

UNDERCOVER SIEGE

CHINA'S ENTREPRENEURIAL TAKEOVER FOR GLOBAL CONTROL



CHINA'S BUSINESS AS USUAL

THEIR STEALTH WAR:

To gain control and influence across the globe, without ever firing a shot.

- Based on the book: Stealth War; How China Took Over While America's Elite Slept, by Robert Spaulding, Retired U.S. Air Force



Robert Spaulding

- Served as Chief Strategist for the Chairman of the Joint Chiefs of Staff
- Senior U.S. Defense official and Defense attaché to the People's Republic of China
- Member of the National Security Council



THE PROBLEM

- U.S. Political, Military, Corporate, and Economic Leaders have been or are oblivious to the power China is wielding.
- The CCP strategy : To increase China's sphere of influence through advocating and sponsoring the theft, coercion, economic sabotage, and monopolization of infrastructure on a global level.
- Obtaining influence and control across the globe without ever firing a shot.



SIX SPHERES OF INFLUENCE

- The Chinese have effectively infiltrated these areas: Control of these areas would allow the Chinese to dominate the planet. If China succeeds, America will be devoid of the very principles that shaped us as a nation.
 - Economy
 - Military
 - Global diplomacy
 - Technology
 - Education
 - Infrastructure



U.S. BELIEF

- Our socioeconomic model, our advanced military technology , and our political model has us believing that we can prevail over any challenge.
- We also have believed, incorrectly, that free trade promotes the demise of totalitarian governments and paves the way for democracy.



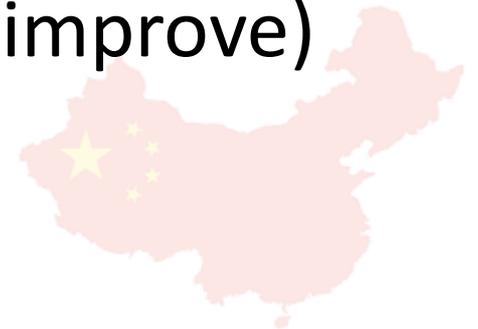
COSTS TO THE U.S.

- 3.4 Million U.S. jobs vanished between 2001 and 2017 due to trade relations with China: China joined the World Trade Organization in 2001.
- 75% of jobs lost were in the manufacturing sector. This exceeded the number lost during the great Depression.
- Trade deficits reduced the incomes of U.S. workers by 37 Billion /year.



BRIEF HISTORY OF CHINA

- Chinese culture is a combination of Confucian ideas of hierarchy, harmony, and responsibility with pragmatic views on how power, wealth, and influence can be obtained.
- Confucius was a teacher, judge, and minister of justice. He believed in the transformative power of education and the obligation of teachers and students to change (improve) society.



BRIEF HISTORY-CON'T

- In essence, their working construct is to maximize the benefit of the majority and ignore the wishes of the minority.
- Military force is engaged only when necessary.
- It is financial competition, the use of information, that creates influence which yields power.



BRIEF HISTORY-CON'T

- Another influence was Sun Tzu's, Art of War, which became significant during the Warring States Period.
- In summary, Sun Tzu promoted advancing the national interests without going to war: a feat accomplished through rigorous competition.



BRIEF HISTORY-CON'T

- Mao Zedong (1949) established the “Hundred Year Marathon Plan”
- He wanted to restore China back to its proper place in history as a powerful empire.
- He held vengeance against the current world order.
- He aligned with the Soviet Union.



BRIEF HISTORY-CON'T

- 1958 he initiated the “Great Leap Forward”: A plan to industrialize China and Reshape agrarian practices.
- 1966 Mao used the CCP to launch a “Cultural Revolution”, designed to rid the population of traditional Chinese capitalist ways.
- He continued their relationship with the Soviet Union. China created a role with themselves depicted as a poor, needy neighbor.



BRIEF HISTORY-CON'T

- Their ploy resulted in exploiting the Soviet Union's support, obtaining Russian manufacturing and military secrets. They weakened the Soviets, their perceived ally, by receiving monetary and military aid.
- China's actions served to substantially drain the Eastern bloc. Their long game strategy: Mao and the CCP had gotten all they could from USSR.



BRIEF HISTORY-CON'T

- 1970: Mao invited Nixon to visit (a year after they had set off 2 Hydrogen Bombs near the Russian border).
- Nixon viewed this as a prime opportunity to destabilize and isolate the USSR.
- History repeats itself: China again played the role of the underdeveloped and needy country, in need of resources. The US eventually responds.



BRIEF HISTORY-CON'T

- 1978 Deng Xiaoping rose to power.
- The CCP became open to receiving foreign investment and participated in the growing global market.
- Foreign money could come into China, but profits had to stay in China.
- Profits could not be transferred overseas without a great deal of difficulty



BRIEF HISTORY-CON'T

- 2001 Bill Clinton signed into law trade relations with China
- Chinese economy soared
- They were accepted into the World Trade Organization



BRIEF HISTORY-CON'T

- Apple unveiled their Apple iPod, thereby unleashing an explosion in the technology world.
- China becomes rich, others have made billions outside of China.



XI AND THE CCP

- Needs the West to stay in business: globalization and the internet enable the CCP to gain power at the expense of the West by accessing Western money to finance China's economy (e.g., military, technology), which increases China's power and influence worldwide.
- The Russian Strategy on the U.S.: Promise your enemy short term gains or profits and enlist them to help make your country the most powerful in the world.



CCP

- Controls all facets of life in China.
 - No free speech
 - No freedom of religion
 - No free press
- People's Liberation Army is a wing of the CCP.
- Every business in China must have a member of the CCP on its board.



CCP

- The CCP employs a strategy that advocates and sponsors the theft, coercion, economic sabotage, and monopolization of infrastructure on a global level. All to increase their sphere of influence.
- Xi Jinping abhors the U.S. Constitution, particularly the freedoms protected under our Bill of Rights.



CCP

- These freedoms are viewed as threats to the autocratic power of the CCP: They must never take hold in China as rights afforded to its citizens.
- China seeks an image of a law abiding and just society. They use technology (cut, paste, delete) to sanitize how others understand their past, present, and future: Thus creating the “People’s Republic of Amnesia.”



CCP

- Have freely acquired technology without contributing to its development
- Have control over the world's shipping businesses
- Have gained significant influence in our corporations, universities, and science laboratories
- Have accessed American investor dollars to fund Chinese companies and factories



CCP

- Have influenced politicians and businessmen
- Have maintained monies that were obtained internationally in China
- Use cash to influence policies in DC



Theory of Modernization

- The West has aligned with the idea that free markets lead to greater wealth.
- The Theory of Modernization is a sociological construct that posits that democracy is the direct result of economic growth.
- This lead to America's elites partnering with the CCP: known as the Atlantic Charter.



Theory of Modernization

- Theory includes 4 principles:
 - Free market
 - Democratic principles
 - Rule of law
 - Self-Determination
- In reality, China pays lip service to free trade and globalization and ignores the Laws of Free Trade. China is threatened, so instead, gamed the free market system.



THEORY OF MODERNIZATION

- While seeming to agree with the principles, the CCP worked to undermine them. Theory of Modernization was not fulfilled
- China has not become a Democracy.
- China has not implemented or increased the civil liberties of its citizens.
- In fact, it still vehemently opposes the Western principles of freedom, democracy, and human rights.



CHINA'S PONZI SCHEME

- Achieved by issuing and obtaining massive amounts of credit, generating billions in foreign investments that cannot be recouped, and by creating a walled, closed economic system that remains unaccountable to audits from the outside and fleeces outside investors.



CHINA'S PONZI SCHEME

- How: Foreign investment comes in and it stays in China.
- Some remains as dollars so China can continue to trade internationally; however, the profits remain in nonconvertible currency and subject to strict capital controls.
- China does not follow accepted accounting practices.



CHINA'S PONZI SCHEME

- There is no way to verify a company's fiscal health.
- Selective Regulation: The Bank of China (government owned) deposits funds into whatever business is considered to be important.
- The CCP can transfer assets from one company to another as it desires.



UNRESTRICTED WARFARE

- “The new principles of war are no longer using armed force to compel the enemy to submit to one’s will, but rather are using all means, including armed forces or non-armed forces, military and non military, and lethal and nonlethal means to compel the enemy to accept one’s interests”
- Qiao Liang and Wang Xiangsui, 1999, *Unrestricted Warfare*



UNRESTRICTED WARFARE

- China doesn't need a powerful military machine to control a country's population, resources, or government.
- China's strategy: Economic power strengthens all fields of potential engagement. Money speaks, as it reinforces every sphere of influence.



UNRESTRICTED WARFARE

- 5 Ways to achieve this economic power
 - Political leaders silence ideas and purchases
 - Theft of Technology
 - Manufacture goods at dirt cheap prices
 - Drive competition out of business
 - Engage academics to gather scientific, technological, and engineering intelligence from universities and companies.



CHINA AND THE CCP

- China has focused on strengthening their totalitarian state: It aligned their private profit motives with its national interests.
- The totalitarian state drives all businesses with the idea of serving the goals of the CCP.
- KEY: China is strategic in how to motivate not only their own people but the rest of the world to do what they want: MONEY.



CHINA AND THE CCP

- China is a closed economy: The CCP controls all monies and related pricing.
- Currency is the Yuan: The CCP dictates its worth. The Chinese can artificially value their currency which offers political and economic manipulation.
- China has avoided devaluation of its currency by refusing to participate in the foreign exchange market.



CHINA AND THE CCP

- The CCP controls markets and the media, and censors the information that is aired regarding their financial stability.
- Does not allow social networking platforms as we know them .
- The CCP controls social credit scores and tracks citizens' behaviors using facial recognition and data surveillance to monitor whether or not citizens are obeying the mandated laws.



CHINA AND THE CCP

- It underwrites businesses: If you want to set up a company in China, you must partner with a Chinese company and have a CCP member on your board (to monitor the business).
- Every company must have a CCP committee operating on the premises.
- It abolished regulations for manufacturing and business: No environmental standards or quality control are necessary.



CHINA AND THE CCP

- The CCP does not exercise straight-forward competition. From 1991 to 2013 China increased their share of manufactured exports from 2.3% to 18.8%.
- Our Job Market and wages diminished. This creates a discrepancy between the rich and poor: Since China joined the WTO this chasm has increased greatly in terms of household net worth.



CHINA AND THE CCP

- Our talented people are recruited by Chinese companies.
- China now invests in 20% of U.S. startups as part of its Made in China 2025 Plan (2017).
- It seeks to dominate both emerging and traditional industries: new materials, artificial intelligence, integrated circuits, bio pharmaceuticals, 5G communication, aircraft manufacture, robots, electric cars, rail equipment, ships, agricultural machinery.



CHINA AND THE CCP

- Dangerous plan: If successful, China will cease buying from our companies, e.g., Boeing, General Electric, Intel. The U.S. will have to directly compete with China in the global market.
- China sets up companies all around the world, but places all kinds of restrictions on foreign companies growing in China.



CHINA AND THE CCP

- The CCP uses our own capital against our own interests.
- Trade terms are less favorable for the U.S.
- Trade imbalance leads to a weaker job market. It weakens American society as a whole, stresses the economy and security, produces less income, less tax revenue, and fewer services and impaired infrastructure.



CHINA AND THE CCP

- Stealing corporate secrets, piracy, theft of intellectual property, copyright violations: not a problem in China.
- This is unrestricted warfare on global commerce and trade. China is predatory and destructive with respect to the economies of other countries. While they claim to be free market, they restrict access, restrict cash flow, and restrict the free exchange of ideas.



WE NEED TO ACT

- We have exported jobs to China, and the toll has been on employment, infrastructure, drug abuse, stock prices, volatile real estate market.
- Our market has been flooded with Chinese owned and manufactured goods (contributing to the trade imbalance).
- In sum, slaves in China made products financed by London and New York for the unemployed in the West.



WE NEED TO ACT

- China achieved its goals by offering large subsidies to industries such as steel, glass, paper, concrete, and renewable energy.
- They grew state owned enterprises which resulted in excess goods exceeding Chinese demand. The excess was mainly sold to the U.S.
- The weakened country has gained such power and influence that the U.S. has compromised its core strengths, economy, technology, military, and our influence on the world stage.



WE NEED TO ACT

- Author's opinion: "We have only 3 years to stop the CCP. If we don't, our principles of Liberty, Freedom, and Independence will face destruction."
- When we invest in China, we lose dollars that could be invested domestically.



WE NEED TO ACT

- Example: When a Chinese company pirates an electronic device developed by a U.S. company and then sells the knockoff, it is stealing income from the company that was the originator. We lose jobs, income, tax revenue, future earnings. A heavy price for a society to pay.



WE NEED TO ACT

- The U.S. has allowed this economical takeover to happen.
- Be it our naïveté, stupidity, or just plain greed: our political, economical, the elite have entered the Chinese vortex: the same vortex that the Russians entered.
- Each time the U.S. pays for a congressman or scientist to attend a junket, or a Confucius Center is erected on a college campus we are supporting a totalitarian government.



WE NEED TO ACT

- Chinese grad students fill campuses, many directed by the CCP to garner knowledge from STEM research programs.
- The CCP uses our own capital against our own interests. Remember, China welcomes our investments, but none of the profits from those investments can leave the country.



WE NEED TO ACT

- Political leaders and the financial elite have operated under the misguided assumption that our interactions with China are a normal part of the free-market competition.
- Not realizing that China does not operate by the rules of international law, it has been conducting a stealth war and we are on the losing side.



WE NEED TO ACT

- American Investors, in particular Morgan Stanley Capital International, added many Chinese firms to its coverage - 20% are now Chinese companies.
- The U.S. loses billions of dollars worth of intellectual property and technology, and years of piracy and copyright law violations to the CCP's closed economy.



WE NEED TO ACT

- China fails to offer funds to countries while the U.S. spends up to 45M per year (2018).
- China builds railroads and ports in order to control the shipping industry (Belt & Road Initiative).
- Transferring manufacturing to China has proved devastating to the U.S. We sold out to China for low wage workers, medical supplies, scientific gear, electronics, sensors, and heating and security systems.



WE NEED TO ACT

- Our countries may have increased profits in the short term, but negated a long term strategy. Instead of strengthening our own country, we have strengthened China.
- This is where we failed to realize that military power is not the threat against us: It is the methodical erosion of our freedoms due to our economic relationship with a totalitarian regime who openly opposes our values and principles.

