Taiwan Policy in the New Congress with Rep. Don Bacon

TRANSCRIPT

Discussion

- **Representative Don Bacon**, Second Congressional District, Nebraska
- **Riley Walters**, Deputy Director, Japan Chair, Hudson Institute

Disclaimer: This transcript is based off a recorded video conference and breaks in the stream may have resulted in mistranscriptions in the text.

A video of the event is available: [https://youtu.be/dyQdRnUdyvw](https://youtu.be/dyQdRnUdyvw)

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Riley Walters:

All right, well, let's get started then. Welcome to Hudson Institute. My name is Riley Walters. I'm Deputy Director of our Japan Chair here. And I really want to say thank you to everyone here who's joining us live and in person. I know it must be tough giving up either listening to the Feds press conference or not watching the World Cup at this point. But I'm sure those who may be joining us live online might have maybe more than one screen up right now.

Today, we're here to talk about Taiwan policy in the new Congress with Representative Don Bacon. But before we get to that, I just want to make a quick announcement. Please join us online this Monday at 10:00 AM for our event titled “Strengthening the US-Japan Alliance, a Conversation with Senator Bill Hagerty,” which will be hosted by the Japan Chair here at Hudson, Lieutenant General H.R. McMaster.

US Taiwan policy, I think, is getting more attention now than it's ever gotten. I've been following this issue for quite some time now and it's hard not to see the sheer interest that's grown in this space over the last couple of years. And so we have a special guest with us who's going to come talk about this.

Before we get straight into his remarks, let me just give a brief introduction. Congressman Don Bacon has been serving Nebraska's second congressional district since January 2017. He's served nearly 30 years in the US Air Force, retiring as a brigadier general, and was previously the wing and base commander at both Offutt Air Force Base in Nebraska and Ramstein Air Force Base in Germany.

The congressman is a strong advocate on the House Armed Services Committee for our military and veterans, and continues to fight for increased funding to rebuild our military, repair flood damages at Offutt Air Force Base, increase military pay, and improve programs and support for gold star families as well as our military members and their families. He currently serves as the co-chair for the For Country Caucus, the Congressional Electromagnetic Warfare Working Group, and the House Baltic Caucus. As a member of the Taiwan Caucus and Problem Solvers Caucus, Representative Bacon is committed to breaking through political gridlock to tackle our nation's most pressing issues here at home and throughout the Indo-Pacific. And with that, we'll get started. Congressman, the floor is yours.

Rep. Don Bacon:

Thank you. We sure appreciate it. It's good to be back at Hudson. I think it's my second time speaking here, so I appreciate it. Thanks for y'all being here.

So, big picture, I want to ensure that we can help Taiwan have the capabilities it needs to deter any war. We want to deter China from taking any action, that is the bottom line. So I'll just say that right up front. But let's back up a minute. I think we can take a lot of pride when we see what Taiwan has accomplished over the decades. I think it's incredible. They are such a great example of what freedom, free markets, respecting human rights and human dignity. They are, if you ask me, the poster child for what is great and wonderful about democracy.

I mean today with a country of 24 million, they have the 18th highest GDP in the world. They're rated the sixth freest country when it comes to the free market system. I think that's incredible. Their GDP per capita is roughly, this is by PPP, it's 69,500. China's, we'll just go back and make sure I got it right, is sitting around 19,000. So Taiwan's rated 14th in the world for GDP per
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capita. China itself is rated 79th, and just shows you a difference between a totalitarian state and a free market state if you ask me. And it shows the promise in Asia of what our values can do for everybody. And Taiwan's embraced them so we're proud of that. And I want to make a few comments too, about China in the national security strategy that was put out by the White House.

I think it's true that Russia is rightfully considered the near term acute threat. But when you look at the long haul, China surely is what we need to be measuring ourselves militarily-wise, and we got to put our focus on. Their GDP is starting to match ours, they're getting close. They're spending half of what we are on military, but they're able to focus on exactly what they need to tailor for us. We can't do just do that. We can't just worry about Asia. We also have to worry about NATO and what's going on with Russian, Ukraine, and the Middle East. So we really have a challenge on our hands to deter what we're doing in what's going on in Asia, but also to be what we need to be in Europe, with Russia. And also what's going on in the Middle East and what's going on terrorism.

But we have to be focused on the growing threat from China. President Xi has made clear that he wants to be the theater or the regional hagerman or the regional superpower now and in the decades to come, the global superpower. And so I didn't always agree with the previous president, but I appreciate the fact that he made us think about what we were doing with China and how we're responding to the trade threat, to the intellectual property threat, how we're going to scope our military, and so forth. Because we had hoped for decades that China would liberalize as a gained wealth and actually just became the opposite. They grow more totalitarian. They have you know, what their actions against the Uyghurs, Hong Kong, I can go on and on, has woken us up. We can't just pretend that they're going to do this liberalization that we thought.

So we have two national security interests in this. One is to ensure that Taiwan remains independent and supporting their democracy, their free market system, their human rights. Our other national security interest here is that we don't have war. War would be devastating to China, United States, and Taiwan. So how do you put these two things together? Well, I believe it's deterrence. We need to deter war. Now, I'll talk about the strategic ambiguity thing here in a moment, but we got to do what we can right now to deter conflict. War on day one is too late. Deterrence starts right now or should have started for decades. And we are behind what we need to do to ensure that China... We have to ensure that China has very little confidence of success of conducting an invasion. So therefore, we'll come back to what we need to do to help them prepare.

Why is it in our national security interest? Well, if China does take over Taiwan, they're out 150 miles farther in the South China Sea and in the Pacific. So from just a military perspective, it weakens our connections with Japan and Australia. Our correlation of forces weakens against us. Diplomatically, I think all the countries in Asia would have to recalculate, recalibrate the relations with China versus us. If this happens, I think our credibility would be diminished. America's credibility. Economically, 90% of all the high end chips, the computer chips, are produced in Taiwan. So there'll be a devastating impact with that. And then I think there's the moral principle here that the Taiwanese are our friends. They've embraced our values, they want our support and need our support. We can't just walk away from that.
So what would happen on day one of the war? China will conduct cyberattacks. They will conduct many surface to surface ballistic muscle attacks with a lot of ballistic muscles, very accurate. They'll use their air power, and eventually they'll conduct an amphibious operation. So our goal will have to be how do you defend against those kinds of attacks? So we need a policy in place that's ensuring that we're helping provide anti-ballistic missile capabilities, improved surface air missile defenses. And Taiwan better have a heck of a lot of harpoon missiles and other missiles that can sink ships. Today we are $19 billion behind what we've committed to do for Taiwan. That is unacceptable. We got to get rid of this gridlock or this traffic jam of our aid getting to Taiwan. Because when you have a $19 billion backlog that weakens our deterrence and makes war more likely, and we cannot afford that to happen. So those are some of my key comments here.

I want to just talk a little about strategic ambiguity. We had a big discussion today, by the way. Today, we had two classified briefings on Taiwan. Not by my request, but sometimes it's good to be lucky. So I've had hours today debating Taiwan with my colleagues so just with the thought of this, here is my proposition going into our debates today. And I feel better about it even now after debating it. I, in principle, I don't believe in strategic ambiguity. I just don't think we need to announce it. It would be my point. So we need to be speaking with our actions right now, and that is arms deliveries, US presence in Taiwan, increasing our allied presence in the region, and ensuring that Taiwan has the weapons they need to defend. I think it's other subtle things.

Who actually is the ambassador here, but we can't call her the ambassador. We have to call her the “representative.” I think we should start calling her ambassador. I believe Twin Oaks. We should take some of the rules that we have placed on Twin Oaks off and treat Taiwan more like an independent country. But I don't think we need to lead with our jaw and make these public announcements. It's better to lead with your actions. If you speak too soon, all you do is antagonize, and we're not prepared for war. Let's prepare this deterrence capability, and over time getting rid of strategic ambiguity becomes just reality. That would be my take.

Now, I would say one more thing before I go to questions. The Taiwanese out there, I traveled there a week ago, actually two years ago, three years ago we were there together, four years. Yeah, time flies. But we always talk about the porcupine concept that they want to have... Make it very hard for China to swallow the porcupine. Our goal is to ensure this porcupine has more quills, longer quills, and sharper quills. We want to make this porcupine even worse to swallow. And then I'll close on this note, we should be proud of what Taiwan has accomplished. We are their ally and we're going to step up to ensure that we have the deterrents we need. So with that, I yield back.

Riley Walters:

All right. No, thank you. I appreciate your comments. I mean, for years, again, we've been talking about this, but even now, really now it's coming to the focus and I think one of the major highlights that people have come to learn are the shared values that we have across the Pacific. Given the nature of this conversation, Taiwan policy and the next Congress, you talk about action. What do you think are some actions that maybe this next Congress will take? We've already seen, again, like I've already said, quite a few actions. There was the Senate bill to try and figure out a way to recognize Taiwan and the World Health Organization. We just had text from the National Defense Authorization Act. Talk about...
Rep. Don Bacon:

I've been the leader on that. I want to thank our team. It's probably office, but we've been pushing the NDAA to increase the aid in the cooperation with Taiwan.

Riley Walters:

So does that continue? Do you see that continuing or what do you see as maybe some directions this new Congress will go in Taiwan policy?

Rep. Don Bacon:

There's bipartisan agreement, Republican, Democrat, that we need to do more for Taiwan. So I think you're going to see support step up. We know that if we don't get this right, if you're weak on Taiwan, it invites war. We don't want war, so we got to be strong on this. I believe in Reagan's adage, peace through strength. So one of the things we can do is learn from Ukraine. Ukraine, Crimea was invaded in 2014. One thing that we did right, we sent a lot of our soldiers and marines primarily to Ukraine, and under the radar, we were doing massive amounts of training with Ukrainians to how to shoot javelin, anti-tank munitions, to helping them know how to treat NCOs and senior NCOs in a way that they can lead on the battlefield and not just be officer dominated.

So we did training on, we helped professionalize the Ukrainian military for 2014 all the way up to the Russian invasion. And it was really under the radar. Most people didn't know about it. And that's not the only reason the Ukrainian's been so successful, but it was a big reason why the Ukrainians have fought so well, because of our special forces that we're training them for roughly eight years. We should be doing that in Taiwan. Now we are, but not at the level that we need to be. So we got to step that up. And I think there's bipartisan agreement on that.

Secondly, what we didn't do well in Ukraine, we didn't give them harpoon missiles. We didn't give them long-range precision munitions. We didn't give them long-range surface air missiles. They asked for them.

In December of last year, I asked, "Why aren't we giving these capabilities?" Once we were briefed at the time on a classified briefing, we were told Russia will invade Ukraine. The order has been given. This is back in December. So my first question, why aren't we giving them harpoons? Why aren't we giving them... We want to be able to hit, give the Ukrainian's ability to hit tanks 30 miles behind the lines, not just in the fight with the javelin. There's several capabilities to do that. And the message back from the administration is we don't want to be provocative to Russia. Well, what do you mean? They've already given the order to invade. And so we had this two or three times, we don't want to provoke them.

And then after they invaded, well, now it's too late. Well, finally in April and May we start getting these munitions to them. Let's learn our lesson and help Taiwan get the adequate level of harpoon missiles, the adequate level of long-range surface air missiles, and counter ballistic missile type technology, and so forth. Let's do that now because that will help deter the fight. So training, better weapon. So there's things we can learn from Ukraine that we should apply here. Weakness did not help us in Ukraine. And I think if you back up, Afghanistan hurt us and made I think, the Ukraine invasion more likely. We can't afford to do this with Taiwan.

Riley Walters:
You mentioned Ukraine in 2014. I think, I’m guessing most of that came in the heels of the invasion of Crimea. Do you see the nature of your conversations on Taiwan having changed after Ukraine, but also the Pelosi’s visit last year? A lot more of this question of if not when... Sorry, it's not if, but when this will happen changing and that maybe being their Crimea moment?

**Rep. Don Bacon:**

Yeah, I think what we sense is there’s a lot of talk. We want more action. DC's great at talking about problems. So literally in Ukraine in December, we are talking about what we’re going to give the Ukrainians. In January, I'm meeting with the administration, well, we're talking about what we need to give to the Ukrainians. That was one month. In early February, well, we're going to try to send them down some javelins. We're still talking about what to do. There’s a lot of talk and I think for Taiwan we need to learn a lesson and execute now. I mean, we’re done talking. We know what we need to provide.

And by the way, some of the high-end weapons are in these weapons sales, but they’re backed up to the tune of $19 billion as I already mentioned. We got to get that plug pulled out so those weapons get there, but you also got to help countries know how to shoot a harpoon and do all this. So it's going to take people on the ground to help train. The whole goal here is to deter. We don't want war, that's in our national interest. We want an independent Taiwan particularly. As long as China is a one party totalitarian state, we have an obligation to do this. So we got to figure out how to do both. And that's to be strong now.

**Riley Walters:**

No, I don't think there's any doubt that the China we see today is much more aggressive than we've seen in the last 10 years. And that's not going unnoticed in the region. Actually, our allies, the Japanese are likely to come out with their own national security strategy this week, next week, highlighting sort of their own views on the security of the region, the increasing threat not just of China, but to Taiwan, which is in their national interest as well. So how do you perceive maybe working with allies to fill some of these gaps? Whether it's capabilities, whether it's training, whether it's just overall preparedness, even if we're talking about humanitarian disaster relief, that sort of thing. Any thoughts on that?

**Rep. Don Bacon:**

Well, if we have US boots on the ground in Taiwan, that's deterrence. If you have also Japanese boots on the ground or Australian boots on the ground, I think that that does create deterrence. Although China will be mad, they'll throw a fit. They did when Pelosi visited. That's all right. They can throw a fit. I think we need to create grounds for deterrence there. And I think doing an alliance system is much better than America going alone. I've already alluded to the fact America cannot afford to do it alone.

We have the China challenge, we have the Russia challenge, we have the Iranian challenge, we have still have Al-Qaeda. There’s no way that America can do. We are the indispensable nation, I believe that to be true. But we can't go alone so we have to work with Japan, who's the third wealthiest country in the world. We need their support and help. We need that partnership. And Prime Minister Abe, God rest his soul, was a leader. I'm trying to say, hey American, we
need to work together to deter China. He was the head of us on this, and so I respect a person that had that vision, and he had it.

Riley Walters:
Absolutely. Absolutely.

Rep. Don Bacon:
But we have to have a strong alliance if the free world's going to succeed, because China and Russia, and all these other totalitarian states, we can't do it alone. This is going to have to be a team effort.

Riley Walters:
Yeah. That's one of the things that our Japan Chair, H.R. McMaster has often talked about is working with our friends and partners in Japan and elsewhere to build up this deterrence. Because we don't want war, but we also don't want to just let China continue to think it can do whatever it wants. It's not how this works.

Rep. Don Bacon:
By the way, if you're the speaker of the house and you're the same party of the president, you may want to just call the president, say you want to visit Taiwan. Doing it over a press conference, and then the president and his press conference saying he disagrees. And then in the press conference we were negotiating via press conferences, two people at the same party. It's like, "I didn't think it was too smart. Did you?" I said, "Why don't you pick up a phone and talk to each other?" I guess they always say the young people to know how to use phones, they all have to text. These two people are over 80 and they don't know how to do it either.

Riley Walters:
You just communicate through emojis nowadays. A wink and a thumbs up, that kind of thing. We talked a lot about deterrence. I wonder if you had any thoughts on other sort of activities that either the Chinese have been doing to isolate Taiwan, or things that we could be doing better with Taiwan, let's say, in the trade and economic space. Chinese have been trying to change the rules of the United Nations to say, exclude Taiwan from all these activities. Taiwan is trying to become a member of the transpacific partnership trade agreement. It has its own new trade negotiations with the United States because we couldn't bring it into the Indo-Pacific economic framework that we have. And so we see these clear dual tracks emerging. And I wonder if you had any thoughts on maybe how we could better engage with Taiwan on other issues that we can help them either merge into the international space or just build a stronger bilateral relationship.

Rep. Don Bacon:
Well, I got several ideas that, first of all, I think it was a mistake to back out of TPP. Doesn't mean we had to have TPP the way it was written. If you don't like it, make some changes to it. But the strength of the TPP was to strengthen us versus China, and to help the free world compete better with lower tariffs amongst ourselves. Doesn't mean it was perfect. That was
negotiated by President Obama. We could have, under President Trump, made changes to it. But this whole goal was to have us in and China on the outside. Now China’s trying to say they want to negotiate and be a TPP. This is all messed up. So I do believe that we could do better here in the multilateral trade space. Surely we should have bilateral improved trade agreements with Taiwan.

Now I heard today how many days of food supply Taiwan has. Why can't we help work with them? Because part of what China will do is do a blockade. So we should help with food resiliency for Taiwan, if you ask me, and figure out how we can do that. But where I come from, Nebraska, would lead the country in steak exports. We'd love to sell a lot more steaks over to Taiwan. And with the name Bacon, we'd like to sell you more pork, too!

But we should improve our bilateral trade agreements there. Now on the diplomatic front, China's been very successful in trying to force countries to recognize China and remove the recognition of Taiwan. Unfortunately, we did that, and I don't like it. What does China get to tell us? I just assume can we recognize both? But I don't know why they get to tell us who we can recognize, who we can't.

And that's why I go back. I think we could change the name of Representative Bi-Khim, if I'm saying her name right, to ambassador. I think we should modify the agreement with Twin Oaks. Subtle things like that, send messages. And we should help support other countries who have their embassies still with Taiwan to still do so. I applaud Lithuania. Lithuania stood up and they have the small country stared at China and said, "We're standing with the free people of Taiwan." And I think we should applaud Lithuania and that. But we should work to get Taiwan into the WHO. They have much to offer there with their technology and their experiences, and it hurts the world not to have Taiwan in the WHO. So these are things that should be advocating for.

Riley Walters:
Absolutely, absolutely. Well, let's open up to questions from the audience. If you have a question, please raise your hand when the mic gets to you. Please name your affiliation, keep your question to a question or else we'll move on.

Rep. Don Bacon:
We really like a 10-minute speech, then ask a question. That's what they do in Congress.

Riley Walters:
Before we get to that, we have one here. Yeah, go on.

Rep. Don Bacon:
If it's really hard I'll pass it on to Lauren Harrison to answer.

Nate Sibley:
Thanks. Nate Sibley, I'm a research fellow here at Hudson Institute. I run something called the Kleptocracy Initiative looking at cantering authoritarian corrections.
Rep. Don Bacon:
So you're teaching kleptocracy?

Nate Sibley:
We thought about anti-kleptocracy initiative but it was a bit mouthful. So my question focus very much on the sort of military deterrence that we need to be undertaking. One of the other mistakes we made in the run up to the invasion, the second invasion of Ukraine was a failure of economic statecraft. All the sanctions came on after the invasion. If sanctions are going to work as a deterrent, they need to be coming beforehand. What kind of economic statecraft do you think we should be planning, or not necessarily initiating at this point, in the event that it looks very likely that China's about to begin an invasion? What in the Congress would you like to put together, sort of a package, something like that to sort of threaten them with? We have a very different economic relationship with China. We can't just isolate them overnight in the way that we could for Iran and Russia.

Rep. Don Bacon:
Total decoupling, that doesn't work.

Nate Sibley:
So any thoughts on that I'd really appreciate. Thanks.

Rep. Don Bacon:
Well, I do think once we knew Russia had given the orders to invade, and, interestingly, when I asked the administration, you're giving away secrets. The answer back was, "We have so much, so much intelligence of the orders they've given to invade Ukraine. We don't care if they know." It's not, like, a single source. There was thousands of reflections of this invasion. So they felt very easy about hey, this is going to happen. We don't have any of these indications or anything like that with Taiwan. But we know China has made it clear they want to reunify, and that's their goal. And by the way, this "one China, two systems" is baloney. We saw what happened with Hong Kong. I think that's why the Taiwanese are so emboldened and have gotten hardened towards China because they saw the catastrophe that happened to the people of Hong Kong.

There is no two systems, now it's a totalitarian state. They've lost the freedom of the press. Those who speak out get arrested. Taiwan doesn't want that for their people. But I do think we should have a plan if we had more clear evidence of something that China was going to do that, that we should preempt it with economic sanctions, like you say. But in a more broad policy, we need to review our supply chains. Why should 100% of our penicillin come for China? Why are we so dependent on Russia and China for our herbicides and fertilizers? So we got to diversify our, I think, critical supply chain weaknesses. It's one thing about getting close or things like that. I mean, we can handle that, but some of the more critical things, we have to have a plan now. And it doesn't have to be in America, it could be with allies, but we shouldn't be dependent on China for critical material.

And that's just not a Taiwan at just large. It shouldn't be our policy, and we should be trying to, whether it's not bring it back to the United States, but it could be Taiwan, it could be Europe, it
could be other places where we try to import this from. But some of our decisions like let’s say, solar power. We’re very dependent on China for lithium. Oh this is going to really be smart. So I feel like we want to be working towards a policy of more economic independence from China. But you’re right, total decoupling is not going to happen. I had somebody try to push me to do that and that doesn’t make sense. And there was another proposal out there of trying to prevent students from coming to America. I don’t think that’s wise either. I think, actually we benefit and the Chinese people benefit from our education connections and so we shouldn’t throw the baby out with the bath water.

Riley Walters:

Yeah, absolutely. I think the whole dialogue on globalization, I mean the cat’s out of the bag whether you like it or not. I like it, but others have a different opinion. But either way, you can’t put the cat back in. I mean at this point...

Rep. Don Bacon:

We just want to be depending on China on critical materials.

Riley Walters:

Which is easier in the grand scheme of things. It’s easier to do maybe. Well, not easy, not at all, really. But it’s marginally, it’s relatively easier to focus on one or two industries and sectors than all of them. Especially when we do hundreds of billions of trade every year. I saw a hand up over here.

Robert Delaney:

Yes. Yeah. Thank you for doing this. Robert Delaney from the South China Morning Post. I just wanted to ask Representative Bacon, you were talking a lot about the need for stronger alliances in order to counter authoritarian regimes like China’s and Russia’s. The Biden administration actually is really pushing the Quad. They introduced AUKUS, they really pushed for more language about China within the NATO forum, and also within G7. So obviously your party has been quite at odds with the Biden administration on a number of fronts. But do you feel that this strategy of building these alliances, QUAD, AUKUS, more countries in NATO, and so forth. Is the right way forward? Do you think there should be any changes the way that they’re approaching this? And if I could just one other question. The recent-

Rep. Don Bacon:

The famous two-part question.

Robert Delaney:

The KMT, the Kuomintang in Taiwan of course, as we saw with recent elections, gained a lot of strength. And they have traditionally been a bit closer with mainland China, with Beijing, than the DPP. Any thoughts about that? What does that mean? Should that alter the strategy at all? What has to happen in light of that? Thank you.

Rep. Don Bacon:
Appreciate the question. I think this is an area that I agree will be bipartisan and with the QUAD, the agreement with Australia, UK, and United States having more commitment from NATO, these are all good. And by the way, some of it has their roots in previous administrations. The QUAD didn't originate with President Biden. And I think there's a lot of promise there. When you look at, first of all, look at the number of population of Japan and there's economic strength. We need them. They need us, we need them. We got to be a great team. And Australia obviously I've traveled there too, and they're a great ally. One of our core allies. India's not there yet, but we should continue to work on it. Our dealings with them is a little more slower paced, but let's make incremental progress. They clearly know China is also their threat.

What holds them back is a lot of their weapons come from Russia. And so there's some mixed, not just an even poll because China they've also had typically had a little closer ties with Russia and now we got this invasion with Ukraine. So that's in this mix as well. But I think over time, India as the largest democracy in the world, and knowing that China's on their border, they just had another border clash this week where they were physically fighting with each other. So I think over time I think India will come along with our way. It's on our mutual interest to have that. They're going to soon be the most populous country in the world. They're going to surpass China soon. So that alliance only makes sense for us, but it's going to be at a slower speed than we want. Americans, and I know this and I have it myself we're overseas... See? That was a great point.

Americans want to sit down, talk to you for an hour, shake hands, make a deal. Yeah, this is not the way the rest of the world operates at times. So some of this stuff just takes time. We've got to be patient. But I would say I think in our parties, 80% in the party would agree with the Australian, UK, US, the NATO focus on this and as well as the Quad. So I think this is a bipartisan area here and it's fertile ground for us all to work together. And the other question was? I just remember you had a... What was it?

Robert Delaney:
The KMT local elections.

Rep. Don Bacon:
Oh yeah. So I had a KMT representative come and visit my office, and I've worked more with the other party when I visited there, and they've come and visit me a lot more. I think in the end it doesn't change anything when it comes to what we need to do. And because in the end I think they may be a little less talking independence but they do not want to be part of China under the current Chinese regime and it's totalitarian. So I think they may be more prone to say, "Hey, maybe someday we could come together under a democratic China." So I don't think it will make a lot of difference. I believe in the end we have a common interest to maintain Taiwan's independence now.

Riley Walters:
Yeah, I mean you could also argue a lot of the economic, for example, coercion that China's been implicated over the years has really changed the minds. I think of a lot of the people in Taiwan again, like the cat's out of the bag on this issue too.
Rep. Don Bacon:
They saw what happened to Hong Kong. They see what's happening with the Uyghurs. They've already seen what happened at Tibet. They're seeing what's happening in China right now with the zero COVID tolerance policies where people are screaming out their windows begging for help. It sounds miserable.

Riley Walters:
Excellent. Let's go over here.

Abby Fu:
Thank you. I'm Abby Fu, a research fellow here at Hudson Institute. So we talked a lot about the importance of a stronger alliance with like-minded countries such as Australia and Japan. My question is what can we do more about southeast Asian countries? We all know ASEAN as a block has been very dependent on China economically. Do you have any thoughts on what the US and Taiwan can do in turn of the southeast Asian countries?

Rep. Don Bacon:
Thank you. So we have some natural allies there obviously with Singapore, Thailand to a degree. We just had representatives from Vietnam come and visit, and I was flabbergasted because they came from their legislature. So like okay say that again? Yeah, there's five of them and they're from different parties. And I go say that again, too. I mean I thought there's only communists in Vietnam, right? And these Vietnamese were telling me about their elections and how it was very spirited. One guy barely won. I'm like, this isn't the communist Vietnam of yesterday, for sure. But they told us, "We want to have close relationships with you, and our number one concern is..." Now granted they just had some agreements with China so I'm sure there's more to that story.

But clearly Vietnam, as just an example, wants to have close relationships because they see China as their biggest threat. So I believe there's a lot of other countries that we can bring in. But when you're just talking the big pillars that you got to have, you obviously got to have Japan, Australia, and hopefully India down the road. And then you can have the other countries fit in as they look. I think Philippines are increasingly, from what I could pick up, focus on China, too. I just said that with Vietnam. So I just think we find we're probably a little more trade focused so they're not maybe there. But I think where we find common fertile ground, we ought to bring countries in. And just like we did with NATO and other alliances, you have different roles for countries.

I did go to INDOPACOM a couple years ago and I said why don't we develop more a NATO concept where it's multilateral? I sense everything in Asia's bilateral, why can't we create more multilateral where Japan's working direct with Taiwan and Australia, and they weren't there yet either. But I think the future of this has got to be a more multilateral and INDOPACOM not America being in the middle of the wheel with all the spokes going out. I think we got to do better than that.

Riley Walters:
Yeah, the focus on the Southeast Asia I think is increasingly important. We had I think, a summit earlier this year here in Washington that was really well-received there.

**Rep. Don Bacon:**

I need to get an updated book on Vietnam evidently. When they were talking about their contested elections, I'm like...

**Riley Walters:**

You have to meet the new ambassador.

**Rep. Don Bacon:**

I fell behind somewhere along the line here.

**Riley Walters:**

I think we have a new ambassador from Vietnam this year and a new ambassador from Thailand just a couple weeks ago, too.

**Rep. Don Bacon:**

Great.

**Riley Walters:**

I saw a hand in the back, and then we'll come in the front here.

**Peter Huessy:**

Congressman, Peter Huessy, senior fellow here at Hudson. What's the status of the defense appropriation bill? And the reason I ask that is General Kendall, the sector of the Air Force said if you had a CR, you're going to delay or have to push off 61 separate air force programs. So it is important to not only for our deterrent but helping others.

**Rep. Don Bacon:**

Long term CR costs the military about $2 billion or so, so $3 billion a month. And so there's an impact. You can't do new training, you can't start new programs so there is a huge cost. And a lot of my colleagues were like they like CR because it's fiscally, it reduces spending to a very large... I mean, you're talking like $100 billion decrease if you do a CR. And so folks who are worried about their $33 trillion deficit, they look at that solution, but we give ourselves terrible choices. So in our party a lot of people are pushing for CR because it reduces spending by $100 billion dollars or so. On the other side, they say, "Well, we'll only give you a $45 billion increase in defense," that's what we're proposing, "if you give us at least $45 billion more in non-defense."

And now, okay, so the Senate Republicans have agreed to the $45 billion defense increase and a $45 billion non-defense, so that's $90 billion. And the Democrats in the Senate want another $30 billion of non-defense spending thrown on top of that. Now on our side in the house, we'd
say we've done massive amounts of domestic non-defense spending the last two years. When you look at the fifth COVID bill, you look at the inflation reduction act that did not reduce inflation because you didn't know. But we've done massive amounts of domestic non-defense spending in the last two years. My view of it is we should increase defense. I wouldn't have insisted on $45 billion, but I think there needed to be increased. We got to at least keep it even with inflation. But here's the premise, and even a lot of Republicans have bought into it because it's what we've done for over a decade. If you add a dollar to defense, there's this assumption you got to add a dollar to non-defense. Or if you cut a dollar, you got to cut a dollar.

I don't get it. Why can't we size our defense to what we need? Not a dollar more, not a dollar less. And don't tie it to non-defense spending. Spend what you need on non-defense. Not a dollar more, not a dollar less. It doesn't make sense how we've done this. This is the most, I'm sorry, the most stupid assumptions that I've ever, as a farm boy, 30-year military guy, I don't understand this logic. But right now the choices come out of the Senate. Do we have a $90 million increase or about $125 or $130 billion increase? On the house GOP side we don't like either of those options. And so that's the debate that we're having. And so that we're going to get a weak CR vote today to extend one week.

Now here's the implications on that. They want to do a one week CR without house GOP support, because they want to be able to pass a $90 to $120 billion increase Omni bill next week. On the GOP house side, we were winning $45 billion increase, but mainly for defense. So long story short, we're going to get a defense appropriations bill. I have no doubt about that. I don't know the timing, but did I give some people some background? I don't know, maybe you all have that background, but those are the contours of the debate that we're having right now on approps.

Riley Walters:
Last question here in the front.

Joe Freeman:
Okay. My name is Joe Freeman. I have friends in Taiwan. So half this question comes from them. Concerns the semiconductor chip enterprise, which is their most profitable or most economically-

Rep. Don Bacon:
90% of the world's high-end chips. Yes.

Joe Freeman:
And that's exactly the question because it's not in our national self-interest or national security interest to have that 90% of the chips produced that close to China, which could possibly invade Taiwan. What would you do about the national, about that industry?

Rep. Don Bacon:
Well, I'm sympathetic to Taiwan. They have developed a great industry. They've done it with a lot of focus in their government so they've made the investment. And to think about they have
90% of the world's high-end semiconductors. That is impressive. But on our side of the aisle, I don't begrudge an ally having that, but we can't hold ourselves susceptible to worst case scenario and we don't have access to it, the best computer chips in the world. So I do think we need to diversify there. It doesn't necessarily have to come back to America in my book. But I think we do need some diversification there, which I know is not good words for our friends, for Taiwan. But we can't be totally dependent on one country for these things, in my view, especially in a situation where there is a threat.

Now as you know we had the Chips bill and it was a $279 billion bill for one industry and $55 billion roughly, don't quote me on the exact number, was to help rebuild computer companies here in the United States. We had another like $25 billion that was tax credits for these companies to bring investment back. And there was about another $200 billion in research just focused on this industry. I was initially sold on the bill when it was $55 billion, but I come back and they go, "Hey, are you going to vote for the $279 billion Chips bill?" I'm like, "I can't do that. It's just too much money." I mean, I think it's in our national security interest to invest in this, but that's a lot of money for one industry after we've already done trillions of dollars in COVID spending, we just spent...

We're sitting billions on the PACT act. I can go on and on. At some point, we got to find a way to tighten our belt here, we can't just... And anyway, we have high inflation partially because we are pumping money out left and right out of the federal government. And so end of opposing that, even though I struggled with the vote, there was some goodness to it as well. But we do need to diversify. And yet I know our ally, that's one of their main industries, but we can't just be dependent on one source.

Joe Freeman:

We don't know what to do.

Rep. Don Bacon:

Well, what we are doing, we're investing in cheap manufacturing here. I just didn't agree with the making it $279 billion.

Riley Walters:

Well, the beauty of the free market is that companies will move much quicker than governments. And so we've already seen companies from Taiwan, like Taiwan Semiconductor Manufacturing Corporation or Media Tech already investing heavily in the United States. And so those will take of course, years.

Rep. Don Bacon:

And then that's sort of a win-win because it's still Taiwan owned and that's good.

Riley Walters:

Exactly. Exactly. And it helps the US economy as well. So I'm going to call it an end here, but thank you very much for coming out today to speak with us. We really enjoyed it. I think this is
an important topic. We could talk all year about this, but of course, as you’re saying, action should take precedent over word. So we’re going to leave you to go take action.

Rep. Don Bacon:
Thank you. Hey, by the way, I’m a big fan of Hudson. Appreciate what y’all do.

Riley Walters:
Thank you very much. Well, thank you all for joining us. See you next time.

Rep. Don Bacon:
Appreciate you, guys.

Riley Walters:
Thank you.