

052014 National Defense Industrial Association, Air Force Association and Reserve Officers Association Capitol Hill Forum with Gordon Chang, author of "The Coming Collapse of China;" Richard Fischer, Senior Fellow at the International Strategy and Assessment Strategy Center; and Edward Timperlake, Senior Fellow at the International Strategy and Assessment Center, on "China's Rise and U.S. Deterrent Challenges: The Realities of the Second Nuclear Age" (For additional information on NDIA/AFA/ROA seminars contact Peter Huessy at phuessy@afa.org).

[This is a rush, unofficial transcript provided by National Security Reports.]

MR. PETER HUESSY: I want to welcome you all here today. My name is Peter Huessy, and on behalf of NDIA and ROA and AFA, I would like to welcome you to this in our sixth in a series of seminars on nuclear deterrence, proliferation, missile defense, arms control and defense policy, which is a program I've been running since March of 1983. This Friday we have Steve Blank and Mark Schneider, and they will be speaking about the Russian strategic nuclear forces modernization and the impacts on American security, as well as reference to missile defense issues and what's going on in Europe.

I also want to welcome our friends from the United States Navy and from General Faye (ph), my friend at the United States Air Force, who is here today. Also, on the 29th of May Bob Bell, who is the OSD representative to NATO, will talk about NATO missile defense options and challenges. And that is open to -- we are limited in the space we have. I have 35 spaces but you're welcome to let me know that you'd like to attend. And then on the 30th Congresswoman Cynthia Loomis from Wyoming is going to be talking to us about the ICBM leg of the strategic nuclear triad.

We are going to be doing our fifth triad event here in Washington, D.C. on the 18th of September at the Army-Navy Club. We're going to have both Air Force and Navy speakers, as well as General Klotz of NNSA as well as Senator Hoeven. We've invited Senator Heitkamp. At that luncheon we will have Keith Payne and Ambassador Joseph and Dr. Johnny Foster, who will talk about their new book on strategic nuclear deterrence, stability and arms control, which they will release on that day.

I also want to thank our friends from the embassies of Denmark and Austria, Netherlands, Canada, Hungary, United Kingdom and Russia, who are here today. And I want to introduce our three speakers. It's rare that you can get any one of these individuals in a room to speak to you, but when I got all three of them I must say I'm honored to have Rick Fischer, Ed Timperlake and Gordon Chang.

Gordon, as you know, lived in Shanghai and Hong Kong for almost two decades. He writes primarily on China, Asia and nuclear proliferation. He's the author of two Random House books: one, called "The Coming Collapse of China," and the other, "Nuclear Showdown: North Korea Takes on the World." Those of you who would like to read him, he's in the New York Times, the Wall Street Journal, Barrons, Commentary,

Weekly Standard, and you can always hear him on John Bachelor's wonderful radio show in the evening.

Ed Timperlake is a Senior Fellow at Technology Assessment and Security. He served in the Office of the Secretary of Defense a Director of Technology Assessment and International Technology Security. He was responsible for identifying and protecting from espionage the U.S. world lead in military technology, a capability that is apropos the recent announcement by the president and the administration that they were sanctioning five senior Chinese military officials for stealing American technology.

Parenthetically, in my dinner series that I also run, we had Keith Alexander here four years ago, when I was at the National Defense University. He was one of our featured speakers. And his first point was that the Chinese were stealing what he estimated to be \$1 trillion worth of industrial technology secrets every 10 years from the United States.

And then finally, we have Rick Fischer, who is a Senior Fellow at the International Assessment and Strategy Center. He served as senior fellow with the Center for Security Policy. He was editor of the Jamestown Foundation "China Brief," senior fellow with the Republican Policy Committee of the House of Representatives, and director of the Asian Studies Center at the Heritage Foundation.

Ed Timperlake will speak first, and then we will have Rick, we'll have a slide show here in China, and then we'll have my colleague Gordon Chang. So with that, would you please welcome our first speaker, the honorable Edward T. Timperlake?

(Applause).

MR. EDWARD TIMPERLAKE: Rather than give you the view "as Ed sees it", I'd like to give you a couple of data points and let you all decide what to do with them. I became editor of a web site, Sldforum.com after I left government. And as such, I have a guest editor for this year, Paul Bracken, who is a Yale professor who wrote the book "The Second Nuclear Age," and I commend that book to all of you, it is a very impressive work.

What Paul did was he took a look at all the various emerging problems coming out of the first Nuclear Age Cold War . I will tell you what he diagnosed for the 2nd Nuclear Age -- when I asked him while reviewing his book --Professor you've looked at this and you're a very smart guy, one of the smartest, what do we do about it?

And he said, if I knew what to do about it;"I would have put it in the last chapter." We all currently don't know, and that's the problem.

We're facing a Brave New World here. My dad was a Navy nuke submariner, so I went to the Naval Academy but took a window seat by being a Marine aviator. I grew up immersed in the Navy nuke deterrence world, and it was very impressive, Admirals

Rayburn and Rickover were giants.

But I also grew up watching the Air Force movies: James Stewart and bombers. God, I loved those movies. In one Jimmy Stewart begins by flying a B-36, and then he flies a B-47 from CONUS to Asia. The point of that is that the Air Force and Navy team won the Cold War on the nuke deterrence side. America owes then a very long victory lap. They faced our strategic enemies down by pure, in your face,--- come at us, we'll come right back at you.

I was President Reagan's director of mobilization, planning and requirements. I had all the sites, I also had the continuity of government (COG) plans. I knew the deterrence world very well. As we come into this world, this Second Nuclear age it is all similar but also very different.

One data point, in 1998 I went to Sevastopol and I was a guest of the Ukrainian Navy and their Chief of Naval Operations. I was with the Professional Staff of the House Committee on Rules, with Chairman Solomon. The Chairman was a very smart serious man and had Congressional throw-weight to gain access.

We got on a boat and toured the Sevastopol harbor as guests of Ukraine CNO. He was a big tall man, very impressive, and had been a Soviet submarine commander, who transitioned to become the chief of naval operations of the Ukrainian navy. Our tour guide traveling on the water throughout the harbor pointed out Russian ships and Ukraine ships.

And my read today is the same after my tour of the Russian Black Sea Fleet. The Russian Navy embraced tactical nukes at sea, they really did embrace them with a passion. And my pure guess is since they had them, in '98, they still had them in the Fleet in that harbor when the recent unpleasantness with Ukraine broke out.

I wrote an article, it didn't get much traction, but I looked at Putin as a rational actor, and concluded that if he has a threat of Ukrainian forces storming into that harbor and grabbing Russian Navy tactical nukes, that would be a very big problem for him.

So that dynamic could have been a motivation for direct Russian action in Sevastopol. Make of this what you will, but get the Intel community to look at it. When you play with the Russians, you play with tactical nukes and our Navy has taken a step back from that.

In continuing to discuss of Russian deterrence and TacNucs and if necessary warfighting the Russian military equation in the Pacific tends to be more nuke oriented. They can't handle China conventionally the quantity of PLA conventional weapon throw-weight to the Russian throw-weight is against them, so they feel the need for tac-nukes in the Pacific

Which now takes us to the brave new world of Korea, and this is where I am perhaps

getting a little provocative.

I looked at Korea. I've been briefed about the Korean military situation. I was briefed by an Army four-star in Korea in 1998. I've walked into North Korea. Those of you who have been there, you know you can do that. There's a building, you walk in that crosses the border, and North Korean military forces comes down and growls at you. The brief before you go in the building is please don't flip them the bird or give them anything they could use in a photo for propaganda purposes.

You sit there in this building and have a lot of very skinny people in army uniforms snarl at you through a window. They do that, it is most amazing.

But here's the point, the Dear Leader III or IV, whatever he is in their lineage, has threatened to annihilate everybody. I published an article about the US Army in South Korea. I made a case in which the Army in looking for an enhanced mission after Afghanistan and Iraq created Pacific Pathways, and they added an additional Army Four Star in the Pacific. I argued that they needed to rethink their con-ops.

What they are proposing in Pacific Pathways is taxing Air Force lift to fly them around the Pacific. Specifically AF heavy lift would be moving additional conventional forces around the Pacific. My argument to the US Army on the Korean Peninsula is wait a minute, since the 1950s you've help build a South Korean army to a fighting force of over 500,000 capable troops. And they are very capable. "ROK Ready" is a term of art that was told to me and means just that.

The Army has 28,500 Army troops in South Korea, so if it is critical to send 800 additional Army Mech troops they have missed the entire point of the new threat.

The reason why is simple you can't go head-to-head conventionally with a madman with a nuclear weapon with the ability to launch that weapon on a whim. So my argument to the Army command over there, which I haven't gotten much traction on yet, is that the deterrence warfighting posture on the Korean Peninsula has migrated to an Air Force air command issue.

I will propose this, but I haven't written the article yet, is that the US commanding general on the Korean Peninsula should shift from the Army to the Air Force, because airpower is the solution to stopping the Dear Leader. You find him and you kill him as fast as you can. You cannot do a clank-clank tank battles or artillery duels not against a madman with a Nuke.

The Dear Leader is going to kill a lot of people, regardless of how many troops or Air Force planes are in the air, because he gets the first shot, with 20,000 artillery tubes and MLRS they can pull a lanyard --in five seconds a lot of people will die. You've got to go immediately after the Dear Leader and his senior leaders. It is a regime killing decapitation strategy and that is the Korean issue and airpower can do just that.

In looking at China initially in the nineties I thought, “hmm..” , China has kept their strategic forces minimized.

But later into the 21st Century I noticed China was different, they love missiles, and their Second Artillery is huge. And they did this for their anti-access, area denial posture. To my friends in the Navy, and I’ve said this and I will write on this many times, I think a lot of it is pure hollow posturing so far.

We who have been in the military, have been in exercises, many of us have fired missiles. We have taken off in airplanes or been afloat or on land and practiced our skills and tested our weapons. We have shown that process to the world we have an open media. And we know our skills good and bad and if we bungle a shot, all know it.

The Chinese have asserted anti-access, area denial. However, I wait for just one shot they have taken that proves to me they can take a IRBM , do over-the-horizon ground, sea or satellite search, find a maneuvering ship at sea, launch their missile have it go on trajectory, come down find a ship, go into end game maneuvering and sink it. Prove to me just one test. I’m not minimizing the threat, I never, ever minimize threats, but let’s be a little bit realistic before we row ashore and surrender our swords and say we can’t fight in the Pacific.

Now how can we fight in the Pacific? Well that’s a different issue. I think quite frankly, Korea leads the way, with Japan, then Philippines and on into Taiwan and down into Vietnam following. I’ll lay that out very quickly and then I’ll back off.

I really did see a role for “Big Army”. We interviewed for SLDINFO.com -- a very impressive Air Defense Artillery (ADA) Army general, my co-author did that interview. He was a Patriot Commander and now also a THAADs commander, and he said , “I’ve been at war for 30 years.”

That caught me by surprise, because on reflection it is very true. I was in the White House for Desert Storm. The Patriots were used not only to kill Scuds, but they were also used to send a deterrence signal so that the Israeli air force would not fly.

In the White House during Desert Storm one of our biggest fears was the Israelis especially their Air Force would engage. And I like the Israeli air force, trust me, they could do the job but it might have shattered the Arab nations contribution to our Desert Storm alliance. .

So we used the Patriot as both a killer and a deterrent. Well now we have the next generation. We have the THAADs. General “Hawk” Carlisle , the AF four-star out in the Pacific, is a very visionary commander, came up with two concepts.

He came up with the Rapid Raptor. What is that?

Well that is the idea where you start teaming a C-17 with and a division or “four

ship” of F-22 Raptors. And the General’s vision is “places, not bases.” And all of a sudden you start moving your air forces around the Pacific to various bases so that you’re not a sitting target.

Because one thing the Chinese can do, because and they proved hitting a diagram of a carrier in their desert is throw a missile at a fixed point “Boom”, they hit it. Everybody goes, oh my god, they can do that.

Well, Werner von Braun could do that for Germany in WWII. . The great quote about him was, he wrote the book, “I Aim at the Stars.” and as the comedian Mort Sahl said the subtitle should be “but sometimes I hit London.”

So the problem we have is that the Chinese can actually hit stationary targets, and they have the coordinates of all the air bases. As an aside rapid runway repair is essential along with revetments. But you also have a defense in depth issue here with THAAD. What does this really mean as a practical matter?

If the Chinese are building their rocket forces, and they are; and the American Army sees the right way to do “Pacific Pathways”, they can flood the zone with ADA--THAADs. And Patriots.

There’s 9,000 islands in the Japanese chain, and 7,000 in the Philippines, and also around Korea they have a lot of islands. We can go out and pour concrete and put firing positions all over the place, complicating the targeting problem of Chinese missiles.

Consequently, if you have that, you’re beginning to build a passive deterrence factor that can go active, so it’s not provocative, but can win a war. The Pacific then becomes a better place for the American forces to maneuver and fight. I’m a big proponent of Army THAAD and their Pacific Pathways if done smartly, and not more tanks and Mech infantry flooding the Pacific to introduce themselves to various countries is ADA focused it can make a huge difference.

The Marines are doing something slightly different. They’re putting F-35B out there, afloat, which is going to be a world-changing airplane. People criticize me for being a big advocate for the F-35. But I do think the F-35 has a deterrence factor at the strategic level, that has yet to be determined.

To tell everybody in the audience here a little bit about it is the F-35 can passively search and sense incoming threats. An F-35 on a test flight over Pax river Maryland sensed a missile launched 800 miles away at the Cape in Florida. This was just by accident. Flying around in a test plane over Pax River – then boom, see in the cockpit a missile light off from Florida is a game changing technology.

What does that really tell us? It tells us if you get into a satellite war, we’ve have a second tier of ISR assets embedded in human active decision-making F-35 pilots. The

F-35 fleet will create a honeycombed grid at a tactical flying level that has strategic capabilities and huge implications.. What are those strategic capabilities? I'll get to China and end this discussion.

China has done some unique things. Again, as the director of mobilization my job was both counterforce/countervalue targeting, which is what we did, and also continuity of government (COG). America Continuity of government was a big deal in the first Nuc Age and was critical, and it still is even more so now.

How do you survive so you can fight the war? It got pretty ugly at the end of the Cold War. Very few people know this, I can talk about it now. In our hardened ground sites, you had about a half hour more of life because the nukes were so accurate they could dig you out but it took several strikes. So we could fight the war as they were coming at you: launch and fight, and launch and fight and then die—but it was successful deterrence.

Well the Chinese have gone underground-- and Phil Carver at Georgetown gets full credit for this – the PLA Great Underground Wall. They have gone underground to build many hardened tunnels. People have estimated many miles of tunnels, I don't know the real number but I seen 3,000 miles mentioned.

Well what happens then is not only do you have this ability to disguise and hide your strategic deterrence ICBM rocket force, on movable TELs, so you can move them out of a hole, pop it up, and it's ready to go. You do not know that they're going to do this until they do it. And the Underground Great Wall also gives them continuity of government for state survival. So that is of significant concern. They haven't really announced it much except I've seen some videos.

The dilemma of the second nuclear age is some Cold War Deterrence with thinking about changes in deterrence and warfighting because proliferation to other states specifically as mentioned North Korea,

Let's go to Libya for a second. Why do this? Because, Qaddafi was de-nuking. He was an intel source against bad guys yet they decide to kill him. Okay, got it and it was ugly.

But that was also a signal to Iran. If Qaddafi kept his nuke, I don't think, Odyssey Dawn would have had the trigger pulled I just don't believe that. So Odyssey Dawn was a terrible signal to Iran in my opinion.

The second one, which just recently happened was Ukraine had a deal to de-nuke, they did just that and Russia picked a fight.

That's another signal to Iran. "Hey, nukes have value" So the point being in this the second nuke age is that proliferation that could quickly accelerate. Nations embracing Nuc weapons can cascade? Because if Japan doesn't think we're serious they

can go nuke almost overnight. They're that good.

Where the Middle East is concerned, I'm a big advocate of protecting Israel, and a big proponent of the IAF. I know them, and have a few friends in the IAF.

And if Iran comes close to having a bomb, I think Israel will not let that happen, but somehow Iran announces a bomb. The Saudis can buy a bomb overnight, there is enough money in many Middle East nations to buy nuclear weapons. So the whole thing turns into a Middle East tinderbox.

Where is this going? I don't know, I just offer these data points to worry about.

Finally the terrorist loose nuke threat has to be discussed. My number one fear is the Chechens who are very capable, nasty people. If they get their hands on a device stand-by, you don't know where they'll put it. So you have all these dilemmas.

Finally have India Vs Pakistan. I asked an AF three star when he visited India about their deterrence equation and was told essentially is we have 1.3 billion people, you want to fight with us, you're gone., we will survive.

Now that's a pretty tough deterrence. But, you know, he may have had a point, since they also believe in reincarnation. So the point being is, all these dilemmas are out there. I yield to your judgment on what to do with them.

The one advocacy position I'll have, and I am mostly with an Air Force audience so I hope I finally have a friendly crowd, is that if I was in the next administration, I would really look a transitioning our Korea four star Command to the Air Force as opposed to big Army. The US Army did a great job, They won to date by building effective ground deterrence but now the problem is different. I think, it is time for an Air Force four-star to do the strategic planning to stop the craziness of a Nuclear weapon enabled North Korea.

And with that, I'll stop.

(Applause).

MR. RICK FISCHER: Peter, thank you again for inviting me to your breakfast series. And thank you for holding forth for so many years. You provide an essential service that as we slide into a new Cold War is only going to become more and more important.

Now I hesitate to follow my good friend and favorite phantom flier Ed Timperlake, who has just had a brilliant career and continues to deliver precision-guided thoughts and concepts. But it is at an early point in Ed's career where I need to begin my brief today. Please advance to the next slide.

The Chinese are on the march. They're on the march, especially in the South China Sea. Here we have a map of the South China Sea. And with the deployment of their oil rig that they have been defending with unprecedented levels of force in the last week: two of their three large amphibious projection ships; deploying strike fighters as cover for the first time ever; what we see is China consolidating this region because the survival of the communist party dictatorship depends upon it.

From Hainan Island China is going to be launching its age of power projection. Hainan Island, by the end of this decade, will be the most important base for their nuclear deterrent. The majority of their nuclear submarines will be based there.

It will be the base from which a large proportion of their aircraft carriers will be conducting global deployment projection missions. And, it's where they will principally be conducting space control. A new space center is being built on the island and it will be launching dual-use space stations, dual-use space planes and eventually be tending a dual-use moon base. Next slide, please.

Now today as we speak, and with all due respect to our guests from the Russian embassy, the leader of Russia is stepping into Shanghai, I believe. The Russians and the Chinese are holding not their first naval exercise, but their first naval exercise specifically directed at sending a signal to the Americans and the Japanese. They've held several such exercises on the land, air, amphibious and such, but they've never configured them to tell the Americans and the Japanese to back off. This is what they're doing.

This is happening amid a revival of the second Sino-Russian alliance. The second revival could very well lead into a much more active program of cooperation. Right now, China and Russia have parallel development programs in terms of their moon program, space program, their bomber development program, their aircraft development program and their large wide-body aircraft development program. Vladimir Putin reportedly has secured deals to develop wide-body aircraft and a new heavy lift helicopter. The wide-body aircraft for the Chinese will first be a tanker.

But I would suggest that our Russian friends are also very aware of the threat that China poses to them. Russia held a very large exercise in Siberia, the Far East, late last year. I'm sure the Chinese noticed that. And I would probably not be the first to predict that in about a decade our Russian friends will probably very much desire to send their missile cruiser to Norfolk rather than to Shanghai. And I'll just leave it at that. Next slide, please.

I apologize for the small print, but what I'm basically saying in this jumble of words is that there is a debate in Washington about the size and the direction of China's nuclear forces. The average U.S. government and devoted private sector estimate is that China has between 200 and 400 deployable nuclear weapons. The fact that they have built, as mentioned, an underground Great Wall of thousands of kilometers, at a minimum suggests that this number could be much larger. And before the recent entente accelerated, there was a period about two years ago when Russians were starting to voice

their concern about China's nuclear arsenal.

And a guy named General Victor Yasin, a former chief of staff, veteran of the Cuban Missile Crisis, wrote a very interesting article. He's been watching the Chinese all his career. And he estimates that they have the wherewithal to have at least 3,600 warheads. In his estimate, maybe 600 to 1,800 have been produced; 800 to 900 may be deployed. And to boot, they have at least 500 tactical nuclear warheads.

General Yasin also believes the Chinese are building a missile defense system. And I, for one, agree. Next slide, please.

Again, I apologize for the small print. This was just some off-the-cuff estimates of how many warheads the Chinese would have if they moved to put multiple warheads on their missiles. Next slide.

Moving into specific programs, there is reference in American government materials to a new version of the DF-5. Chinese sources sometimes call it DF-5B Bravo, and suggest, as have other countries suggested to me, that it is already -- it's a liquid, silo-based already armed with MIRVs. The Chinese have only deployed about one unit of their first iteration DF-31 solid-fuel mobile ICBM. Next slide.

But it's estimated that they're going to deploy more units of their DF-31A, which so far is just single warhead. Next slide, please.

The one we're worried about is the DF-41, which has been tested, could be deployed this year or next year, and will be armed with multiple warheads. Here is the best picture we managed to grab off the Internet. And here is the same TEL with a box-like tube on it that the best guess that I have is that's a re-load vehicle.

Indian friends told me last year that the Chinese have a policy for their ICBMs of having at least one reload missile for each TEL, at least one. Next slide, please.

Naval deterrent modernization is proceeding apace. Our Navy expects that Taepo (ph) 94 deterrent patrols should begin this year. And by the 2020s we may be seeing the Taepo 96, an even better SSBN that may be benefiting from advanced Russian nuclear submarine technology.

This is just a hint of what it might look like. The bottom one has a very large coming (ph) over the missiles that I estimate, if they go that way, will be stuffed with torpedo defenses. Next slide, please.

And bombers. The Sha'un (ph) Aircraft Corporation has a stealthy flying wing bomber program. And for that matter, so does Russia. Are they cooperating? We don't know.

And here the Chinese may deploy up to about 50 of a new version of the 1950s H-

6 Tupulov T-16H-6, but armed with (ALCMs ?). Next slide, please.

Theater nuclear forces are also improving rapidly. Here we have what may be the Dongfeng-26, a new intermediate range ballistic missile designed to go out to Guam and to dominate the second island chain, whereas most of their medium range theater missiles today are targeted on the first island chain, basically Japan through the Philippines. Here we have the DF-16, about an 800 to 1,000 kilometer range medium range ballistic missile that's going to start replacing some of their SRBM kit, over 1,000 of which are targeted on Taiwan. This gives you depressed trajectory, high speed, better abilities to defeat missile defenses.

And here we have what may be a new mobile space launch vehicle. They tested such a system last September and this could be lofting micro satellites as well as anti-satellite payloads as well. Next slide.

And as I mentioned, friendly countries have told me that at least by 2025 the Chinese will have a national ballistic missile defense system. Pieces of it are coming together: radar testing, and it's their second generation ABM-BMD system. The first generation was attempted but aborted in the late 1970s. Next slide.

And then finally, proxies. Ed made very useful mention of this. The Chinese have been projecting nuclear missile power for over 20 years already. They have equipped Pakistan. There is a former politboro member talking to A.Q. Khan. A.Q. Khan, pay your bills, who knows. But the Pakistan nuclear missile arsenal now stands ready to be shared with the Saudis.

This TEL showed up two years ago in a North Korea parade. It's made in China, totally made in China. It's carrying a mockup of a North Korean liquid-fueled ICBM. The only country to have developed a mobile, liquid-fueled ICBM is China, a program they aborted in the early 1980s in favor of the DF-31. But what's to say that this is also a Chinese missile?

And what have we done about it? We haven't even sanctioned them for the sale of the TEL. And so, I'm at a loss for words.

Here in the last Army Day parade in Tehran, a new truck showed up. The truck is a TEL. The wheels in the back and the front both steer. It is probably just an experimental truck for the Iranians, but before too long we'll probably be seeing it carrying a version of that missile. And I would bet dollars to donuts that that truck is going to be just as Chinese as the missile it will carry.

And I'll stop there. Yes, this can paste Hawaii or Anchorage, Alaska. It's on a Chinese truck and the Obama administration has essentially done nothing about this. It boggles my mind.

With that, I will turn it over to Gordon to cheer us up.

(Applause).

MR. GORDON CHANG: Thank you, Peter. American policy makers always complain that their Chinese counterparts are opaque, that they're untransparent. And yes, it is true that most of the time Beijing tries to hide its intentions. But sometimes the Chinese just can't help themselves and the mask slips and we get everything to be crystal clear.

One of those moments occurred in October. Then, state media -- People's Daily, China Central television, People's Liberation Army Daily and China Youth Daily in addition to other publications -- ran identical stories about how Chinese submarines with ballistic missiles tipped with nuclear weapons could destroy American cities and kill Americans by the tens of millions. Beijing was very helpful and they told us which cities were slated for destruction.

They were: Seattle, San Francisco, Los Angeles, and San Diego. If you live on the east coast you might want to stay away from Portland, Boston, New York, Philadelphia and Baltimore. And don't go to the Navy towns of Annapolis and Norfolk.

MR. WILL CURTIS (?): That's where I work.

MR. CHANG: I know. It's time to move. And if you think you can get yourself away from the destruction by moving to Chicago, you are mistaken, because the Windy City, we are told, would eventually be covered by windborne Chinese radioactivity.

So what did we do to provoke this outburst? Why did we deserve this? Absolutely nothing, nothing. This came completely out of the blue.

So we need to be concerned about Chinese missiles, but we also need to be concerned about the Chinese political system. These articles were played across state media. They were not the product of some rogue journalist. They were directed from the top of the Chinese political system.

Unfortunately, we need to worry, as Rick just talked about, not only Chinese missiles but also China's surrogates. Just as Beijing armed Pakistan to keep India at bay, Beijing is now working through two surrogates to target us. The first, of course, is North Korea.

In 2012, as Rick just told us, we learned that the Chinese sold at least six transporter-erector-launchers to the North Koreans for their newest missile the KN-08. Now at this point, we are not concerned about the North Korean's using their longest range launchers as weapons. These launchers take weeks to transport, to assemble, to test and fuel. We can destroy them on the pad.

We are, however, concerned about the nuclear-capable, road mobile, KN-08,

which can hide and shoot. We should remember that the Pentagon in March 2013 cited the KN-08 as one of the principal reasons for going ahead with the decision to put 14 additional launchers in both Alaska and California as part of our missile defense system. We don't know whether the Chinese also sold the KN-08 to the North Koreans.

But as someone called Rick Fischer has written, the Chinese have sold essentially the same missile and the same launcher to Pakistan. So at this point, we do know one thing, and that is the Chinese did sell the TELs to the North Koreans. And so they substantially increased North Korea's ability to wage nuclear war on the United States.

But there's a second surrogate and that, of course, is Iran. You scrape the paint off of any Iranian missile and you will find a North Korean one, and the Chinese are not going to be surprised. After all, they permitted the North Koreans to use Chinese airspace to send these missiles to Iran.

This is the same Iran that China supports diplomatically and commercially and in other ways. What are the other ways? Well, China has directly sent materials and technology to the Iranian nuclear weapons program.

So yes, we do have a North Korean problem. We have an Iranian problem. But most important of all, we have a Chinese problem. So the question we have to ask ourselves is, can we deter China?

Now virtually everybody argues that during the Cold War mutual assured destruction worked. We deterred the Soviets. So the argument, of course, is we can deter the Chinese.

Maybe. It's true that we can deter stable, status quo states, even when they act belligerently. But we cannot assume that we can deter the Chinese. Well, why not?

Because at this moment the Chinese state is not stable. And actually, it's a mess. Its economy, if it's growing at all, is growing only one or two percent. And it clearly is headed into what could end up being the biggest debt crisis in history.

And why are China's severe economic problems relevant to us? Because for more than three decades the communist party has based its legitimacy primarily on the continual delivery of prosperity. And without prosperity, the only remaining basis of legitimacy is nationalism.

And to make this story even worse, their political system is in distress. Despite what most analysts in this town think, Xi Jinping, the new ruler, he became ruler in November 2012, has not consolidated control after the transition from his predecessor Hu Jintao. The most obvious sign of problems in a power structure are purges, and clearly in China we have seen one purge after another since Xi Jinping took over.

And in the last several months, these purges have accelerated. And these purges

are not just of civilian leaders. We have also seen generals being taken away.

Now optimists say that Xi Jinping is jailing corrupt officials, and it is true that everyone who has been taken away has been corrupt. But corruption has nothing to do with what's going on in Beijing right now. Corruption is only the excuse to get rid of political opponents, opponents like Zhou Yongkang, the former internal security czar.

Xi Jinping has been investigating both the family and the associates of Zhou for corruption. And certainly there's a lot to look at in terms of their financial dealings. But the reason for the purge is really, I think, not corruption but political. And in this case there are stories that Zhou Yongkang had tried to assassinate Xi Jinping, or at least attempted a coup.

In any event, at the end of last year we heard disturbing stories of intense infighting at the top of the Chinese political system, including coup rumors. Now at this point we don't know if these rumors are true. Very well they may not be true. But what is important is that they're being circulated, because this means that there are officials in the Chinese system who want to destabilize those who are at the top of the communist party. And I think that it is no coincidence that in the last two months we have seen two stories, two series of stories, about public loyalty oaths made by Chinese flag officers, another sign of possible unrest at the top of the Chinese political system, as well as the army.

In 2012 then premier Wen Jiabao publicly warned that his country could descend into another Cultural Revolution. And at the time observers, including me, thought that he was being melodramatic. But from the perspective of today, perhaps he wasn't.

In the midst of this turmoil flag officers seem to be gaining influence within Chinese political circles. Xi Jinping has made the military his primary basis of support in the communist party, and that means that he cannot say no to belligerent and provocative and arrogant generals and admirals and junior officers. I think that in China today the flag officers are driving the bus. And what we have seen over the last months is that they seem determined to take that bus off the cliff.

If you want an historical parallel for what is going on in China today, the second decade of the 21st century, look no further than what the Japanese military did to take over Tokyo in the 1930s. So China looks like it's on the edge. Moreover, we have to remember two things about China today.

A weakened Chinese political system cannot afford a military defeat. And Beijing probably could fire off nuclear weapons to save itself in impending defeat. People tell me that many war games these days done by the U.S. military with China, always end up going nuke.

Now Beijing has made publicly a first no use pledge. But within the last several years there are indications that China in fact is contemplating first use. For instance, in

August 2011 a former general who was still working for Beijing in an official capacity, in an unguarded moment, let slip that China was contemplating a first use of ballistic missiles against the United States.

Now for all of us, it is simply inconceivable that China would launch an attack on us. But let us remember that China is now unstable. And what we have seen, China going rogue in the South China Sea, violating its commitments and its treaty obligations. On Friday, a Chinese state-owned paper argued that Beijing should start, “a forced war” to convince others of China’s, “peaceful intentions.”

The Chinese political system is becoming unhinged. And in the China-centric view, which is now predominant in Beijing, Beijing-started wars are peaceful. Today, Chinese flag officers want to fight. They are just itching to pull the trigger. Emotionally, these guys want to go to war.

And tomorrow, we don’t know what will happen. But one thing is sure, that I’d feel a lot safer if I were protected by a row of ground-launched and sea-launched missile interceptors that can arc to the sky and save American lives. Thank you.

(Applause).

MR. HUESSY: We have time for a few questions, so Gordon and Ed and Rick, if you’d stand behind the podium, and people identify yourself. Make your questions short, if you would. We’ve got about 10 to 15 minutes.

MR. : I had a question about missile defense. I heard before that one political leader in the U.S. has advocated shared use of missile defense technology with Russia, for example, so that there would be international acceptance of all sophisticated sites having missile defense so that you’d have less likelihood of a war, but even more-so, less likelihood of a terrorist or non-state actor launching something. Is that something that you’re contemplating or are you thinking of a U.S.-only capability that would not be shared? And, is there a reason for it one way or the other?

MR. TIMPERLAKE: You’re going back to the old Star Wars model of the Cold War, which is once you had an ABM that debate engaged the American academic community who spent years ripping themselves apart on counterforce/counter value. The issue being if you have missile defense then you stand the test of a first strike and you then own your opponent. That’s the debate from 40 years. Now you bring it back to today.

I would suggest that quite frankly I wouldn’t trust the Russians at this time. No offense -- if the Russian attaché is here, with all due respect, I just wouldn’t do that for the simple reason, as the guy in charge at one point of protecting all American national security technology and the liaison to national counterintelligence, this stuff leaks. It goes out. So I’m much more of a proponent of protecting American technology -- funding our technology, holding it close, developing it, testing it, from that position,

maybe, discuss the part of a particular technology that you care to share. But at this point, I would be very loathe to share a lot of things except with our trusted allies – for example Poland.

MR. CHANG (?): Or China, we trust China, right?

MR. TIMPERLAKE: Yeah, exactly, exactly. So my point is I'm a little bit more of a hawk on this and I've learned from 30-40 years of following the debate. That's my position. That's my view.

MR. FISCHER: We don't need to share our missile defense technology with the Chinese because from cyber hacking, they already have it.

(Laughter).

MR. TIMPERLAKE: He's right.

MR. CHANG: In 1990 during our uni-polar moment it might have made sense to try to use our superiority to shift the competition from offensive to defensive systems. But that opportunity vanished by '95, '96 when the Chinese made very clear they had no intention of sharing anything with the United States, or Russia for that matter. They want to be superior.

They want to be the dominant power. Everybody is going to have to be defending against their missiles. They're not going to be sharing anything to help us be safe from them.

MR. TIMPERLAKE: One more mark, and I'll put it down very clearly. All military action, or all military technology, is simply a relative action-reaction cycle against a reactive enemy. That's the progression of how it works.

Okay, we de-nuked our Navy all our tac-nukes are off our ships. If the Russians want to engage they can start by de-nuking their fleet, and then maybe we can have some common ground to discuss. But let's put the burden back on them to show some gestures of goodwill here.

MS. MICHAELA DODGE: Michaela Dodge of Heritage. About two years ago I went to a Carnegie nuclear conference where Sergei Lavrov and General Chou (ph) got into an interesting exchange on nuclear weapons, but also infrastructure. And the Chinese general said, if we wanted to build nuclear weapons we could build them as fast as we create T-shirts. So aside from capability that we don't know much about, what does it say about the size of the industrial complex, especially compared to the U.S. one. You know, 80 pit's a year on a good day isn't exactly (assuring ?).

MR. TIMPERLAKE: Michaela, it's in almost every sphere of competition. In 1998 the PLA went through a very fundamental and important logistics reforms. The

idea was to get rid of the corruption.

Well, they didn't succeed with that, but what they did do is take a military-industrial complex that was horribly redundant for purposes of people's war, guerrilla war strategies of the '50s and '60s, and decided okay, we're not going to consolidate. We're not going to economize here. We're going to give everybody lunch money and you're all going to compete and you're going to be producing better weapons for us to choose. Maybe we'll let the losers sell there overseas.

But what has happened is that in every sphere: tanks, aircraft, missiles -- there are four PGM complexes in China, four separate families of PGMs that have been developed. They're all for sale: tanks, armored vehicles, light weapons, you name it, radar. Good God.

MR. CHANG: You know, as we all know there is no agreement on the number of nuclear weapons that China has. You know, you go from a range of 350 to 400, all the way to up to Phil Karber's 3,000. I tend to think that the lower numbers are correct, at this time.

And the reason is, the Chinese have not been willing to discuss their arsenal with the U.S. or Russia in connection with the START discussions, which means to me, says that they're really trying to intimidate by keeping us guessing. And they probably don't have the larger arsenal. But as Rick just pointed out, they are developing the industrial capacity so that they can ramp up very quickly at the time.

I think that they're right now trying to develop conventional capabilities because those are the ones that they're going to use against their neighbors, against the Vietnams, the Japanese, the Filipinos and the rest of it. And so they think that nuclear deterrence is something that they already have. They don't need to ramp it up at this particular time.

But when you start to look out into the future, you have to be a bit worried because this year Premier Li Keqiang announced that the Chinese military budget was increasing by 12.2 percent. When you consider that the economy is probably only growing one or two (percent) and that there is no inflation in China right now -- as a matter of fact we're talking about a deflationary environment -- we're talking about a China that is producing a much bigger military well in excess of its economic capacity. So I think that eventually they will get around to building more nukes, but not at this particular moment. Of course, Rick knows more about this and he's certainly going to disagree. But I think the point is that they do have the ability to quickly ramp up, even if they don't have that capacity now.

MR. FISCHER: Gentlemen, what I would suggest is that we take General Yasin's numbers very seriously and repeat them in comparison to the conventional wisdom as often as we can. That's what I do. And what I say is that we don't know. We simply don't know.

And as long as there's this variance -- General Yasin is a very serious guy. I mean, all the Chinese missile tests go from east to west. The Russians watch each and every one of them as a missile shot in their direction. This is a very scary thing, and this is what they've been doing since the beginning of the Chinese missile age.

They're very concerned. They watch this very carefully. So we should take General Yasin's numbers very seriously.

MR. WILL CURTIS: Dr. Will Curtis, U.S. Naval Academy. I want to direct this to you, sir, regarding the potential instability within the political system in China regarding the attempt to use Confucianism to under-gird or support the communist party. Could you address that?

MR. CHANG: This is really an interesting political development. What we've seen in the last years of Hu Jintao's rule, and now of course in Xi Jinping's, is an intensified emphasis on Confucianism. This is striking because we in the West think Confucius is China, why wouldn't a Chinese leader want to talk about Confucius?

Well, this is important because China's first leader, the People's Republic first leader, Mao Zedong, went out of his way to criticize Confucius, to eliminate Confucius's teachings, to basically try to eliminate what he called "The Four Olds," which include old teaching. So I think what we're seeing right now is an attempt to bolster a political system's legitimacy.

You've got to remember that Deng Xiaoping, who followed Mao Zedong, really changed the basis of the communist party from being a revolutionary one to one which was more focused on internal developments, and therefore its own economy. And so therefore, as people say -- and I know it's a simplification, but it does get across the notion -- the legitimacy of the communist party is dependent upon the continual delivery of prosperity. When you can't assure prosperity, you've got to look to other things.

I talked very briefly about nationalism, but one of them is to try to show that the communist party is not a communist party, but really is just the inheritor to thousands and thousands of years of Chinese leaders. And one of the ways to do that is to reach back into culture. Confucius has some things which are very helpful for rulers, about respect for paternal figures.

It also has some aspects that are meant to undercut leaders, like the mandate of heaven, that leaders can lose the mandate of heaven and therefore they should fall. Well of course the communist party does not emphasize that part of Confucius's teachings, but they do talk a lot about parental authority and respect for elders. And they try and make themselves to be the elders of Chinese society.

I talked about Wen Jiabao, who was the former premier. He liked to call himself - - and state media called him -- Grandpa Wen, getting across this notion of Chinese leaders being the parents of Chinese society. And I think that that's very important and

we see this in an extreme form in North Korea, which is extremely Confucian, where you see the Kim family trying to associate itself with God-like parental status, as being the parents of the nation. In North Korea, it is more overt, but in China now we are starting to see the same things.

MR. FISCHER: Following this development of the re-embrace of a Confucian ideology is also important for another reason. One of Mao's favorite mantras was to rail against the imperialists and to say that China will never become a hegemonic power. And this is still standard fare, standard boilerplate, in speeches by Chinese leaders.

The development of Confucianism, the re-embrace, is also helping the Chinese to form the basis for a political projection ideology. As China develops power projection forces to deploy force around the world by the mid- to late-2020s, they will also have an ideology that will be based on some version of Confucian themes that they will be projecting as well. Unfortunately for us, this ideology will also be anti-democratic. We will be facing a political as well as a military challenge in a power-projected China.

MR. : My question is about what's going on in the South China Sea? From which level do you think this decision was made -- to this oil rig with all these gunships? Is it coming from the very top or from somewhere else? And the alliance between China and Russia. They are today, the leaders of the two countries are meeting today in Shanghai. They issued a joint declaration which seems to be kind of proposing a new regional order. Do you think China and Russia are kind of trying to form a bloc to counter the West, the U.S.?

MR. CHANG: The answer to the second question is yes. That's all you really need to know. I mean, clearly the Chinese and the Russians have been forming a durable partnership, especially since 2001. And we've been seeing this most recently with their cooperation on vetoes in the Security Council on Syria.

And China, although it doesn't like what Putin has been doing in Ukraine, for certain reasons, nonetheless in trying to grab the middle ground it has been working to help Russia by trying to oppose the concept of sanctions. And that is, I think, another sign of partnership. As Rick pointed out, you now have the exercises in the East China Sea which are directed against Japan, and secondarily against us.

What's happening in the South China Sea at this very moment is very important because you have a Chinese political system -- which I think this whole thing is directed from the very top. Xi Jinping certainly has a role in this, but also the flag officers do, because essentially they are now, as I said, on many issues driving policy, and especially on the important issues.

Vietnam is worrying because not only do you have Chinese state media talking about the desirability of war, what we have seen is China evacuating its citizens when there's no longer a need to do that. The riots in Vietnam are over. And yet, China is continuing to send its ships to take Chinese citizens out of there, which could be a

prelude to war.

Also you see Beijing starting to reduce its diplomatic exchanges with Hanoi, which is another thing that countries do when they're thinking about fighting. So you see the introduction of more Chinese military assets, now about 112, maybe 120 vessels on the surface. Some of them are the big vessels that they use to intimidate their neighbors, such as the Jinggangshan. So I can't say that Beijing wants a war with Vietnam at this time, but I do think though that they are doing the things that countries normally do when they decide that they're going to fight.

One other thing, and this one we don't know too much about. There are reports that the Chinese army is massing on the Vietnam border. And if that is indeed true, and there are some photographs to suggest that is indeed the case, then we have to be concerned.

The point here is not that China will fight Vietnam, but that China is engaging in provocative activities that at one point the law of averages say one of these incidents will spiral downwards towards armed conflict. It will involve the United States. and I think that the Chinese at this point, with their mindset of arrogance that they own the century -- and that's our fault for telling them they do -- with their mindset they are prepared to do things that we would think to be inconceivable.

We are not prepared to deal with what's going on. Yes, we have the military forces and the assets and all the rest of it, but the Chinese think that they own the century, that we are in terminal decline, they can push us around, and that we do not have the will to resist them. And I'm afraid to say that they're probably right. And these are the types of circumstances in history that normally lead to big conflicts.

MR. TIMPERLAKE: Two quick data points. I was in Hanoi in '94. I agreed to build a bunch of schools in honor of my friend Lue Puller Jr. We've built 48 so far. So I met with the war horses in Vietnam, and they won't say this publicly but they had their B-team army up in the mountains on their north border. Their A-team army was killing the Khmer Rouge, thankfully.

The Vietnamese Army chewed up the PLA forces pretty badly. So for the Chinese to marshal forces in that hostile terrain on the northern border of Vietnam, they might pick a land fight that could really not turn out as well as they think.

At sea, the Vietnamese Navy is buying Russian submarines. And having fought the Vietnamese, there's not a single doubt in my mind that if push comes to shove they'll go out and sink a Chinese ship if they have to. They just tend to have that tenaciousness.

And then as far as your question about Russia and China, there was an old joke when we were meeting with some Russia Duma people here in Washington from their Siberian provinces, Their heads were exploding about this rapprochement they saw coming from Moscow, this was in the late '90s. And the great joke was the Headline in

Paris Herald Tribune year 2025, "All Quiet on the Chinese-Finnish Border." So the Russians are really playing with some dynamite here and I think they know it. I suspect there is some dynamic tensions inside Russia, perhaps, on this point.

MR. FISCHER: I would just add that the game in the South China Sea is very serious for the Chinese. It's all about ensuring that Hainan Island remains a base for future global power projection. And the ferocious Chinese military response is all about intimidating the Vietnamese from actually sinking that oil rig, which they could do handily if they wanted to. They could get away with it. The Chinese can't defend it.

As for the Russian-Chinese alliance, I would assert that this is a very dangerous move for the Russians because this is profoundly superficial. The Russians -- I don't want to get into sources, but the Russians actually tell us that they understand they have to tie up with the Chinese now because in a decade they understand the Chinese are going to come after them. For an economy that is so based on petroleum, they are very, very vulnerable.

They want to get long-term contracts to have the money, and they're willing to give, sell, the Chinese anything to make sure that happens. But if the oil economy goes in another direction, they're out of luck, and the Chinese will come after them. They understand that. And if we can hold the line, I think it will be another decade before the Russians come back to us.

MR. HUESSY: Thank you for that very uncommon set of remarks. You can all go forward to the Memorial Day weekend next weekend thinking things are wonderful. Ed, Rick Fischer, Gordon, we thank you all for very stimulating remarks.

(Applause).

And you're all welcome to come on Friday.