

RONALD REAGAN INSTITUTE

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By Senator Marco Rubio

Thank you very much. Thank you, Fred, for inviting me, for introducing me, that's very kind. I want to thank John Heubusch, Roger Zakheim, Rachel Hoff, and your colleagues at the Institute for giving me this opportunity and for organizing this event to mark the 35th anniversary of that speech, which you just saw a snippet of a moment ago. I wanted to spend today with you doing 3 things. The first, I wanted to talk about the historic significance of that speech, not just to U.S.-China relations, but to the cause of freedom and liberty around the world. Then I wanted to turn to the complex and challenging relationship today between China in the 21st century and our country. And third, some of the difficult choices we face with regards to that relationship.

Let's talk first about the speech. Some of you here today probably don't remember that speech very well in 1984. I would have been in 8th grade. Actually, April 1984, I would have been in 7th grade. I remember that year only because it was Dan Marino's second year and the Dolphins were a football team. But we're coming back. Many people who work for me weren't even born in 1984.

But it was a part, as you said, of that historic six-day visit, and it was directed at the Chinese people. And the speech was typical Reagan. It overflowed with hope and optimism. That short snippet gave you some insight into that. And in it he spoke about growing educational and cultural exchanges, how it could increase mutual understandings between the United States and China. He called for greater bilateral cooperation in the fields of science, and technology, and medicine. And he aspired for the U.S.-China relationship to be one that realized the greater community of common interests, and to find a new political will to solve the world's intractable problems.

Today, those optimistic words about cooperation with China seem naive, out of touch, and out of place. But that's 35 years later. The China of the 1980s was not yet the China that we know today. It was still emerging at that time from traumas and the tragedies of Mao's Cultural Revolution. It was in the process of industrializing, modernizing. And it was still having a very vibrant internal debate about how to engage with the wider world, economically, culturally and in other ways.

But there is something about that speech that stands the test of time, and that is championing the cause of individual liberty, freedom, and democracy.

The America that Reagan described to his Chinese audience, which was an audience frankly that at the time was largely unaware -- it wasn't like the world today, where you have millions of Chinese citizens who travel throughout the world and are well aware of what the rest of the world looks like. China in 1984, the vast majority of its people, certainly the vast majority of the people that heard that speech live, had very little understanding about America or the West, at least as we would understand it. So, they were largely unfamiliar.

But the America that he describes is actually a challenge to us today where he talks about a resourceful nation of immigrants, including Chinese immigrants who were making important contributions. He extolled our fairmindedness, our idealism, our compassion, our religion and faith. And he also talked about our differences. About how we were a people who vibrantly disagreed with one another, yet held together as one nation.

And it is a reminder and a challenge in our modern era why that is first and foremost the greatest contribution that we can make to the world, that is our own example. Not just our system of self-governance, not just our ability to hold elections that are valid and credible, but the ability to recognize that, despite our massive differences, we are of one people, united by one nation, who share this one nation, and a people who share a nation that was founded on the powerful belief in dignity of every and each man, woman, and child. And founded on our belief, as stated in the words of our Declaration of Independence, that all men are created equal, because they are endowed by their Creator with certain unalienable Rights. Among those are life, liberty and the pursuit of happiness. And it's important for us to continue to remember these things even in our modern era. Because if we lose that understanding, then we have no standing at all to speak about liberty and freedom and what it can produce in a society anywhere in the world.

I would say in 1984 especially few of any Chinese had ever heard a foreign leader speak that way on their soil, and as he did so eloquently as Reagan always did. And he perhaps maybe even inspired young people in that crowd to dream for more. I certainly would like to think so.

I would add that those daring remarks came about five years before the pro-democracy protesters took to Tiananmen Square to call for reforms and change. And while the Chinese Communist Party has spent the last three decades trying to erase the names, and the memory, of any of the Tiananmen protesters, the bravery of those young Chinese in the face of certain danger leaves us still in awe. Particularly, a reminder that the principles of freedom, democracy and self-rule that Reagan spoke about, these are not American principles. These are principles deeply embedded in the heart and in the mind of every single human being. And history has always been a struggle between those fighting to defend those principles and those seeking to deny them. And that desire for liberty is universal, it is immortal, it is as old as mankind's presence on the Earth itself.

Which leads us to the challenge of China in 21st century.

As we approach this now 30th anniversary of the Tiananmen Square massacre, we are reminded that for three decades many had hoped for the development of a cooperative and mutual beneficial relationship with China. President Clinton pursued constructive engagement to help reenergize China's global integration. The Bush administration encouraged China a new role of responsible stakeholder in the international community. And then more recently President

Obama advanced an Asia pivot, he of course declined to directly acknowledge China as the revisionist geopolitical rival that by then it had become.

But now I believe we have reached a new turning point, and one of that must be handled carefully, but must be handled. And that is the growing and widespread recognition in this city and across American policymaking that China, under Xi Jinping and the Communist Party, has become a near-peer strategic competitor to the United States, and ultimately to the cause of freedom around the world. And I reiterate what I just said a moment ago, not China, but President Xi and the Communist Party of China, have positioned China to become a near-peer rival to the United States.

Its military is growing in size, in sophistication, and aggressiveness. It's aligned geopolitically with Russia, with Iran, with Maduro in Venezuela, North Korea, to not just promote but to protect totalitarianism. In fact, to offer totalitarianism, their form of totalitarianism, as an acceptable alternative, perhaps even a more effective one than what they couch as the chaos and unruliness of the free world.

It is also, by the way under President Xi and some of his predecessors, used our own open and free international order against us. The Communist Party of China is overseeing the greatest illegitimate transfer of wealth in human history using force technology transfer, and a whole-of-nation approach and espionage to steal American innovation and ingenuity from our companies, our centers of research, our universities. In fact, the U.S Office of the Trade Representative recently estimated that Chinese intellectual property theft cost the United States as much as 600 billion dollars annually, a staggering amount. A staggering amount. It exceeds the collective profit of the top 50 companies from the Fortune 500.

Increased trade with China yielded some short-term benefits for consumers, there's no doubt about it, primarily in the form of oil prices and short-term advantages for American companies in the form of higher profit margins. But the so called "China Shock," the cumulative impact of China's entering the international trade system, wiped out more than 2.4 million American jobs from 1999 to 2011. And the "China Shock" devastated American small- and medium- size manufacturers in concentrated areas throughout the country. It is a result of that is some of the political anxiety that we see manifested in recent elections.

Under President Xi, Beijing is just getting started. It's now boldly pursuing an industrial policy called "Made in China 2025" with the goal of eventually displacing America and other industrialized nations and dominating global exports and key next-generation technology subjects. Beijing, for example, is subsidizing Chinese state-directed telecoms, companies like Huawei, and ZTE, to ensure that they dominate the future of emerging 5G networks around the world. As the Director of the FBI has warned, "such power over our telecommunications provides the capacity to exert pressure or control over our telecommunications infrastructure. It provides the capacity to maliciously modify or steal information, and it provides the capacity to conduct undetected espionage." By the way that was a quote, I should of said quote, from the FBI Director.

China uses its growing and unfettered access to America's 40 trillion dollar capital markets to finance these threatening activities. American investors, and fund managers, and pension holders are often unwittingly investing in funds that hold Chinese companies like Hikvision and Dahua Technology with concealed ties to China's military, espionage or human rights abuses. And it uses the weight of its massive economy to extend the long arm of its authoritarianism in efforts to bully or to bribe other nations to bend to its will.

One example of this is the "Belt and Road Initiative" through which it carries out "debt-trap diplomacy." Entrapping debt-ridden foreign governments with extravagant promises of investments for their infrastructure projects. Some countries have already learned the hard lesson of this debt-trap diplomacy. Sri Lanka, for example, as many of you well know, it's well documented, lost control of a major port after defaulting on a Chinese loan. Other countries are naively ignoring the risks, like Italy, which became the first G7 nation to sign onto the Belt and Road Initiative.

To cite another example, Beijing is increasingly using threats to deny access to its vast markets and economy if companies do not agree to its demands to isolate our ally Taiwan or to conform to Chinese political correctness on topics like Tibet, Hong Kong, and Macau.

What's more is China is using a whole nation approach to exploit the open societies of democracy, including our political system and our universities and exert malign influence that is covert, coercing and corrupt, not only in places like Taiwan, Australia, Europe, and Latin America, but also here in the United States. Its malign activities include spreading propaganda and misinformation, censoring foreign criticism of the Communist regime, and even using Chinese students and academics to steal technology, and trade secrets, and proprietary data, and research and development.

Last, but certainly not least, China has left no doubt that under President Xi it will continue to be a totalitarian power. In the decades since Tiananmen, the Chinese government and the Communist Party have only tightened their grip. This has only accelerated in the last few years.

And they've only accelerated as well in brutally suppressing dissent at home. For example, they continue to perfect the surveillance and monitoring of its own people, including omnipresent cameras, artificial intelligence-driven facial recognition, and so-called "social credit system" that rates a Chinese citizen based on their compliance with the government. In fact, they are not just doing this at home, they are exporting it around the world as a "safety and law enforcement feature," and you can imagine how attractive this sort of technology is to totalitarian governments.

They have also left no doubt that it's one of the worst abusers of human rights and the rule of law. Look no further than the disappeared of human rights lawyers, the imprisoned Christian pastor, or the unjust detention and tragic death of Nobel Peace Prize winner Liu Xiaobo.

Look no further than Hong Kong, where Beijing continues to undermine and erode, not to mention break, the promises it made about Hong Kong's long cherished economy.

Look no further than their harsh policies against unregistered Christian churches, Tibetan Buddhists, Falun Gong practitioners, and other religious adherents.

And look no further than Xinjiang, where China has concentrated over one million Uyghurs and other religious and ethnic minorities in what they call “vocational schools” or “reeducation camps,” but what we would recognize as prison camps. Establishing Orwellian levels of high-tech surveillance and monitoring, including the forced providing of people’s DNA.

What Xi Jinping calls the “Chinese Dream,” has for millions of people, become a brutal and unending nightmare.

These are some of many challenges that the modern-day Xi Jinping-lead Chinese Communist Party pose to the free world. And so, while we hope for something different and believe that China has the potential for something vastly different, we must undertake the task of reordering our foreign and domestic policies to bring balance to our relationship with them. This new approach must be built on four imperatives. Those four imperatives are sovereignty, and reciprocity, transparency, and a commitment, a Reagan-like commitment, to protecting human rights, democracy, and a rule of law.

The Trump administration’s efforts to deal with unfair trade practices by China is not just about trade. At its core, it's about defending sovereignty and demanding reciprocity. We cannot give into some of the pressure that you read about to enter into a bad deal. A good deal, the right deal, an acceptable one is one that achieves the goals that the President himself outlined last year, namely, meaningful and fully enforceable structural changes on forced technology transfers, intellectual-property theft, non-tariff barriers and cybersecurity.

Our efforts to defend our sovereignty and secure reciprocity also requires us to address “Made in China 2025” and other forms of industrial policy. As I outline in a report titled “*Made in China 2025 and the Future of American Industry*,” which we did out of the Small Business Committee in the Senate that I chair, this growth agenda requires us to focus on domestic physical investment and domestic labor market stabilization.

This is not just something that we need to focus on externally, but internally, to prioritize national development and economic dynamism and small business competitiveness at the small, medium, and large business levels. It also means that we have to enact in kind and reciprocal responses to malicious Chinese trade and industrial practices, including developing our own approach to industrial policy and strategy to compete and win in this new 21st century.

The imperative of transparency requires that we must establish strength and disclosure requirements to alert American investors about the presence in the U.S. capital markets of Chinese companies that pose national security dangers or that are complicit in China’s human rights abuses. Many Americans, if not most, would be rightly troubled, even outraged, to learn that their retirement and other investment dollars are funding companies with links to the Chinese government’s security apparatus and malevolent behavior. Links that represent real, material, asymmetric risks to corporate reputation and share value.

Sovereignty and transparency also require us not to cede the future of 5G networks to Chinese state-directed companies like Huawei. Ultra-fast 5G networks will fundamentally transform the speed, the magnitude by which we connect and do business in the 21st century. It will enable our innovators to develop the Internet of Things, smart cities, autonomous vehicles and the like. But whoever ends up developing and deploying 5G networks first, is going to determine what those standards of all the industries that depend on it are. Therefore, this is not just an economic security issue, it's a national security issue.

On this point I know that the U.S. government is doing a lot. I've worked closely with my colleague from Virginia, Senator Mark Warner, the ranking member of the Senate Intelligence Committee, to do our part to warn our allies, including the so called "Five Eyes" nations, Britain, Canada, Australia, New Zealand about the threat that these 5G networks pose.

Australia, for example, took a very significant step last year when it established country neutral criteria that prohibits foreign companies who are beholden in extrajudicial to foreign governments from participating in both the core and edge of its future 5G networks. This will effectively ban Huawei and ZTE from doing that in Australia.

But we should be alarmed that one of our closest allies in the world, the United Kingdom, may choose to go in a different direction in 5G. There were news reports last week that Britain may be set to allow China to participate in its 5G networks and these reports by the way coincided with the British Chancellor's trip to Beijing for the Second Annual Belt and Road Forum.

It is my understanding, and frankly my earnest hope, that the decision may not yet truly be final, and that many British policymakers and intelligence officials internally share our fundamental concerns that this risk that's posed cannot be mitigated and therefore should not be permitted.

So, I want to publicly urge our British allies not to endanger our decades of Five Eyes cooperation by partnering on 5G with Huawei or any other Chinese directed telecom company because there is too much at stake here.

Countering these malign influence and interference in our democracies, our open society, and our universities, will require the government to partner closely with the private sector. On this point as well I've worked closely again with Senator Warner along with the chairman of the Senate Intel committee, Senator Burr, and the Director of National Intelligence, Dan Coats, and leading officials in the intelligence community and law enforcement. Together we've worked together behind the scenes to have candid, classified conversations with America's leaders in business, and venture capital, and higher education about the many threats posed by China to our national security, and to our economic security as well.

I've also partnered with Senator Catherine Cortez-Masto of Nevada to reintroduce the *Countering the Chinese Government Communist Party Political Influence Operations Act*. We're going to work to shorten the title of that bill. But it's bipartisan, and it aims to use transparency to combat China's political influence operations in the country and worldwide by requiring the Secretary of State and the Director of National Intelligence to organize an interagency task force to compile an unclassified report to make more transparent China's

disinformation, press manipulation, economic coercion, and influence operations in the U.S. and partner nations.

I also believe the United States needs to find new ways to bring together partners from Japan, Taiwan, Australia, Latin America, Europe, and elsewhere who are dealing with the exact same malign influence and interference efforts. We need to learn from our experiences and fashion new ways to collectively counter this growing threat.

And finally, just as Reagan did 30 years ago, we must never cease in advocating for the protection of human rights and the rule of law, freedom, and liberty.

I continue to co-lead the Congressional-Executive Commission on China, where we hold hearings and publish an Annual Report to shine light on Communist China's human rights abuses and violations of the rule of law. From that forum, we seek to give voice to the voiceless inside of China -- to the disappeared human rights lawyer, to the detained Christian pastor, to the imprisoned Falun Gong practitioner. The list of political prisoners in China is unfortunately long and growing longer.

We continue to do our part to make sure the world knows about what's happening in Xinjiang -- the crimes against humanity, the crimes being committed against the Uyghurs and other religious and ethnic minorities.

That's why in January, I re-introduced the *Uyghur Human Rights Policy Act* with Senator Menendez, a bill that would require the Director of National Intelligence and the State Department to report about the regional security threat posed by this crackdown in Xinjiang, and to generate a list of Chinese companies that are involved in the construction and operation of these mass detention camps. It also requires a report on efforts how the FBI is helping to better inform and protect Uyghurs and others who are U.S. citizens or legal permanent residents from Chinese government harassment and intimidation here in the U.S. on our own soil.

I recently led 24 Senators and 19 House Members in a letter urging the State Department and the Treasury Department to impose Global Magnitsky sanctions against Chinese officials responsible for human rights abuses. These sanctions are long overdue and it is time to take action on them.

Co-led by Senator Menendez and Congressmen Jim McGovern and Chris Smith, our letter also urges the Commerce Department to update U.S. export controls to stop American companies from exporting equipment and technology that enables these crimes against humanity in Xinjiang.

Advocating for human rights and the rule of law in China needs to be made integral to any discussion that the United States Government has with China, or with allies and partners about China.

In closing, let me say that when the history of this new century is written, there is going to be pages -- well, much of what dominates cable news today, there may be some footnotes, maybe a

chapter here or there, but most of it will be forgotten. The one thing I am certain, is that when the history of this century is written, it will largely be about the relationship between the United States and China. It is a relationship that will literally define this new era.

Now, what do I hope for? I hope for something different.

The path that China is currently on is not inevitable. I know, for a fact, that in the largest, most populous nation on Earth, there are millions and millions of people who aspire to more liberty, more freedom, more opportunity. I know for a fact that millions and millions of Chinese citizens travel abroad every year and see what life is like in the rest of the world. And I am hopeful, that the day will come when that opportunity will be presented to them in their own country. And that is not the direction they're headed now.

It's been an erratic departure from the past, in particular with President Xi writing out collective leadership, positioning himself as the core leader as he likes to call himself, making himself potentially president for life. And not just trying to control outside ideas, but to prevent them, to block them. The outside ideas he speaks of are individual liberty, human rights, democracy, the worthiness, the value, and the dignity of every single human being. These are the outside ideas he seeks to block. These are also ideas that are not simply American ideas, as I said earlier, they are universal. They also have to be definitional.

And so in so many ways we are hopeful for a different China, with different leadership, that becomes our partner in solving the global challenges of our time. But we acknowledge that it is not what it is today and that it is increasingly headed in a different direction.

And so we are left with a choice. And that is, in this new century, will the most powerful nation on Earth, or the most powerful nations on Earth, be free nations of free people who believe that every single human being has certain rights and has value? Or will the most powerful nation on Earth be one that does not believe in individual liberty and all of us exist simply to serve the state?

It's a big difference. We have all been born and raised in a world in which its most powerful nation is one that believes that every single one of you, your rights come from your Creator. And the world is better for that. The world will not be a better place if the alternative is true. And that is above all else, the challenge before us.

And so I thank you for the opportunity to talk about this. I believe we'll get it right, but we better start now. Because this new century is here and it is being even defined as we speak. So thank you for the opportunity to address you.