TRANSCRIPT Episode 10 – Isaac Stone Fish

Jonathan Bench: Welcome to another episode of *Lawbalization*. Today I'm joined by Isaac Stone Fish, a recognized authority on China risk and geopolitics. He's the founder and CEO of Strategy Risks, a business intelligence firm, and author of *America Second*. Isaac advises companies and institutions on China and global risk management. A former Beijing correspondent, he spent six years in China. Isaac, thank you for joining me.

Isaac Stone Fish: Thanks for having me, Jonathan. I'm looking forward to this.

Jonathan: You and I are both "China guys," but I want your origin story—that's always the best part. What took you to China? What kept you there? And what keeps you connected to it today?

Isaac: For me, it started by accident. I grew up in Syracuse and wanted to get as far away as possible. When I was about 16 or 17, I had the chance to choose between going to Senegal, Bolivia, or Xinjiang in western China. China just felt bigger—literally and figuratively—so I chose that. I went there one summer, returned the next, then studied Chinese literature in college. I wanted something half practical, half impractical.

What's kept me tied to China is how dynamic it is—and how dynamic the geopolitical environment around it remains. If it were static, it would be boring. The unpredictability makes it challenging but also fascinating.

Jonathan: Same here. I fell into China in my late teens and early twenties. I didn't appreciate then what it would mean for my career—I was just curious. Coming from a small town in the Midwest, it was eye-opening. For a long time, everyone—governments, pundits, businesses—was still figuring China out. To some extent, they still are.

Isaac: Absolutely.

Jonathan: You've built a career helping companies understand and mitigate China risk. How do you define that term, and what are some of the most overlooked ways companies get entangled in geopolitical or ethical risks related to China?

Isaac: All business involves risk. But for a long time, we operated under this "end of history" assumption that geopolitics was secondary. That's no longer true.

We define *China risk* as the externalities that affect your business beyond the normal profit and loss—factors that can make or break you. That includes risks from Beijing's perspective (your relationship with the Communist Party), from Washington's perspective (how your China activities might anger U.S. policymakers), and from a global standpoint—

like how your operations would be affected if China invaded Taiwan or if new foreign laws targeted Chinese companies.

We also talk about *China exposure*—how deeply your business is linked to China and the Party, why that matters, and how to reduce or decouple from those risks where necessary.

Jonathan: We're recording this right after some major U.S.-China trade developments—this week's deal between Xi Jinping and President Trump. Where do you think things stand right now?

Isaac: We're just hours past the announcement of a deal that barely qualifies as one. It's a fragile, temporary truce. The markets might be calm for a few weeks, but it won't last long.

Jonathan: That makes sense. The U.S. operates on two-to-four-year cycles; China's planning horizon is measured in decades or even centuries.

Isaac: I'd say more like three-to-five-year cycles. But yes—the contrast in perspective is huge. I often ask whether China succeeds *because of* or *in spite of* the Communist Party. I'm firmly in the "despite" camp, though it's ultimately an untestable counterfactual.

Jonathan: That's a great question. What makes China successful *in spite of* Communist Party rule?

Isaac: A few things. First, there are so many brilliant, hardworking people in China. Second, because traditional norms and moral frameworks were so deeply disrupted during the Mao era, there's a kind of ruthlessness that can actually benefit business competitiveness. Many Chinese companies are more afraid of competitors than the Party itself.

There's also this constant negotiation with authority—knowing when to follow rules and when to bend them. I sometimes compare it to jaywalking in China: everything is technically illegal, but people cross anyway. Sometimes you get hit, but often you make it across fine.

Jonathan: That's a perfect analogy. So tell me about your clients. Who comes to you, and what kind of work do you do with them?

Isaac: Our clients are mostly large financial, manufacturing, and B2C firms. We help them understand and manage their China risks.

When we work with the C-suite or board, the focus is strategic—scenario planning, China exposure mapping, or decoupling strategies. With legal teams, it's about compliance with laws like the Uyghur Forced Labor Prevention Act. With supply chain teams, it's due diligence: who are their Chinese partners, and are they legitimate? For deal or risk teams, it's about pricing reputational and regulatory risk.

Jonathan: Are your clients leaning into China or backing away?

Isaac: It varies. We've tracked meaningful decoupling trends, but the direction depends on the company and even the individual business unit. There's often a gap between how companies *present* their China exposure and what it actually is.

Jonathan: Let's talk more about measuring China exposure. How do you approach that?

Isaac: We use five categories:

1. Business fundamentals
2. Partnerships and political ties—often the least examined but most critical
3. Supply chain
4. Regional sensitivities (Xinjiang, Tibet, Taiwan)
5. Opacity—the less transparent a company is, the higher the perceived risk

We combine data on peer companies with tailored internal analysis—joint ventures, sales relationships, tech stacks, tier-two and tier-three suppliers, and more.

Jonathan: Do you present this through dashboards or reports?

Isaac: We tailor deliverables to the client. Most risks we track are significant but not fast-moving, so updates are usually weekly, monthly, or quarterly. Sometimes it's a one-time assessment, sometimes an annual review. Increasingly, we're helping companies build internal tools so they can monitor risk themselves.

Jonathan: I find many clients have enjoyed China's benefits without truly assessing the risks. When crises hit—trade wars, COVID, shipping disruptions—they start asking fundamental questions they'd ignored for years.

Isaac: Exactly. It's far cheaper to assess and mitigate risk *before* a crisis. Small steps—like making sure a 2013 press release about a "new factory in China" isn't the top Google result for your company—can prevent massive reputational harm.

Jonathan: Fair point. How do you assess the risk of regime change—say, if Xi Jinping suddenly left power?

Isaac: It's inevitable that he'll die someday; we just don't know when. The bigger question is: what comes next? A hardline general who kicks out foreign companies? A reformer who liberalizes? Someone who liberalizes economically but acts aggressively abroad?

We can't predict the outcome, but we can scenario-plan. If Xi's grip ever weakens, every company with China exposure needs a contingency plan for what that means.

Jonathan: Let's turn to your book, *America Second*, which explores Beijing's influence in the U.S. What forms of influence do you think are most underestimated, and how should U.S. institutions respond responsibly—without veering into xenophobia?

Isaac: It's a delicate balance. Take Chinese students in the U.S.—imagine one texts home about a classmate's pro-democracy comment to a parent who's a Party member. Is that spying? Maybe, maybe not. These gray areas make influence and espionage hard to parse.

Universities and companies need to police themselves better—identify real bad actors like PLA or MSS agents early. That transparency reduces the need for government crackdowns.

The most misunderstood influence channel is the *United Front*—a vast system for building ties between the Communist Party and non-Party groups abroad. It's involved in everything from sister-city programs to friendship associations. Companies need to know when they're engaging with United Front-linked entities and assess whether that's appropriate.

Jonathan: Do you think influence ever flows the other direction—can U.S. engagement change China for the better?

Isaac: I'm conflicted. Historically, Western engagement has had some positive effects, but Beijing is too strategic not to extract a price for access. When that price was lower, I was more optimistic. Today, it's much higher—for me personally, high enough that I no longer travel to China.

Jonathan: You spent years reporting from China, visiting every province. How has your perspective evolved since then?

Isaac: I'm constantly learning how much I don't know. When I was a correspondent, China was relatively open, though we didn't realize how open until later. Now I wonder if, in hindsight, this current era will seem relatively open compared to what might come next.

Jonathan: For companies still operating in China, how do they balance profitability with ESG and human rights obligations?

Isaac: We help clients categorize activities into "need to do," "nice to do," and "not worth it." We don't tell them what to do but help them understand costs and consequences.

If a company has 100 factories and 10 pose serious ethical risks, we quantify those risks and help prioritize responses. The toughest question is always: how do you take care of your people—both American and Chinese—if conflict breaks out? That's a moral and operational challenge most firms haven't fully faced.

Jonathan: I've wrestled with the same questions. This has been an outstanding conversation, Isaac. Before we wrap up, here's a final question: if you weren't running Strategy Risks, what would you be doing?

Isaac: I love what I do now—it's exciting and challenging—but maybe I'd write another book, serve on boards, or finally remember what it feels like to sleep in. I'd also like to travel more intentionally—visit 30 or 40 countries in a year and see what's really happening in the world.

Jonathan: Fantastic. I hope we can do another episode in a year and see how our predictions hold up. Thanks for your time and insight.

Isaac: Thank you, Jonathan. Great questions and a great conversation.