



The View from Beijing: What are China’s Ambitions and Strategies?

A Response from Dan Blumenthal

The long-term, post-Cold War strategic objective of the Chinese Communist Party (CCP) indeed has been to displace the United States. However, the CCP has faced obstacles, and internal politics intervened. Beijing adjusted. The most significant change was the replacement of Deng Xiaoping’s “reform and opening” approach that drove economic growth inside China with today’s “great leap backwards.” Deng and Jiang Zemin focused on market-oriented reforms while quietly building up national power—especially military–technological power. This approach is often referred to as the “hide and bide” strategy: hide your capabilities as you develop them. Since then, the People’s Republic of China (PRC) has transitioned internally from a developmental autocracy into a national security state, with internal security and short-term external gains as higher priorities than economic growth. The United States has a better chance of thwarting this strategy than the previous “hide and bide” approach but must be hypervigilant in the short term.

What the Chinese “National Intelligence Estimate” Might Say: Paranoia About Internal Subversion Supported by Foreign Hostile Forces

Even though China’s power and prestige were increasing, the 1990s and early aughts were also a time of great peril for the CCP. The demise of the Soviet Union and the nationwide protests of 1989 were regime-threatening events. Soon after came America’s lopsided military victories in Iraq and Kosovo and the rise of a new democratic nation-state in Taiwan, which solidified U.S. support for the island. All of a sudden, the U.S. alliance presence close to China’s only coastline,

home to all of China's ports, became simply untenable. In Beijing's view, there was nothing to stop the United States from supporting Taiwanese independence. The PRC believes that a failure to reunify the "motherland" will result in its demise and acts with accordant ruthlessness. Witness how the CCP has addressed "separatism" in Tibet, Hong Kong, and Xinjiang.

The CCP has already drawn *political* red lines on Taiwan. Just as it acted decisively when it believed that "foreign hostile forces" were working to "forever break" Hong Kong away from Beijing's suzerainty, the CCP has now said on several occasions that it will not allow "Taiwan separatists" with the help of "foreign hostile forces" to permanently keep the island separate. The final, official CCP verdict of Tiananmen Square is that foreign hostile forces worked with counterrevolutionaries to bring down the party. That is why the fear about Taiwan is now catalyzing more intensive coercive activity.

A Change in Strategy

Deng and Jiang's approach to dealing with their bleak assessment of security in the post-Tiananmen environment was to build up China's economy very rapidly and translate wealth into military and diplomatic power without triggering a counter-balancing coalition. Once Deng left the scene, the "new left" (in reality, far right-wing populism) attacked the reforms as weakening the party. Xi Jinping represents this new politics. Since the 2008 financial crisis, Beijing's strategy has shifted markedly. China panicked that it would lose its big export markets. It began to lend massive amounts to unprofitable state-owned enterprises (the private sector had been allowed to flourish during the reform period) and took on crushing debt. Total debt as a percentage of GDP was 139 percent in 2008 and 259 percent in 2019.¹

As the political-economic growth plan changed, the CCP also faced a new political crisis when Bo Xilai made an independent bid to succeed Hu Jintao. As a condition of assuming power during a challenging period, Xi secured a mandate to reign harshly and singularly through Stalinist purges and Maoist-like reeducation campaigns to enforce party discipline. Almost everything was labeled a national security threat, from Western "spiritual pollution" to practices of religion.

Xi also gained support for a new assertive foreign policy that he announced on the world stage. (Hu Jintao had started to assert

¹ U.S.-China Economic and Security Review Commission, *2020 Report to Congress*, 116th Cong., 2d sess., December 2020, https://www.uscc.gov/sites/default/files/2020-12/Chapter_2_Section_2-Vulnerabilities_in_China's_Financial_System_and_Risks_for_the_United_States.pdf. Last year, Chinese state firms defaulted on 71.8 billion yuan (US\$11.1 billion) worth of debt. <https://www.scmp.com/economy/china-economy/article/3117686/debt-chinas-state-owned-firms-spotlight-credit-tightening>.

Chinese interests.)² He announced that China had entered a new era “of geopolitics during which it would become the global leader.” In the “new era,” he said, “it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia.”³ Beijing would no longer hide its capabilities or its ambitions.

At the same time, Xi warned that the CCP faced “the most complicated internal and external factors in its history” and that these threats are “interlocked and can be mutually activated.”⁴ When it faces domestic problems, China escalates international tensions and relies on foreign policy successes. Even as Xi engages in a massive internal crackdown, he is intent on moving back to “center stage” in geopolitics and shaping a new “favorable environment for ... building ... a great modern socialist country in all aspects.”⁵ Beijing advances its goals by: (1) building new “networks of strategic partnerships” to replace the “unequal” U.S. alliance system; (2) striving to become the most technologically advanced nation; (3) building a first-in-class military; and (4) revivifying information and ideological statecraft to subvert and weaken its adversaries.⁶

The results of the change in strategy have been mixed. To be sure, China has made some serious gains. It has effective control over the South China Sea. It has advanced its military modernization plans and thereby changed the regional balance of power. During the global pandemic, Beijing demonstrated its ability to manipulate information and international organizations and bully nations into muting their criticisms of China. Beijing uses its market power (e.g., Wall Street, Silicon Valley, the NBA, Hollywood) to soften responses to its malignancy.

But Xi is also facing pushback, sometimes even coordinated international resistance on certain issues. And a growing number of Asian countries are willing to cooperate with the United States. Beijing is very concerned that the United States will lead a coalition to starve it of critical technologies, and Xi and his top cadre have made speeches about hastening technological and economic self-sufficiency. China is highly dependent on imports from agriculture to energy to advanced technology.⁷

While China poses a formidable challenge and clear and present

² Dan Blumenthal, *The China Nightmare: The Grand Ambitions of a Decaying State* (Washington, DC: The AEI Press, 2020), 19.

³ *Ibid.*

⁴ Sheena Chestnut Greitens, “Internal Security & Grand Strategy: China’s Approach to National Security under Xi Jinping,” statement before the U.S.–China Economic & Security Review Commission, January 28, 2021, https://www.uscc.gov/sites/default/files/2021-01/January_28_2021_Hearing_Transcript.pdf.

⁵ Blumenthal, *The China Nightmare*, 5.

⁶ Blumenthal, *The China Nightmare*, 16.

⁷ For example, China is still reliant on foreign companies for most of its high-end semiconductor needs. See <https://www.brookings.edu/techstream/lagging-but-motivated-the-state-of-chinas-semiconductor-industry/>

threats, the near-constant political purges, darker economic prospects, and unfixable demographic problems make it less competitive than it otherwise would have been.

U.S. Strategy

Given the many nations now wary of China, the United States has a new strategic opportunity. Washington should build different types of coalitions to contain China's ambitions, undermine its strategy, and defend against its attempts to drive a wedge between the United States and its allies. U.S.-led coalitions will be highly differentiated across the globe, depending upon the specific challenge China poses. For example, some will focus on China's human rights abuses and China's malign influence over global governance. Others will be concerned about economic distortions and predation and technological manipulation. The United States should also maintain close relations with the main suppliers of China's irreplaceable imports.

But the thrust of our diplomatic and military energy must be to deny the PRC hegemony over Asia and build the "free and open order" as an affirmative alternative to Sino-centrality. The most pressing requirement of this strategy is to keep Taiwan out of the CCP's hands and integrated into the Asian order. Forceful unification through coercion and subversion or occupation would lead to a deepening split of Asia—geopolitically and ideologically.⁸ Asia is already dividing with the CCP's effective control over the South China Sea and the division of the Korean peninsula into spheres of influence. If Beijing creates its own sphere of influence in Asia, it will have the power and leverage to build a world order conducive to "the socialist market economy with Chinese characteristics" that it seeks as the new model for others to emulate.

Fundamental to this geopolitical strategy is the continued defense of the United States and allies against the erosion of our technological advantage and subversion of our internal political systems. In turn, the United States must limit, to the maximum extent possible, Chinese technological progress and economic growth.⁹

⁸ While the Department of Defense should focus on the most pressing scenarios, such as an invasion of Taiwan, the PRC is very much focused on how to subvert Taiwan's democracy and back a quisling government. We are at risk of losing focus on the political nature of the Taiwan question.

⁹ This would include stopping the massive unregulated and undisclosed amount of U.S. offshore capital financing of Chinese firms in China.