epicenter Wuhan, it was already too late. The virus had already spread across the country and would eventually spread to 185 nations and territories globally. One study, currently in pre-print from researchers at the University of Southampton in the UK, found that if Chinese authorities had acted three weeks earlier, the number of cases could have been reduced by 95 percent. The CCP’s suppression of information and mismanagement during the early stages of the deadly outbreak, which has resulted in sweeping human and economic devastation worldwide, is now raising questions about whether the regime can be held legally accountable for the virus’s spread around the world. Some legal experts believe so. James Kraska, chair and Charles H. Stockton Profes-

sor of international maritime law in the Stockton Center for International Law at the U.S. Naval War College, said he believes the Chinese regime will have to bear responsibility for violating its duty under international law. Under the law of state responsibility, he said, if a country has a legal duty to either do something but fails to do so, then it can be held legally responsible. “The People’s Republic of China is a treaty party to the International Health Regulations ... which almost every country in the world is a party to,” Kraska told The Epoch Times. “And that treaty requires states to be very forthright or forthcoming, to expeditiously share

information on a broad category of diseases, including new influenza-like illnesses, such as the coronavirus.” “This is a legal duty that states freely have entered into, and China like all states that are a party ... have agreed to do that,” he added. “But it appears in this case, China did not fulfill its duty.” The purpose of the International Health Regulations is to “to prevent, protect against, control and provide a public health response to the international spread of disease in ways that are commensurate with and restricted to public health risks, and which avoid unnecessary interference with international traffic and trade.” The revised 2005 version is an

agreement between 196 countries, requiring parties to notify the World Health Organization (WHO) “of all events which may constitute a public health emergency of international concern within its territory.” It also requires parties to continue to inform WHO of “timely, accurate and sufficiently detailed public health information available to it on the notified event,” including information such as laboratory results, source and type of the risk, number of cases and deaths, and conditions affecting the spread of the disease and the health measures employed. **Withholding Information** Between mid-December and

mid-January, the Chinese regime displayed a pattern of behavior of withholding information and making misrepresentations about the severity of the disease. Kraska said the delays to provide information to the World Health Organization (WHO) and false statements could be legally actionable under the law of state responsibility. Chinese authorities started noticing a cluster of pneumonia cases with an unknown cause on Dec. 21, according to the Chinese Center for Disease Control and Prevention. The Chinese regime reported the unidentified infectious disease to the WHO on Dec. 31. There was evidence that showed a Chinese lab had



A health worker handles a coronavirus swab test at a drive-thru testing center for COVID-19 at Lehman College in the Bronx, New York, on March 28, 2020.

already mapped out most of the virus’ genome—a critical step for containing the outbreak and developing a vaccine—on Dec. 27. The findings were subsequently reported to Chinese officials and the state-affiliated Chinese Academy of Medical Sciences. A government-run laboratory also mapped the genome on Jan. 2, but this information was not made public and shared with the world until about a week later. It also took the CCP about three weeks after informing the WHO about the virus to acknowledge that the virus could be spread from person to person. The Wuhan Municipal Health Commission falsely stated on Dec. 31 that there was no evidence of human-to-human transmission and that the disease was “preventable and controllable.” The narrative continued until Jan. 20, when the top Chinese epidemiologist, Zhong Nanshan, acknowledged that over a dozen health workers had contracted the virus at the frontline. A study published in the New England Journal of Medicine in late January found that “there is evidence that human-to-human transmission has occurred among close contacts since the middle of December 2019.” WHO repeated the Chinese misrepresentations in its public statements, but added on Jan. 14 the disease could be contagious among family members. Similarly, the Chinese regime also failed to expeditiously inform the WHO that health workers were also contracting the virus, information that would have been crucial to share in order to understand hospital transmission and risk to healthcare workers. The regime only announced the number of infections among healthcare workers during a Feb. 14 press conference hosted by the State Council Information Office. A senior Chinese health official said 1,716 health workers had contracted the virus and that six of them had died. There was also evidence that the Chinese regime was preventing labs from sharing information about the virus. Hubei’s Provincial Health Commission ordered a lab to stop testing, not publish information related to the virus, and to destroy existing samples on Jan. 1, according to Chinese financial magazine Caixin. The Chinese regime was also not responsive to international requests to learn about the virus and the outbreak. U.S. Health and Human Services Secretary Alex Azar previously said the United States had been trying to send a group of experts to understand the outbreak’s transmission and severity since Jan. 6. However, the United States’ repeated offers were left unanswered for a month. The Chinese regime eventually agreed to allow the WHO to send a group of international experts to study the virus in late January. This came after the WHO’s director-general Tedros Adhanom Ghebreyesus returned from a visit from China full of praise for its leader Xi Jinping and the regime’s response efforts. Meanwhile, the regime silenced individuals from raising the alarm about the burgeoning outbreak. When multiple Wuhan doctors attempted to warn their colleagues and the public about a “pneumonia with an unknown cause,” later known to be the CCP virus, authorities attempted to silence them and reprimanded them for “rumor-mongering.” The most notable of them was Dr. Li Wenliang, an ophthalmologist who ultimately succumbed to the disease after contracting it from a patient he was treating. Kraska noted, however, that the CCP’s failure to inform the international community about the virus should be distinguished from the misinfor-

mation of the Chinese regime to its citizens, which is a moral failure and cannot be actioned under international law. “It’s part of what autocracies do because they very much fear open society and open information,” he said. David Matas, a Canada-based lawyer who previously served as a member of the Canada delegation to the United Nations General Assembly, expressed a similar view to Kraska, saying that the regime could be in violation of the Biological Weapons Conventions, to which it is a party. Matas, who was also a member of the Canada delegation to the United Nations Conference on an International Criminal Court, told The Epoch Times that the convention does not only talk about weapons but also biological agents. Countries party to the convention are obligated not to retain biological agents other than for peaceful purposes, he said. “I would say that this coverup and repression is a form of retention of the virus, which is a biological agent. And so it’s a violation of the convention, at least in my view,” Matas said, adding that he believes repressing information about the virus is not a “peaceful purpose” under the convention. In order to enforce the convention, a party state such as the United States could then make a complaint to the U.N. Security Council, Matas said. The security council is then supposed to investigate the claims and produce a report based on the investigation. He added that if the security council finds Beijing responsible, it could trigger remedies. The United States, for example, could then use the report as a basis to designate China as a “state sponsor of terrorism” under the Foreign Sovereign Immunities Act (FSICA). This would then allow people in the United States to sue the regime for the harm caused, without facing the hurdle of sovereign immunity, a legal rule that insulates countries from being sued in other countries’ courts. Currently, Iran, North Korea, Sudan, and Syria have been designated as state sponsors of terrorism. **Turning to US Courts** Some in the United States have already turned to domestic courts as a way to pressure the regime to provide a thorough account of its actions, and seek remedies for the injury and distress caused by the pandemic. There were over 116,000 confirmed cases in the United States on Saturday evening, according to data compiled by Johns Hopkins University. Meanwhile, many states have already put in place containment measures such as shutting down non-essential services and schools and ordering people to stay at home. Some businesses including grocery stores and restaurants have also voluntarily closed. Florida’s The Berman Law Group, in partnership with Washington’s Lucas Compton, filed a class-action lawsuit against the Chinese regime on March 12, alleging that Beijing’s initial coverup resulted in the worldwide pandemic. The lawsuit alleges that the CCP “knew that COVID-19 was dangerous and capable of causing a pandemic, yet slowly acted, proverbially put their head in the sand, and/or covered it up for their own economic self-interest.” “China has failed miserably to contain a virus that they knew about as early as middle of December,” Jeremy Alters, the chief strategist and non-attorney spokesperson of the lawsuit from Berman Law Group, told The Epoch Times. “In failing to contain that virus, they have unleashed a pandemic on the world, which, in very large part, could have been contained if they would



The logo outside a building of the World Health Organization during an executive board meeting on update on the coronavirus outbreak, in Geneva on Feb. 6, 2020.

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Sen. Josh Hawley (R-Mo.)

COURTESY OF LI WENLIANG



Li Wenliang.

have told the world health providers, people dealing with the issue, people who could help about it as early as early January.” One barrier to the lawsuit is the doctrine of sovereign immunity, which states that a country is immune from civil suits or criminal prosecution in the court of another country. There are, however, exceptions set forth under the FSICA, which allows private individuals in the United States to sue a foreign country for its actions in certain situations. Alters said U.S. lawsuits suing foreign countries have happened before, including ones against Libya, Sudan, Cuba, and even China. He said the two exceptions of the FSICA their suit will rely on are the “commercial activity” and “terrorism” exemptions. “We are going to fight to make China pay and there is nothing that is going to stand in our way of doing that,” Alters said. “This is the American way. This is what we do. When someone has wronged you, you can go to court to recover. When a country has wronged you in such a massive way, you should have the right to do the very same thing.” George Sorial, a partner of Lucas Compton, added that the lawsuit is unifying people in the country under a special cause. “What we’re doing on behalf of people in the United States that has been hurt,” Sorial said. “We’re all aligned together and this is a bipartisan effort.” The two firms said they have received over 10,000 inquiries from people in the United States as well as from around the world about their class action. They say that some foreign nationals are asking to be part of the suit, while lawyers and law firms around the world are asking whether they can launch similar lawsuits against the CCP in their own countries. **Enforcement Under International Law** If there is a finding that the regime had breached an international convention or failed to fulfill its obligation under the law of state responsibility, countries could then pursue a range of remedies or countermeasures. Under Article 31 of the Articles of State Responsibility, “the responsible State is under an obligation to make full reparation for the injury caused by the internationally wrongful act.” There are many forms of reparations for injury under the articles including restitution, compensation, and interest. Kraska believes the Chinese regime is unlikely to make

reparations in accordance with the article, but injured countries could try to litigate their dispute with Beijing before the International Court of Justice or other international tribunals such as in the Permanent Court of Arbitration at the Hague. However, the regime cannot be compelled to participate in the cases due to the principles of state sovereignty, he noted. But this does not mean countries do not have avenues to seek remedy from China, Kraska said. Countries could still avail themselves by using legal countermeasures against the regime. This means that countries can suspend their own legal obligations they owe to the CCP as a way to induce the regime to fulfill its obligations. “So that means it’s not just doing acts that are undiplomatic or that are unwelcome. It’s actually suspending international law, meaning that the injured state can do things that are normally unlawful, such as violating the sovereignty of the state causing the damage,” Kraska said. However, one exception is using force against the country, he said. Some of the countermeasures the United States could use against the regime include stopping payments to Chinese bondholders or suspending legal obligations under The World Trade Organization that could impact China. The United States could also choose to close its markets to China and undermine the regime’s vast internet firewall to provide uncensored information to the Chinese people. Kraska said the list of potential countermeasures is limitless. Domestically, lawmakers have started voicing their concerns over Beijing’s mishandling of the virus in the early stages. Rep. Jim Banks (R-Ind.) recently introduced a bipartisan House resolution, HR 907, to condemn the CCP for intentionally downplaying the outbreak through censorship and disinformation. Meanwhile, Sen. Josh Hawley (R-Mo) and Rep. Elise Stefanik (R-N.Y.) are also calling for an international investigation into how CCP’s initial handling of the virus may have endangered the United States and the rest of the world. “It is time for an international investigation into the role their coverup played in the spread of this devastating pandemic,” Hawley said, in a joint press release with Stefanik. “The CCP must be held to account for what the world is now suffering.” *Eva Fu contributed to this report.*

JOHANNES EISELE/AFP VIA GETTY IMAGES



A man uses his cellphone at Times Square in New York on March 5, 2020.

PROPAGANDA

BOWEN XIAO

Social media platforms are major tools being utilized by the Chinese Communist Party (CCP) as part of its global disinformation campaign that aims to manipulate the narrative surrounding the pandemic in their favor. Countless articles and op-eds—often peddling false conspiracy theories about the CCP virus or pushing blame onto the United States—are being posted through Facebook and Twitter by China’s state-run media accounts. At the same time, a considerable number of Chinese diplomats are actively pushing state-sanctioned narratives on their own social media accounts. In recent days, state-run media outlets have been pushing the hashtags “Trump Pandemic” and “Trump Virus” on social media—and some in the United States are following along. The propaganda push has sparked concern from U.S. lawmakers on both sides of the aisle. They say such a campaign is not only dishonest, but dangerous. The Epoch Times reached out to spokespersons at Twitter and Facebook but didn’t receive a response about whether the companies were aware of the disinformation campaign, how they were countering it,

China clearly sees itself in a long-term struggle for political influence that predates the coronavirus pandemic, and will continue long after it is resolved.

Walter Lohman, director, The Heritage Foundation’s Asian Studies Center

or if they had plans to. Walter Lohman, director of The Heritage Foundation’s Asian Studies Center, said the United States should be skeptical of any information or numbers coming from the CCP because the data are “highly sensitive politically, which makes them unreliable.” “China clearly sees itself in a long-term struggle for political influence that predates the coronavirus pandemic, and will continue long after it is resolved,” Lohman told The Epoch Times. The disinformation push—which has increasingly targeted the United States—is a common tactic used by the CCP as part of its wider global strategy. CCP bots have also been swarming Twitter to defend the communist regime, attack the United States, and parrot these propaganda narratives. Chinese foreign ministry spokesman Zhao Lijian has been one of the more active voices spreading disinformation on Twitter and was one of the first to claim the virus came from the United States. Zhao has more than 500,000 followers on Twitter. Many of his conspiracy posts are still up online. Ray Walsh, a digital privacy expert at ProPrivacy, told The Epoch Times, “There is no doubt that the Chinese government understands that social media provides an extremely power-

ful potential for spreading disinformation. “This viral potential for the dissemination of disinformation is what makes social media such a useful tool for spreading fake news and causing discord and confusion.” Walsh said the CCP is also likely attempting “to convince its own people”—not just other countries—by attempting to seed the conspiracy that the virus came from the United States. People in China don’t have access to these social media platforms and are fed a constant stream of propaganda by the communist regime there. Although the narratives pushed by China can change quickly, the goals are the same: to deflect responsibility over their botched handling of the CCP virus and to portray an image that they have successfully contained the outbreak. Lawmakers are calling on Twitter to ban CCP officials from the social media platform, and a group of senators are calling for the creation of a new task force to directly counter the propaganda. “It is not very surprising, although the brazenness is,” Lohman said, referring to the disinformation. “China has long had a political warfare task, pursued against Taiwan, Tibetans, Uyghurs, Falun Gong, and other perceived enemies of the Chinese state.” There are a number of potential reasons why the United States has been the main target of China’s propaganda. Other Western countries, such as Italy, have recently also been targeted by state-run media, but to a lesser extent. The United States is seen by China as its foremost competitor, Lohman said. China is also “likely to be engaging in what it perceives as tit-for-tat behavior” in its trade war with the United States, which has “attacked a key pillar of CCP legitimacy.” Another reason is that Trump has repeatedly referred to China as the source of the CCP virus, which emerged in Wuhan in December 2019, and Beijing is intent on avoiding being held responsible, he said. In recent weeks, the CCP has claimed no new cases of the virus. It’s also alleging that China now faces a bigger threat—infections imported from overseas. A series of internal government

documents obtained by The Epoch Times, however, shows the situation in the city of Wuhan is much worse than what has been officially reported. Chinese citizens also describe a different reality on the ground. It is difficult to ascertain the reality of the situation in China, Lohman said. “In a nation the size of China, with 1.3 billion people, it is hard to imagine that coronavirus has been eradicated and that all new cases are being imported,” he said. “It is an open question, for example, whether coronavirus may be in the Chinese prison and labor camp system, since those are not open to outside inspection,” Lohman said. “Similarly, it is unknown, but difficult to give credence to, the idea that in the entire 2-million-person Chinese military, there have been no cases of coronavirus.”

Combating Propaganda Sen. Ben Sasse (R-Neb.) and Rep. Mike Gallagher (R-Wis.) wrote in a March 20 letter to Twitter CEO Jack Dorsey that Chinese officials should be banned from the platform. “By banning Twitter in China, the Chinese Communist Party is keeping its citizens in the dark. By putting propaganda on Twitter, the Chinese Communist Party is lying to the rest of the world,” the lawmakers wrote. They said the propaganda that obfuscates the CCP virus’s origin “potentially undermines efforts to contain and control the outbreak” and that “this behavior more than warrants their removal from the platform.” On March 25, Sen. Josh Hawley (R-Mo.) introduced a resolution calling for an international investigation into the regime’s initial coverup of the CCP virus. The resolution also calls on China to pay back “all nations impacted because China lied about the spread of the virus.” Meanwhile, a bipartisan resolution introduced by Rep. Jim Banks (R-Ind.) on March 24 seeks to condemn the Chinese regime for intentionally downplaying the CCP virus outbreak. The resolution is co-led by Rep. Seth Moulton (D-Mass.) and has more than 35 co-sponsors.

Eva Fu contributed to this report.



CATHERINE LAU/AFP VIA GETTY IMAGES

CCP VIRUS

Using the Name ‘CCP Virus’ Holds Chinese Regime Responsible for Global Crisis, Expert Says

CATHY HE

The virus that has caused the current pandemic should be called the “CCP virus,” as it distinctly draws attention to the entity responsible for the virus’s spread, a China expert said. “It’s clearly not because of China or the Chinese people that we’re dealing with a global pandemic,” said Robert Spalding, former senior director for strategy at the White House National Security Council and author of “Stealth War: How China Took Over While America’s Elite Slept,” in an interview with The Epoch Times. “It’s because of the Chinese Communist Party (CCP).” The Epoch Times refers to the novel coronavirus as the CCP virus because the Chinese Communist Party’s cover-up and mismanagement allowed the virus to spread throughout China and create a global pandemic. Spalding said it’s important to distinguish between the Chinese regime and Chinese people, and cast light on the fact that the “regime’s secrecy and control is the reason that we are dealing with a pandemic today, which has caused trillions of dollars in economic destruction across the globe.” Recently, U.S. President Donald Trump and administration officials have drawn criticism for labeling the virus “Chinese virus” or “Wuhan virus,” a reference to the central Chinese city where the outbreak originated last December. The Chinese regime and some U.S. politicians have denounced the word choice, saying it was racist and stigmatized the Chinese people and Wuhan. The best way to avoid such accusations is to brand it the CCP virus, Spalding said. He said that for decades, the Chinese regime has pushed the idea that “any criticism of the regime is a criticism of China and the Chinese people,” in order to stir up nationalism among Chinese citizens and insulate itself from outside criticism. In this case, the regime wants to make sure that any criticism of the CCP’s initial mishandling of the outbreak “gets levied on the Chinese people, so that they can say, ‘Americans really hate China and the Chinese people,’ or that this is all about just racism,” Spalding said. Similarly, The Epoch Times’ editorial pointed out that the name “CCP virus” is needed “to distinguish the victims from the victimizer.” “The people of Wuhan and of China



Retired Air Force Brig. Gen. Robert Spalding in Washington on Sept. 27, 2019.

are the victims of the CCP’s arrogance and incompetence, expressed in this viral pandemic,” it stated. Josh Rogin, a national security columnist for The Washington Post, made a similar case in a March 19 op-ed titled “Don’t blame ‘China’ for the coronavirus—blame the Chinese Communist Party.” “Our beef is not with the Chinese people; our problem is with the CCP—its internal repression, its external aggression, and its malign influence in free and open societies,” Rogin wrote. **Countering CCP Propaganda** Since the CCP virus’s global spread, the Chinese regime has deployed an aggressive global propaganda campaign to deflect attention from its initial coverup of the outbreak. It has attempted to shift the narrative by suggesting that the virus may have originated from overseas, such as the United States, and by portraying itself as a leader in global efforts to contain the pandemic. Spalding said the U.S. government and the West need to actively counter such propaganda by refuting and calling it out within 24 to 48 hours. This, he noted, was the policy that Taiwan authorities adopted to combat disinformation from the Chinese regime ahead of its presidential election in January. “If there’s no response from the other side, then they [the CCP] can control

It’s clearly not because of China or the Chinese people that we’re dealing with a global pandemic. It’s because of the Chinese Communist Party.

Robert Spalding, former senior director for strategy, White House National Security Council

the narrative,” he said. Therefore, it’s important for the United States to “come out very quickly and very hard to denounce that kind of rhetoric,” Spalding said. He added that Western media also ought to familiarize itself with the nature of the CCP to avoid unintentionally parroting its propaganda. “They need to become more educated about what the Communist Party is and how they go about doing things,” Spalding said. He pointed to a recent example, of comments made by Chinese Ambassador to the United States Cui Tiankai opposing the promotion of conspiracy theories that the CCP virus originated from the United States. Cui’s statement, which conflicts with recent claims by Chinese foreign ministry spokesman Zhao Lijian that the virus was brought to Wuhan by the U.S. Army, led to a Bloomberg media report which postulated that the differing views represented an “internal split in Beijing” over how to handle relations with Trump. Spalding said the media don’t understand that “no Chinese politicians, no Chinese ambassadors, no Chinese official that’s under the thumb of the Chinese Communist Party will say anything other than what the Party sanctions them to say.” “They don’t realize that this is actually part of their whole [propaganda] campaign,” Spalding said.

Grassroots Effort A recent appeal submitted to the White House petition website also urged for the novel coronavirus to be called the CCP virus “to accurately reflect its origin.” “It’s the totalitarian nature and callous dishonesty of the Chinese Communist Party that has brought about this public health catastrophe,” the petition stated. It has garnered more than 20,000 signatures in five days. The website requires that the petition garner 100,000 signatures by April 10 to receive a response from the White House. Daniel Lou, a Chinese American businessman and volunteer fundraiser for Trump’s reelection campaign, signed the petition. He did this because “it’s important to pinpoint the root cause of what happened,” Lou told The Epoch Times. If U.S. officials and media outlets start using the term, then it would indicate a rejection of CCP narratives surrounding the virus, Lou said.

HECTOR RETAMAL/AFP VIA GETTY IMAGES



Medical staff members arrive with a patient at the Wuhan Red Cross Hospital in Wuhan, China, on Jan. 25, 2020.



A worker rebuilds a cellular tower with 5G equipment for the Verizon network in Orem, Utah, on Nov. 26, 2019.

OPINION

Facing Down China’s Technology Challenge

STEPHEN BRYEN & MICHAEL LEDEEN

Today we increasingly face a situation not much different from what we faced when the now-defunct Soviet Union went on a massive military buildup. The Soviets stole technology just as China is doing, but they were stopped by restrictions on their own people and by U.S. export controls that denied them access to what they wanted. While the Soviets tried cyberspionage, in the 1980s there was far less information in computer network pipelines. China has a huge technology infrastructure in place today and might well find a way to beat us in war in the not too distant future.

The United States’ objective should be to regain the lead in technology, protect that technology from Chinese avarice, and convince China that their military programs will not be capable of overcoming American power.

It would be nice to be able to say that the United States is prepared and organized to handle the challenge. It isn’t. While we spend more than any country in the world on arms and military technology, we continue to lose ground because it is the Chinese who are prepared and organized to exploit myriad opportunities to grab everything we have. The U.S. defense budget supports China as much as it supports our defense needs.

Some will say that China isn’t a threat, that it is a good trading partner, and that we should make deals with the Chinese behemoth. But what kind of deals? Acquiesce in the suppression of democracy in Hong Kong; allow China to take over Taiwan, a functioning and impressive democratic country, by force? Allow China to control all the waterways and airspace around allies including Japan and Korea? Agree that the United States will pull its air, naval and land forces back to Hawaii or even to the American mainland?

Vulnerability

America’s military, its command and control components, and virtually every desktop computer and computer network from the Pentagon on out to every soldier, sailor, and airman, and every researcher working on sensitive defense projects, uses a Chinese computer, or Chinese networking elements, even products that have American names but Chinese guts. And it isn’t just computers: China already controls global production of cellphones and will soon have in place 5G networks among our allies, giving them unprecedented access to information and the know-how to neutralize their adversaries.

Just ask the Brits, who hear about the Chinese 5G networks all the time.

In the past, the Pentagon tried to protect itself by understanding the technology it needed to control and protect. Understanding those elements was made possible by the

Military Critical Technology List, a compendium of the most important technologies put together by leading experts, mainly volunteers from defense companies, and by DOD scientists and engineers.

The list, known as the MCTL, formed the knowledge backbone, but was systematically destroyed mainly during the Obama administration, where funds to do the work (only around \$5 million a year) were severely reduced (to around \$1.5 million) and DOD workers were told not to keep the list up to date.

In 2019, Congress quietly killed the entire MCTL program. Secretary of Defense Jim Mattis set up a sort of alternative program called the Protecting Critical Technology Task Force, but it has not made much progress and was never intended to replace the MCTL. It relies on inputs from field generals and admirals to propose technology that needs protecting. This is not a bad idea, but most of the fielded stuff can be assumed already to be on China’s short list, or already stolen.

America’s objective should be to regain the lead in technology, protect that technology from Chinese avarice, and convince China that their military programs will not be capable of overcoming American power.

What to Do

So we need to do these things:

1. Replace all computers and networks in the critical infrastructure with U.S.-made, secure computers and networks that are end-to-end encrypted with layers of information protected on a need-to-know basis. The cost of a secure computing program, including replacing all the Chinese equipment that now litters the critical infrastructure, probably falls into the \$3 to \$5 billion range. However, some of that cost will be offset by creating a new home industry, new jobs, and purchases by nongovernment critical infrastructure components.
- A secure computer system is a first line of defense against China’s cyberstealing. The idea that we can patch up the disastrous computer infrastructure we currently have has soaked up tens of billions of dollars and hasn’t worked. There is no empirical evidence that any of the cybersecurity measures we have in place have protected anything. The cost of dumping the whole lot and setting up a safe system is doable and will work. Why not do it?
2. Develop a New Critical Technology List with special rules and regulations to protect intellectual property. Today there are no clear-cut rules, and the way the De-

fense Department goes about security hasn’t worked. Again, the methods are largely outdated, the use of classification as a protection scheme hasn’t worked very well, and spies and malcontents have had free reign to take what they wanted.

That’s why we have a Wikileaks, a Chelsea Manning, and an Edward Snowden. Intellectual property isn’t properly safeguarded, and even where the DOD has contractual arrangements that supposedly give it some exclusivity over what it buys. The system has plenty of loopholes and there is no organized guidance for any DOD component on how to handle intellectual property. As a result, industry benefits from trillions of defense dollars and the American people end up with no direct return on their investment.

3. Build an automated Security Oversight and Management System (SOMS) that is designed to enforce need to know, compartmentalization, and all other measures not just for classified documents and data, but for all technology information that is under the responsibility of the Defense Department. A proper SOMS would use artificial intelligence to search for anomalies and correct them before they spiral out of control.
4. If credit card companies can detect theft by watching consumer spending profiles, and do so with increasing effectiveness, let’s get them and their forensics to help build the SOMS.
5. Fix a long lingering unsatisfactory problem with universities and research centers that like to take as many government dollars as they can so long as they can do whatever they want with the R&D that results. The scandal of professors sharing DOD and other government-funded research with their Chinese counterparts needs to be stopped. Professors with government contracts who travel to China need to declare they intend to do so, and the government should cut off research grants if there isn’t cooperation.
- Inviting Chinese scientists to work on projects that are Defense Department funded also must stop. Some of the most important sectors such as quantum computing and encryption, nanotechnology, augmented reality, hypersonics, exotic materials, smart autonomous systems, and robotics are just some of the topics that need better protection where possible. Therefore, the government-university relationship needs to be reformed and focused on protecting vital research and development programs.
6. Invite allied and friendly countries to support common defense efforts and programs but insist that our allies and friends put in place effective measures to protect information, designs, and products that are on the New Critical Technologies List.

Today, the only controls in place cover U.S. classified programs that are shared abroad. In its place would be a comprehensive new technology security program that goes well beyond current efforts. To achieve this goal, the United States should propose bilateral agreements with strong oversight. A key benefit is that under this program the United States would guarantee a real two-way street for technology sharing and defense systems procurement.

Finally, put the Defense Department and CIA in charge of all critical technology exports instead of State or Commerce. Today our broken-down export control system for munitions is run out of the State Department, and dual-use technology is “handled” (if that is the right word) by the Commerce Department. That may be OK for the export of diaper wipes or screwdrivers, but it isn’t OK when it comes to the export of technology vital to national security. Exports should be controlled under the New Critical Technology List by the Pentagon, with intelligence from the CIA on what our adversaries are up to and how to block them.

To make the new system work, we must educate the American people about the urgency of these measures. No program can ever work unless it has public support. This is especially true because previous administrations and the Congress have spent more than 25 years working to destroy export controls and globalize America’s defense programs.

It is time to undo all that damage, but the public has to understand what is at stake. The Trump administration needs to launch a nationwide educational effort using all available media to tell the story.

When the public demands change, it will usually happen. Without public support, our risk is very high.

Stephen Bryen is regarded as a thought leader on technology security policy, twice awarded the Defense Department’s highest civilian honor: the Distinguished Public Service Medal. His most recent book is “Technology Security and National Power: Winners and Losers.”

Michael Ledeen is a freedom scholar at Foundation for Defense of Democracies. He has served as a consultant to the National Security Council and the departments of State and Defense, and as a special adviser to the Secretary of State. He is the author of 35 books, most recently “Field of Fight: How to Win the War Against Radical Islam and its Allies,” co-authored with retired Lt. Gen. Michael T. Flynn.

Views expressed in this article are the opinions of the author and do not necessarily reflect the views of The Epoch Times.

OPINION

Chinese Markets Are No Safe Haven for Investors

FAN YU

The U.S. stock market has suffered violent swings over the past two weeks as investors digest the economic effects of the global pandemic and Washington’s policy responses.

For the year, the Dow Jones Industrial Average is down about 21 percent, as of March 27. Volatility, as measured by the CBOE Volatility Index (VIX), is as high as it was during the 2008 financial crisis. The VIX ended March 27 at 65.54, more than five times its level at the beginning of the year.

The bond market has arguably suffered even more. While the Federal Reserve’s intentions to buy investment-grade debt offers a respite to high-grade issuers, already overleveraged high-yield borrowers are left in the dark.

Many uncertainties regarding the CCP virus, commonly referred to as the novel coronavirus, remain unresolved. In the short to medium term, downside risks to investors are still high.

Given the market turmoil in the West, the Chinese Communist Party (CCP) hopes it can attract international investors to China.

Despite the CCP’s mishandling and coverup of the virus outbreak, Chinese financial markets have fared relatively better. Markets are down in general, but with less volatility, causing the perception of a safe haven for international investors.

Both the CSI 300 Index and the Shanghai Stock Exchange Composite are down about 10 percent year-to-date, a comparatively mild correction compared to major markets in New York, London, and Frankfurt.

In late February, China’s onshore bond market got a shot in the arm. JPMorgan Chase’s emerging market government bond index began including Chinese bonds with a 10 percent weighting, opening the floodgates for \$20 billion of foreign flows into China’s government bonds.

Pain Is Yet to Come

International investors should not be seduced by this. While foreign markets are volatile, rushing into China now would be jumping from the frying pan into the fire.

The perception of China’s calmer mar-

kets is driven by two tenuous theories.

One is that the CCP virus has waned inside China, and is now spreading like wildfire across the United States and Europe. The United States has overtaken China with the greatest number of confirmed cases, and that number is yet to peak, with much of the country’s economy on lockdown.

But the actual number of infections inside China is unknown. Both the overall rate of infections and the death rate are likely far greater than the official count.

The other theory is that after a collapse, China’s economy will get back on track. But despite the CCP’s resolve in reopening factories and stores, slumping global demand is unlikely to generate much economic activity. And at this time, Beijing authorities are unlikely to enact massive stimulus measures similar to the ones enacted by the Federal Reserve and the European Central Bank.

Some sectors will especially bear watching going forward.

The Chinese property sector is the backbone of the country’s wealth and most important to the middle class. Even with the semblance of a return to normalcy, the property sector is still deteriorating.

China’s Beige Book property index—a widely followed set of on-the-ground economic data—showed

Investors monitor stock price movements at a securities company in Beijing on June 15, 2016.



a further decline of sales volumes between February and March, “contradicting the notion that China’s economy is returning to normal, as some official data indicate,” according to a March 24 Financial Times report.

The property sales volume index declined from -38 in February to -49 in March, showing a further exacerbation of the real estate market.

The decline in property sales is especially problematic in China. Many developers are overleveraged and risk defaulting on their U.S. dollar-denominated bonds. Despite the recent publicity of dollar bond defaults by Chinese issuers in 2019, few were property developers.

In the first two months of the year, about 105 mostly small to medium-sized real estate firms filed for bankruptcy in China, according to Bloomberg data.

Another sector facing problems is shadow banking—a group of trust companies, asset management firms, insurance companies, and peer-to-peer lenders that have fueled China’s debt growth in recent years.

Over the past two months, some companies have told customers who bought into their investment products that their promised returns would be cut due to issues with their borrowers.

Weidai Ltd., a company specializing in hard asset financing, recently told customers on its mobile app that it had stopped paying interest to investors, according to a Wall Street Journal report.

Anxin Trust, a trust company that sold so-called high-interest investment products, has pulled its stock from trading and is facing financial restructuring.

Anxin was already in dire financial straits before the CCP virus outbreak. Last April, it had to defer principal payment on roughly 2.8 billion yuan (\$400 million) of trust products it sold to customers. The company had an emergency round of senior executive meetings on March 24 and its principal payment in April 2020 may be in jeopardy, according to a Caixin report.

Many of these shadow banks have lent to local projects and small to medium-sized businesses that are cut off from large state-backed lenders. And these projects also happen to be some of the most severely disrupted due to the virus outbreak.

How the outbreak resolves itself—as well as the finances of these firms—remains to be seen.

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