

DEFIANCE 010

CHINA'S SURVEILLANCE STATE

CHRISTOPHER BALDING
PROFESSOR AT FULBRIGHT
UNIVERSITY VIETNAM



DEF010 - CHRISTOPHER BALDING INTERVIEW TRANSCRIPTION

CHINA'S SURVEILLANCE STATE

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Peter McCormack: 02:26

Chris, hi, how are you?

Christopher Balding: 02:27

Hey, glad to be here.

Peter McCormack: 02:29

All right. Thank you for coming on the show, I did a bit of research beforehand. And I found out you're now living in Vietnam. I've just been out there, had the most amazing time.

Christopher Balding: 02:38

It is a great country. I cannot say enough good things about it.

Peter McCormack: 02:41

Yeah, let me tell you what happened. I was going to go... I went to Cambodia first, just me and my two kids. And we were going to go from Cambodia... We did scenery, did the temples and we were going to go down to Phnom Penh, Ho Chi Minh and then to this island Phu Quoc.

Christopher Balding: 02:54

Uh, huh. Yeah.

Peter McCormack: 02:56

And somebody said, "Just don't go to Phnom Penh, it will be terrible, and your kids will hate it". We changed our entire journey we ended up starting in Hoi An... sorry, Hanoi. We went to the islands and then we took plane down to Ninh Binh.

Peter McCormack: 03:09

And then we went to Hoi An which was my favourite place. And then we went to Ho Chi Minh and then home, and the best three weeks.

Christopher Balding: 03:17

Yeah. Now Vietnam, I cannot say enough nice things about it. The people are wonderful. It is a beautiful country. The beaches are lovely. The food is great. I've lived there for a year and I just love it.

Peter McCormack: 03:32

Unless they're trying to rip you off in the taxi.

Christopher Balding: 03:35

Yeah, I always take Grab. It's like the Vietnamese version of Uber-

Peter McCormack: 03:41

What happened was we got ripped off from a taxi. We got charged for a 30-minute journey 1.2 million dong. I was like it's about 50 grand I mean that's... am sure that's wrong. Somebody was like get Grab. We got grab and my son would... he's taller than me, so he would sit in the front, and we paid cash. And we got out and my son gave me the change back, he'd ripped us off of the change of the Grab, so we still got ripped off the Grab.

Christopher Balding: 04:05

Yeah, they will try and do that, they will try and do that.

Peter McCormack: 04:08

You moved there... You were living in China, right?

Christopher Balding: 04:09

Yes, for nine years.

Peter McCormack: 04:10

And then you felt a need to leave?

Christopher Balding: 04:12

Well, it was more that they kind of gently nudge me out the door.

Peter McCormack: 04:15

Right, Okay. You were dissenting too much?

Christopher Balding: 04:18

I was dissenting too much, yes. Apparently, in China you're not supposed to complain about censorship.

Peter McCormack: 04:23

Right. Let's get a bit of a background here. How come you ended up in China? What were you doing? Are you a professor? Am I right to think of that?

Christopher Balding: 04:30

Yes, I was a professor. I think the more interesting story of how I... we ended up in China as a professor, was how we ended up in China the first time. My wife was an Architect in Los Angeles, and she was building homes for rock stars in Beverly Hills. And she takes a new job and it's a terrible job. Her boss is just screaming at her, she's like I can't do this. I pretend to be my wife and I start sending out her resume to head-hunters. And so a head-hunter starts emailing back, and it's like I got this great job for you, and it's in Beijing. And I'm like "Oh, shit now I'm going to have to tell her". And so, I tell my wife and she's like, "you got me a job What? Where?" And so, it was one of the craziest China... It's one of the crazy China stories that you'll hear. They interviewed her on Tuesday, they called her back on Wednesday said "we want you to come, take the next plane out to China. You're starting work Monday morning".

Peter McCormack: 05:29

Wow.

Christopher Balding: 05:30

And so knew effectively nothing about China, didn't know anything of what we're getting into. She goes and she starts work Monday morning in China, and I follow her a couple days later. And we spent about six months in China and Asia. And when I was offered a job to be a professor, we're like let's do this. And next thing we've spent almost a decade of our life in China.

Peter McCormack: 05:50

Were you are Professor already? What were you doing?

Christopher Balding: 05:53

I was finishing up my PhD.

Peter McCormack: 05:54

Okay. And your PhD was in?

Christopher Balding: 05:56

Economics.

Peter McCormack: 05:56

Okay, okay. We have exams called A level's in the UK, I don't know if you know this.

Peter McCormack: 06:02

And so I took Economics, barely scraped through. Interesting enough I mentioned to you I have a Bitcoin podcast, and I've been recently introduced to the world of Austrian Economics. I'll be interested know if you have any opinion on that.

Christopher Balding: 06:16

This is one of the things as I'm speaking here at the Oslo Freedom Forum, is I'm a business school professor. If you'd have asked me 10 years ago about human rights in China, I probably would have said something very different. It was only by living in China for almost a decade that you start looking around as you're exposed, and just punched in the face with what is going on there, that you're like this is messed up. And so Austrian Economics is much more of a free market type of bent, and that's my general inclination for a lot of things. But once you live in China and get exposed to this, you walk away I think with very different perspective on what matters and values.

Peter McCormack: 06:57

Interestingly you've gone out there as a professor... to be a professor, your wife's going out to design houses for I guess British Chinese people this time. And through your experience, you've become essentially an activist?

Christopher Balding: 07:10

I have become essentially an activist. And I think that's a different mindset for me, because I really just started out doing research. And then especially as you start looking at data about things that are going on about, the surveillance state and what's going on in Xinjiang. And all of the things that Huawei and related companies are doing. It really just puts the fear of God in you, not just for what's... how that impacts China, but how that is spilling over and impacting values around the world. Like we've seen in the US with the NBA issue. I think all of a sudden, people are waking up and going, "Wow! This is crazy that this is happening".

Peter McCormack: 07:49

We'll come to that because I'm actually glad it's happened because it's actually put it in front of people. It's made people realise what's happening in China, they didn't realise and it's... People don't want to show their cards really, aren't they?

Christopher Balding: 08:00

Yeah.

Peter McCormack: 08:00

I think it's fantastic that Quentin Tarantino didn't bend the knee. I loved what South Park did and I noticed you change your name on twitter? To Tegridy Farms, right?

Christopher Balding: 08:10

Yes, exactly. To Tegridy Farms CEO.

Peter McCormack: 08:13

Let me ask you though, at what point did the shift become apparent to you and that you

started to have this platform and this voice that people will listen to, what was that kind of journey? And when did you realise that What were you saying was mattering?

Christopher Balding: 08:27

People a lot of times talk to me and think that there was some grand master plan. Kind of like how I ended up in China. I think a lot of it happened in a very similar type of way. Really, what happened was I really started out writing about Singapore and China because I'd done some research on Singapore. And honestly like I got on Twitter and to be honest I was just saying stupid stuff. I mean it was really like making jokes about the Chinese economy. I mean who makes jokes about the Chinese economy? And this isn't stand up comic material. It was really like my mom, and a couple of other economists that were reading anything I wrote. And it was one of those things just... there was so little good information about China. I mean I remember the first time I decided to start writing about China was Joe Biden. And I don't mean to pick on the guy, but Joe Biden come out to China, and it's probably like 2011-12, and he writes this China is going to take over the world, China's the greatest place et cetera, et cetera.

Christopher Balding: 09:26

And I was like, this guy has no idea what life on the ground is like in China. And so, I just wrote a blog post about this is what's going on, and people seem to like it.

Peter McCormack: 09:35

Okay.

Christopher Balding: 09:35

And it just kind of snowballed from there. I've actually had people say, "Well, what did you... how did you get your brand?", and I'm like I have no idea.

Peter McCormack: 09:48

It just happened.

Christopher Balding: 09:48

I just say stupid stuff and write about the Chinese economy and technology and that's it.

Peter McCormack: 09:54

I get it. I mean two and a half years ago, I just started writing about Bitcoin on Facebook, and two and a half years later I'm here talking to you... I mean I don't think any of us really planned this. Okay, let's go back to when you got to China, you landed, you're getting set up. I'm guessing it started to get weird at some point like, how was life different? And what were you experiencing going like this is weird... this is... because you say you were getting punched in the face. And is it like the bureaucracy of setting up life? Do you feel like you anticipating this, what's going on?

Christopher Balding: 10:20

I think one of the... there's a couple of things that I think a lot of people don't really get on a day to day basis. And I think one of the things is, freedom of speech is just such an ingrained part of who we are in western civilisation, that you don't understand what it's like to live in constant fear that if you say something wrong, you're going to get fired,

you're going to get demoted, you're going to get deported, you're going to get whatever. And that is a daily fact of life in China. And what shaped a lot of how you talk about that journey. A lot of that happened because to be honest, I was too stupid to know any better. And I made mistakes over and over again. I pissed off the party a couple times without even really realising, I pissed off the university a couple times without even intending to.

Peter McCormack: 11:13

What were the consequences of that though?

Christopher Balding: 11:16

I think because at the time this was let's say, 2009 to 2012 in the early stages. At the time I think it was just kind of like, they kind of set me aside. They weren't... that I wasn't going to get necessarily rewarded for lack of a better term within... because I was as a university employee, I was technically some type of Chinese public employee. I mean I was almost like a civil servant of the Chinese government. And they just kind of said, we're not going to let Chris essentially like rise up the ranks. He can just kind of do his own thing. And they kind of like, not really ostracised, but-

Peter McCormack: 11:52

Your card was marked.

Christopher Balding: 11:53

Yeah, my card was marked. That's a good way of putting it. And so, I took that, and I said, "Well, I can just do almost whatever I want, as long as I kind of don't bother them too much". And it was really like a learning experience of like, "Oh, so this is how society works". My wife kind of describes me as similar to Sheldon, that I'm not good on picking up on Sheldon from Big Bang and I'm not good at picking up on nonverbal cues. And so, it took me making mistakes over and over again to figure, "oh, you can't, you're not supposed to say that". Oh, like-

Peter McCormack: 12:26

These are Chinese mistakes?

Christopher Balding: 12:27

Yes, absolutely. These are Chinese mistakes. And so, you begin to realise... and I'll tell you a story I've never really said, my wife knows this story. The first time I got in trouble. I actually was... there was an incident in Singapore where an American Postdoc, it's still unclear to this day whether he was murdered or committed suicide. He was a postdoc at a Singaporean Research Institute, doing research in Micro Electronics.

Peter McCormack: 12:56

Okay.

Christopher Balding: 12:57

And he had been told he'd been telling friends; he was being pressured to do research for military applications for the PLA. And so, he decides he's going to quit his position, he's going to go back to the States consequences be damned. And so, his girlfriend

goes to pick him up, to drive him to the airport and she finds him swinging from a shower rod. And so, I had people in Singapore that had been reading my stuff, because I was raising similar problems in Singapore. And so, they say, "Hey, do you know anything about what's going on here?" And because of the research I had done, I knew the companies that he was talking about, and so I referenced one of the Chinese companies that he said he was working with. And these are companies that do bad things. These are companies that for instance, they will build the warheads that like, for instance in Syria that they put the chemical weapons in that they launch in.

Christopher Balding: 13:51

And these are companies, and I'm not making this up and I wish I'd screenshot ed it and I didn't. The specific thing I'm about to tell you, but this company at one point there was basically like this military E-Bay, on the Chinese in the Chinese Internet. And basically, similar to like, if you go to the Gap website and you can see the guy in the blue sweater?

Christopher Balding: 14:11

Imagine the same thing except for shoulder-fired missiles. Okay?

Peter McCormack: 14:15

Jesus.

Christopher Balding: 14:16

On the website and it's basically like here's our telephone number, if you're interested in what we're selling, get in touch and we'll quote you a price. And we're talking shoulder-fired missiles here. Okay? And so, I referenced this company in this blog, it was really a passing reference didn't think anything of it. And a couple weeks later, I get a call from my boss and he says, this company flew down a team of lawyers and they want me to fire you, and they want you to make a public apology and et cetera, et cetera. And that night I get back to my apartment and my computer is flashing virus scan, virus alert, virus alert. My internet is basically been cut to 28k dial up, at this point I'm pretty sure that they've broken into my home. Same thing in the office, I know that they broke into the office, things like this. And you didn't even mean to, it was really like I was talking about Singapore, and I happened to mention just in a passing reference and linking to a Reuters article. Didn't even think about it.

Peter McCormack: 15:18

Right.

Christopher Balding: 15:19

And one of the things is that I don't think a lot of Westerner's get, is just the general sense of fear about saying anything in China.

Peter McCormack: 15:27

Right, okay. Give me like an example of the kind of thing you can't say and the kind of trouble you'll get into? Like a mild example to begin with.

Christopher Balding: 15:38

The general rule as a foreigner living in China, and I should say this has changed over time with chairman Xi, but when I first got there the general rule of thumb was you don't talk about what we call the three T's. Tiananmen, Taiwan and the party. Oh, and to that the four T's, Taiwan, Tiananmen, Tibet and the party.

Peter McCormack: 15:59

Okay.

Christopher Balding: 15:59

Those were the four things. At the time, you could kind of criticise economic policy. You can kind of say, "Oh, the government should spend more the government should cut taxes, things like that", that was fine. Now in China, even that is a relatively risky proposition.

Peter McCormack: 16:19

Even reading Winnie the Pooh is a-

Christopher Balding: 16:21

Even reading Winnie the Pooh is-

Christopher Balding: 16:24

I'll tell you one story that I had a journalist call me up a couple years ago, and say "Hey, I need a pro party quote from... about something, about this issue". And it was a non-controversial topic. It was not one of the four T's it was not anything like that. And they wanted a pro party opinion. And so, I had a couple colleagues that I knew that would be in their wheelhouse. And I said, "Hey, I got this journalist"... I think it was a major international publication. And I called up a couple of colleagues and both of them said, "No way, I'm not saying anything. Don't ever ask me again". And at first, I was... because again I'm not the brightest guy here, is at first, I was puzzled. I was like hey and they're like, look in China today even if you're saying pro party stuff, you're doing nothing but creating risk for yourself. You're just going to put yourself out there, and you're going to be creating problems for yourself, even if it's pro party. It's better to not say anything at all than it is to even say something pro party.

Peter McCormack: 17:28

But what are the consequential risks of, if you were to say something critical of the party publicly. You can be arrested; can you be imprisoned?

Christopher Balding: 17:37

You can be arrested absolutely. Just recently there was an example of a guy who was thrown in prison for two weeks. And all he did was complain on WeChat about the National Day Parade. He didn't want to watch the National Day Parade.

Peter McCormack: 17:52

Jesus.

Christopher Balding: 17:53

Okay, he complained about that on WeChat. It's the Chinese version of like Facebook, most widely used social media platform, threw him in jail.

Peter McCormack: 18:03

Have you looked into why the Chinese government is like this? Like is it a cultural thing? Is it a fear of losing power? Why is it happening?

Christopher Balding: 18:12

I think it is... this is how communist parties operate in general. I think the more current and relevant answer is that Chairman Xi, is acutely aware of the fact that the CCP, or I should say the Soviet Union collapsed about the same age the CCP is now.

Peter McCormack: 18:32

Right.

Christopher Balding: 18:33

They were on their 13th fifth year plan, China is in the latter stages of a 13th fifth year plan. It's going to be its fifth year... it's 14th fifth year plan as a year or two away. And he believes that the fall of the Soviet Union was one of the greatest tragedies of the 20th century, and to ensure that the CCP has longevity and lives on. He believes that the mistakes of the Soviet Union were in allowing any type of liberalisation whatsoever. Allowing any type of free thought, allowing any type of free speech and he is bound and determined that is not going to happen under his watch.

Peter McCormack: 19:08

Okay, all right. One of the areas that I'm really interested to learn about, and I've not dived into it yet is the Belt and Road. And I'm also very interested in what's going on with Huawei. Which way do you want to start? Because they feel connected.

Christopher Balding: 19:26

Let's start with Belt and Road, because that'll kind of provide an on ramp to Huawei.

Peter McCormack: 19:30

And a lot of people won't know what the Belt and road is.

Christopher Balding: 19:32

Yes.

Peter McCormack: 19:33

You should probably just give a bit of background, so people understand what's going on here.

Christopher Balding: 19:36

The Belt and Road Initiative is basically Xi Jinping idea to basically take Chinese investment to the rest of the world. It's really big in Africa, the Middle East, Southeast Asia, Central Asia. It's a little bit in parts of Europe and a little bit in Latin America, but it's probably its biggest in places that are generally considered to be in Chinese sphere of

influence. And I think what is notable is that, I believe the total lending has been probably close to half a trillion dollars or something like that. A couple hundred billion, 100, 200 billion a year for like the past five years... I don't know the exact number of the top of my head. And it's generally in the... it's been concentrated in a lot of heavy industry infrastructure-

Peter McCormack: 20:29

Ports and-

Christopher Balding: 20:30

Ports, things like that. Yes, exactly.

Peter McCormack: 20:33

And did I... I'm not sure if it's part of the Belt and Road, but I'm pretty sure something... is it Greenland there's like a whole town that's now Chinese.

Christopher Balding: 20:40

Yes, absolutely. Because and I apologise, I forget the exact reason, but I do know that I want to say there's some type of like specialty mineral or metal that you can get in Greenland. And so that's the specific reason and I forget which one it is, but I'm pretty sure that's it.

Peter McCormack: 20:57

And is this like a modern version of colonialism? Are they trying to create, like groups of Chinese influence around the world? What do you think is going on here?

Christopher Balding: 21:09

To be honest this is my sense. There's kind of like this debate raging about whether or not it's this thing... One thing that they call... the critics have called it is "debt trap diplomacy". And it's basically if I'm going to lend you 100 bucks, I know you'll never be able to repay and then you owe me big, and you'll do whatever I say, Okay. There's also this sense of well hey, China's lending into countries that can't get capital to build ports and other things like that. Okay, so what is the reality? A lot of the reality I think is probably somewhere in the middle. And so one of the things is that a lot of how China operate is basically, we're going to do it and figure it out later. Okay. And so that seems to really be a lot of what is going on. Is that they started doing stuff and they really didn't know what they were doing in a lot of this stuff.

Christopher Balding: 22:02

I don't think it's quite as nefarious that we have this master plan to enslave you and we're going to loan you money we know you'll never be able to repay. I think part of it is also that they expect business to work. And this is very common for many countries. Their instinct is to expect business to operate outside of their home country, the way that it operates at home. Well, in China you make a loan and it just gets rolled over in forever and ever and never actually gets repaid. But when you lend money outside of your own country, you don't expect it to work that way.

Peter McCormack: 22:34

Yeah.

Christopher Balding: 22:34

Okay. And so, one of the things... and I'll be a little technical here, so when you lend money for an infrastructure project a port, a road, an airport those kinds of things. They only work financially, if you're talking let's say a 20-year loan, a 30-year loan, a 50-year loan and it's at relative... it's pretty low interest rates, okay? I mean they just aren't profitable enough to repay credit card interest rates at three years.

Peter McCormack: 23:02

Yeah.

Christopher Balding: 23:03

Okay. Part of it is also because if you have an airport, it's going to last 30 years.

Christopher Balding: 23:07

Okay, so you repay it over 30 years. Well, China is going into a lot of these countries, and they're charging not high interest rates but highish higher. And they're also doing... this is the crazy part, they're doing like typically two, five at the outside 10-year loans on things that typically take 20 to 30 years to repay. Okay, well think about it this way. If I'm giving you a two-year loan to pay off your home, you're not going to be able to repay that.

Peter McCormack: 23:40

No.

Christopher Balding: 23:40

Okay. And so, it's going to blow up. And so, there's... It's not entirely clear if there's... I lean its probably just general more incompetence than it is... and they expect to just roll it over the way they do it in China, then it is there's this nefarious master plan to enslave the rest of the world.

Peter McCormack: 24:02

Right, okay, okay. When I looked at the Belt and Road previously, and I spoke to somebody else about this previously they said, "the risk here is the export of Chinese surveillance around the world".

Christopher Balding: 24:14

Yes.

Peter McCormack: 24:16

This is obviously something else you've researched as well?

Christopher Balding: 24:18

Yes.

Peter McCormack: 24:19

And looking at Huawei there's two examples I can see, I see the US very resistant to the 5G technology. And then I see the UK where I'm from, they've got their arms open and welcoming them in. Is it something we need to be aware of? Can we dive into this? Tell me what's going on with-

Christopher Balding: 24:36

Sure, sure. The first thing is one of the things that Huawei has done, if you look at China Belt and road, and if you look at where Huawei is most active. It's an incredibly stacked map and there's a couple of places that have done maps like this, but it's basically in heavily authoritarian countries.

Peter McCormack: 24:56

Okay.

Christopher Balding: 24:56

Okay, or very weak democracies borderline democracies. There's simply not a lot of demand for that type of surveillance or questionable financial practices in open democracies. More generally looking at Huawei, the research that I've done and just to also reference the things that other people have done. In the UK for instance, the UK has what they call the Huawei oversight board, which is basically-

Peter McCormack: 25:27

The fact that we needed-

Christopher Balding: 25:28

The fact that you needed an oversight board. Now, the beauty of this Huawei oversight board is it's technically a government body, and it has government civil servants that work on it, but it's also essentially housed and Huawei uses about half the... provides about half the personnel and actually some of the government officials that oversee it used to work for Huawei. It's a very dubious arrangement to begin with.

Peter McCormack: 25:56

Okay.

Christopher Balding: 25:56

And then what happens is, the reports that this Oversight Board has been providing because what the Oversight Board role is to essentially say, "we recognise that Huawei might be a security threat, so we're going to provide oversight and make recommendations about what they should be doing and things like that, to make sure that they're not a security threat". Basically, for the past decade this Oversight Board has been filing these annual reports about, we think Huawei should do XYZ, and almost every year they make the same recommendation, Huawei needs to significantly improve its security. And one of the ways that the public discussion about Huawei has been side-tracked, is we get this crazy idea and the buzzword is backdoor. Okay. And it's not really applicable to Huawei for one specific reason. If it weren't for bad security Huawei would have no security at all. When we talk about backdoor, we don't need to

worry about the back doors we need to worry about the front door that has been left open and the keys are on the porch.

Christopher Balding: 27:01

Okay, that's how bad Huawei security is. I've actually been told by guys that would pull apart these machines, that they said even a couple years ago because Huawei let's say a decade ago they would actually steal Nortel and Cisco equipment rebrand it, pull out the guts and figure out what was going on, reverse engineer their own. As they said even a couple years ago you would stumble upon sometimes, it would reference Nortel or Cisco code in a Huawei machine because they had just copied and pasted the control code into their own into their own machines.

Peter McCormack: 27:43

Right. Okay.

Christopher Balding: 27:43

Okay. And so, one of the things is that Huawei said "well it's going to take us all this time to upgrade the security". And so, here's the dilemma just logically that you're left with, is you're telling me this great company who supposedly is at the global cutting edge of technology and you can't program security. Forget back doors Okay?

Peter McCormack: 28:11

Yeah.

Christopher Balding: 28:12

You supposedly have all these hundreds of patents, you have spent enormous sums of money on research and development and you can't program BIOS code, source code that makes a secure router, that makes a secure base station.

Peter McCormack: 28:26

Okay. This hasn't been talked about that much publicly.

Christopher Balding: 28:31

Yes. And so, this is one of the problems, the problem is the buzzword the people... the words people focus on a backdoor this creates this in people's minds is very nefarious, this Jason Bourne this hacker thing. When really the biggest problem is the front door. Okay, there's just no security on a lot of these devices. The other thing is... and not to tout my own research, but as we were able to analyse these CV's we see very clearly Huawei employees talking about the offensive things that they're doing, we were able to tie some Huawei employees to specific known events of security breaches or intellectual property theft. This is very problematic, and we actually have the evidence to show that yes, they are doing a lot of the things that they're criticised for doing.

Peter McCormack: 29:25

Hold on. If the security is that bad, my initial thoughts would be well everything should just be a no then?

Christopher Balding: 29:33

Yes, absolutely. I mean-

Peter McCormack: 29:34

Like why work with them at all?

Christopher Balding: 29:36

One of the things... and this is one of the things that I think many people have pointed out. One of the things that happens with a lot of these machines is they get installed, and you might not do it for your home computer it's probably set to automatic, but what happens to a lot of these security devices, so like the base stations that have the antennas that power mobile phones. As security breaches are discovered what will happen is whether it's Huawei or independent firms, they will say we've developed this patch that will fix this known security problem.

Christopher Balding: 30:10

And so whether it's Huawei or other firms they will... the telecommunication companies will be charged for the security patches.

Peter McCormack: 30:17

Okay.

Christopher Balding: 30:18

Okay. And so, what people have pointed out is, Huawei may sell that network gear up front at a 10 to 15% lower price point. If you factor in the life cycle cost of all the additional programming that you're going to have to do, all the additional patches you're going to have to spend, all the additional downtime. It's actually cheaper or at a similar lifecycle costs to buy other companies 5G gear.

Peter McCormack: 30:49

Okay. Starting point is that the security is terrible, but there's a more sinister side to this as well, right? There's a more sinister worry.

Christopher Balding: 30:59

Yes. Basically, what we... what you can actually see very clearly is two things. First of all, Huawei actually works very closely, and we can demonstrate this going through the CV's of Huawei employees, they work very closely with the state. Some of these employees actually talked about being representatives for specific agencies, intelligence agencies. One of the employees that we found, they declared on their resume that they worked for Huawei at the same time that they worked for a unit of the PLA that is in cyber warfare. This is very worrisome. The other thing is that Huawei is within China. They work very closely with Chinese state to engage in a wide range of let's say very oppressive practices. They are one of the leaders in things like facial recognition, also database and cloud storage, where they are actually actively building for instance racially driven like Uygur vs Han types of facial recognition and things like that. They are actively abetting for instance what's going on in the Xinjiang as well as the censorship regime that occurs in China.

Peter McCormack: 32:16

Okay. The risk here then to I guess the US allowing for the Huawei to be deploying their infrastructure. Is that what they will be using this for listening in and NSA state activity?

Christopher Balding: 32:31

Yes. It is like the NSA but it's also very different.

Peter McCormack: 32:35

Okay.

Christopher Balding: 32:37

In the sense that we know that China uses its... its willingness to use let's say force or at least various... the term in China is blue, green, yellow. Which is they're going to ply you with girls or they're going to ply you with money or something like that, so that they essentially own you.

Peter McCormack: 32:59

Okay.

Christopher Balding: 33:00

I actually had a situation myself where they were essentially trying to ply me with girls. I mean they actively do this, and they record these situations. If you remember the Tom Cruise movie, The Firm where they tape you doing these types of things so that they own you. Neil Bush from the Bush family is well known in China because he had been doing business deals in China. And he got involved in some stuff and he got... he had to go through divorce back in the States. And there's this great exchange where his ex-wife attorney is questioning him on something he did in China.

Christopher Balding: 33:38

And so I forget the exact wording but it was something to the effect of "so you discovered these two women in your hotel room?" "Yes, sir. That's correct." "And what happened when you discovered them in your hotel room?" "Well, we had sex Of course". "You just discovered two random women in your hotel room and had sex with them?" "Well, yes I didn't want to be rude". Okay. And so they actively engage in this, whether it's to benefit their corporations or push policies that they want. They're much more less constrained about willing to use that type of those abilities.

Peter McCormack: 34:16

Okay, okay. But currently the US has, was its part of the trade or agreements that they've now agreed to allow Huawei?

Christopher Balding: 34:25

No, Huawei is definitely not allowed in the US and they're on what's called the entity list, which basically means no US firms can trade with them.

Peter McCormack: 34:37

Okay. And that's probably not going to change then?

Christopher Balding: 34:39

That is very unlikely to change.

Peter McCormack: 34:41

I then... I don't understand why other Western governments are okay with this, because it seems so obviously a terrible idea to be working with them.

Christopher Balding: 34:49

And I think one of the things is, and I've gotten into this as I've dealt more with European governments and some other governments. I think the developed governments in Asia specifically like South Korea, Japan they view China's a very real threat, and so they're not using Huawei. The European governments and this is what has struck me is that, I don't think fundamentally a lot of European governments view China as a threat. That they... I do not think for the most part view China as a real problem. And so, if you don't view China as a fundamental threat to liberal democracies, openness, things like that. It would make sense that you would be willing to work with Huawei.

Peter McCormack: 35:38

Do you see them as a threat?

Christopher Balding: 35:40

China and Huawei yes, absolutely. And we see... I think China is actively trying to push censorship. We know of threats; I've talked to people in Europe that have told me about being followed by Chinese agents. We've seen examples of this Australia and I think even more so, I think you have to consider... If you look at Xinjiang, Taiwan, the South China Sea, overseas censorship. I think you have to look at them as not just an economic competitor, but I think you have to look at them as what do we as open liberal democracies want to stand for.

Peter McCormack: 36:23

But people are bending the knee? Hollywood is bending the knee.

Christopher Balding: 36:26

Yes.

Peter McCormack: 36:26

Regularly. I think the NBA is in a very tough position right now. Very surprised to see a couple of the players I think LeBron James response to... I thought it was very disappointing.

Christopher Balding: 36:38

Yes.

Peter McCormack: 36:41

What do you make of what's going on there?

Christopher Balding: 36:43

Well, I think one of the fundamental issue I think for a lot of people is, and I don't

necessarily mean this and I don't want this to sound as negative as it might sound, but a lot of the fundamental difference's comes down to I think money. Because look you can make a lot of money in China.

Peter McCormack: 36:59

Yeah.

Christopher Balding: 37:00

They are willing to give you a lot of money. They're willing to help you make a lot of money-

Peter McCormack: 37:05

Tegridy farms.

Christopher Balding: 37:07

Tegridy farms.

Peter McCormack: 37:07

That was highly accurate then?

Christopher Balding: 37:08

Yes, absolutely.

Peter McCormack: 37:09

Yeah.

Christopher Balding: 37:10

I would love to find... I honestly... I was actually stunned at how accurate not just on some of the major themes, but on some of the details of how accurate it was.

Peter McCormack: 37:20

Right.

Christopher Balding: 37:21

And part of me understands because if you don't know a lot about China, you can just... it's very easy to say, "Oh, well this is just a Trump issue". "Oh, well it's not as bad as... these are just some rabble-rousers that are pounding the table". Wow, that's I mean, they're offering... It's a lot of money that I'm having to walk away from.

Peter McCormack: 37:42

Yeah.

Christopher Balding: 37:43

And so a part of me, I don't want to think of everybody that doesn't think the way I do as oh, well they're just a sell-out. But I do think a lot of it at the end of day comes down to money because, I mean it's tough to walk away a lot of time from the amount of money that people are being asked to walk away from.

Peter McCormack: 38:01

Well, yeah. I think... I mean it must be very difficult. But at some point, if you don't take a stand, we're going to... I mean I hate the idea of creativity being compromised for money. I can't stand the idea of censorship. I find it fascinating how similar to what George Orwell predicted in 1984 is actually happening.

Christopher Balding: 38:21

Yes.

Peter McCormack: 38:21

Right now in China. It's crazy.

Christopher Balding: 38:24

One of the things that always strikes me is whenever you talk to people that say, "Oh, don't worry about that, it's not that big an issue". You drill down to Okay, why do you want to behave this way with China? Why do you think we should continue to engage whatever? At the end of the day, whether they have a business or whether it's just we need to focus on the economics, it's about money.

Peter McCormack: 38:48

Of course.

Christopher Balding: 38:48

It's about money. And I was actually at some place recently, and somebody asked one of the speakers, "what is something China could do where you would say Okay, I have to draw the line". We can't do this anymore. I have to draw the line. And the speaker who was advocating, engagement dealing trading with China. They couldn't give an answer, they did not have an answer. And I think my line is probably going to be a little bit different from your line, and our line is going to be a little bit different from somebody else's line and that's fine. I think everybody however has to say, what is the thing if China does this? I'm going to say, "okay, we can't we have to walk away". We have to we have to advocate taking a tougher line, we have to be willing to lose money on something with China.

Peter McCormack: 39:46

Well, this internal external thing, right?

Christopher Balding: 39:49

Yeah.

Peter McCormack: 39:49

I mean I think personally, the social credit scoring is unacceptable. I think what's happening with the Uyghurs is totally unacceptable. It's modern day concentration camps.

Christopher Balding: 39:59

Yes.

Peter McCormack: 40:01

I've already hit that point, but their internal things that don't directly affect me it's just as a human being. I'm like this is terrible. Especially was happening with the Uyghurs. I mean I saw the footage that came out recently of the trains, and they had people blindfolded and shaved heads. It looked like something from Nazi Germany.

Christopher Balding: 40:17

Yes.

Peter McCormack: 40:18

And this is happening modern day.

Christopher Balding: 40:19

Yes. And if you follow that specific situation more closely, I think there's very credible evidence that we've seen a real jump in death rates. There's very credible evidence of organ harvesting. Very credible people have done reports on this. This is not just speculation, there is hard evidence for all of this. And this is the type of situation like we're going to have to answer for, what were we doing with regards to when what China was doing and how we responded.

Peter McCormack: 40:53

I just don't think anyone's going to do anything, though. I mean it's already evident people aren't doing anything. Nothing is happening with the Uyghurs, it's not like there's sanctions for the Chinese what's happening there. The only things you read about with regards to some of the brave journalists who are covering it, or maybe the HRF it's not even... it barely makes the mainstream news.

Christopher Balding: 41:14

Yes. Well let's put it this way, I actually hold out a little bit of hope that there's going to be some additional movement on that. But I actually do fully understand and just from a news coverage perspective, I would love to see more news coverage of this. Because the numbers that we're talking about, the scale that we're talking about, the technological assets that are being deployed there are just astounding and just absolutely heart breaking.

Peter McCormack: 41:43

What kind of things have both blown your mind and broken your heart here? Talk to me about, the scariest things.

Christopher Balding: 41:53

I saw the same footage where they had just hundreds of people, hundreds of men lined up... and for people that haven't seen it, I'm sure you can YouTube it somewhere.

Peter McCormack: 42:03

Yeah, I can do it.

Christopher Balding: 42:04

And they're basically I don't know, like in lines of 20. And there's like rows, I don't know

how many rows and they're just blindfolded on their knees as Chinese policemen, security guard's kind of circle around them. And they're next to a train yard and they're being led into basically box carts. And we don't know from the footage where they go.

Peter McCormack: 42:24

Yeah.

Christopher Balding: 42:25

And I can guarantee you that China is keeping records of all of those people, individuals, and you look at the crimes that people are being convicted of... I mean I say convicted; I use that word very lightly. They're being convicted of just even communicating with people overseas. I mean that's it, just communicating with people overseas. That's their crime. And I really hope that we do not actually start discovering death camps. But I will say it wouldn't... with what we know they've already done. I can't say it would surprise me if at some point we start discovering that, that's been happening.

Peter McCormack: 43:08

Wow. Well, I think the world would have to react to that point?

Christopher Balding: 43:13

Yes.

Peter McCormack: 43:13

It becomes unacceptable. But I'm wondering how much... because the problem is, we've got companies bending the knee right now. And it's very strange especially in America. The Americans stand up... very important of the Constitution. I'm jealous we don't have a constitution in the UK. First amendment rights, second amendment rights, all the way through right. Yet they are allowing those rights to be eroded by foreign companies for the sake of money. I mean it's ridiculous. We've seen people marched out of NBA games for silent protests.

Christopher Balding: 43:45

No, and one of the things that I think is going on just in American society in a broader sense, is with Trump, with China with all of these issues. I think one of the things that we're doing is in a way when you get sick, what happens to your body? Your body expels things.

Peter McCormack: 44:08

Yeah.

Christopher Balding: 44:09

You cough, you sneeze and not to be graphic, but it's because your body wants to get rid of things. Okay. In the same way I think it's forcing us as Americans to really re-evaluate. What is it that we value as Americans?

Peter McCormack: 44:23

Yes.

Christopher Balding: 44:23

What are the principles that we want to stand for? And not that you ever wish that somebody gets sick. You never cross your fingers and say, "Wow, I hope they get sick", but hopefully this is really causing an awakening of like, wow, what is it that we want to be as Americans? I think it's easy to say that yeah, we might have drifted away from what we wanted to be, what we stood for as a nation and so not just internationally with China, but domestically what are the principles and values that we want to stand for? And yeah, there's going to be times where we're going to have to make some tough decisions, about we need to walk away from money.

Peter McCormack: 45:05

How do you think this is going to play out?

Christopher Balding: 45:08

I actually hold out hope first with the Trump administration, first of all that we're going to get the Hong Kong human rights and democracy Act passed.

Peter McCormack: 45:17

Which is great. I was talking to Denise Ho about that this morning.

Christopher Balding: 45:19

Yes. I'm hopeful that we're going to get that passed. I do still think there is hope that there is going to be some type of action taken on Xinjiang whether it's legislative or whether it is regulatory that Trump can enact without legislation.

Peter McCormack: 45:35

Yeah.

Christopher Balding: 45:37

I don't think that's quite as likely just at the current state of affairs, but I definitely don't think it's a lost cause either. I think there's more pressure that needs to be brought. And I think as much as anything, I think what I'm very hopeful about is especially with the NBA issue, the NBA really bungled their response but you've also seen the NBA say "No, we're not going to fire Daryl Morey", and no we're not going to tell him he can't say that". And then yesterday Shaq, who does have Chinese endorsements I'm told, I don't know which ones. But I'm told he has Chinese endorsements, said, "No, we're going to stand up for this".

Peter McCormack: 46:17

Yeah, amazing.

Christopher Balding: 46:18

And so you've seen with Quentin Tarantino, and so I'm hoping that it's causing kind of like with a cold, I'm hopeful that it's causing... jeez what do I as a business, I'm not going to advocate every business should pull out of China. I'm not going to do that. I will absolutely say every business needs to re-evaluate what are the trade-offs I'm going to be making. And I need to be able to justify that on multiple levels.

Peter McCormack: 46:47

Okay. For you now then what does it mean? What is your career right now? Because obviously if you're here, you're more of an activist but guessing historically you're still a professor. What happens for you now with all this?

Christopher Balding: 47:01

I live in Vietnam now, and I am still actively pursuing this Huawei and China type research.

Peter McCormack: 47:10

Okay.

Christopher Balding: 47:10

One of the few professional skills that I think I actually possess is I'm able to find and analyse Chinese data and what's going on in China. And so, one of the things is, like you mentioned Xinjiang for instance. I think one of the things that just hasn't happened yet is there hasn't been that NBA moment with Xinjiang yet. And I think if we can... however it might happen, if there could ever be that NBA moment with Xinjiang, I think people would be so repulsed that you would see an almost instantaneous 180 for a lot of countries.

Peter McCormack: 47:47

Well, that was why they were so disappointed with the footage, because the footage came out... and for me that was very scary I shared it out. But it was like I mean; Sky News in the UK was like the fourth fifth article and then it disappeared. No one's really talking about this.

Christopher Balding: 48:00

Yeah. And like it's one of those things that... Garry Kasparov was talking today he says, I love this analogy and I use this analogy myself is, "A lot of times it's just like standing up that rock and just ping hammer, hammer, hammer and you just go and go and go". And then you finally get to that NBA moment, a GM tweets out something random.

Peter McCormack: 48:24

Yeah.

Christopher Balding: 48:25

And all of a sudden you have this, it's on everybody's mind.

Peter McCormack: 48:29

Yeah. Well, everyone has to make a decision now.

Christopher Balding: 48:31

Everybody has to make a decision.

Peter McCormack: 48:32

Yeah, Interesting. Okay, what's coming up for you then? And also if people want to find

out more about what you're doing, and follow your work and your research, how the hell are do they find it?

Christopher Balding: 48:41

Yeah, I'm on Twitter. Tegridy Farm CEO is the current handle. My Twitter username is @baldingsworld. And then I also do... more of what I've been trying to do with my research is actually just kind of trying to let's say, go beyond what journalism does but distinctly less than. I don't want to be the professor that writes the paper's nobody reads.

Peter McCormack: 49:03

Yeah.

Christopher Balding: 49:04

I want to write those things that are going to have an impact about what's going on. The project that we're currently working on is Germany is considering letting Huawei into their system.

Peter McCormack: 49:14

Okay.

Christopher Balding: 49:14

And so we're absolutely going to be targeting in the coming period, using some of the data we have to basically try and show Germany why they should not allow Huawei into their networks.

Peter McCormack: 49:25

Wow. Okay. I will listen all the best with it, it's fascinating to hear about. Hopefully, we'll do this again in the future.

Christopher Balding: 49:31

Absolutely. I come... I dropped by London every so often-

Peter McCormack: 49:34

But then let me know.

Christopher Balding: 49:35

I will.

Peter McCormack: 49:36

Definitely, I mean I'm not in London. You know what it's like, you just say London's, so people know.

Christopher Balding: 49:39

Yes, yes.

Peter McCormack: 49:40

But I'm 30 minutes away, so it'd be great to catch up again.

Christopher Balding: 49:43

Sounds great.