



The View from Beijing: What Are China's Ambitions and Strategies?

A Response from Jacqueline Deal

Matt Pottinger brings unique firsthand experience and skilled close reading of primary sources to his assessment of the U.S.–People's Republic of China (PRC) competition. He adeptly frames the situation:

- For 30 years, the Chinese Communist Party (CCP) has executed a strategy to dilute, displace, and dominate U.S. power.
- Beijing's recent treatment of Australia offers a preview of CCP domination.
- The United States is now mounting a counterstrategy, with a focus on the information, financial, technological, and military domains.

Additional context from CCP sources provides grounds for both urgency and hope. The party's agenda differs dramatically from that of the United States and is essentially hostile. A future in which the party achieves its geopolitical ambitions is a dystopian one. With the exception of my fellow essayists and a few others, American officials have failed to appreciate this for too long. We are now waking up—but applying our strengths will require more leadership of Pottinger's kind.

The Centrality of the CCP

By tracing the party's strategy back to the late Cold War, Pottinger shows that the United States faces a competitor with momentum behind it. Three decades of relative power gains now position the CCP to threaten to overtake the United States. The party has accomplished

this while deceiving large parts of the American establishment, and the broader West, about its intentions. What many describe as a development miracle could also be cast as the victory of a plot to infiltrate, rob, and subjugate the developed world on behalf of a corrupt autocracy.

Asymmetries in regime type or basic assumptions have worked in the CCP's favor. The party has drafted off a U.S. view that economic interactions occur largely outside the control of governments. American officials often talk about globalization and interdependence as if they are abstract trends rather than products of state policy.¹ By contrast, the CCP has insisted on a central economic role, even when its plans have led to catastrophe—from the Great Leap Forward famine to the Cultural Revolution.

It should not come as a surprise that, starting in the late 1970s and early 1980s, Deng Xiaoping and other CCP political-military elites identified global interdependence as a development to be encouraged and exploited. The PRC's size and scale would enable it to extract what it wanted from the rest of the world while defending against reciprocal vulnerability. In a 1982 speech on foreign economic relations, CCP General Secretary Hu Yaobang articulated a strategy to use the size and potential of China's domestic market to lure in foreign resources, with the goal not of sharing the wealth or liberalizing politically but rather of securing the party's hegemony.² "Comprehensive planning" and intelligence about the economic needs of trade partners would be essential. The main dangers were ideological and material corruption,³ which the general secretary countered with paens to "socialist modernization" and "complete victory."

Concurrently, military strategists writing in the *People's Liberation Army Daily* offered their own triumphant vision. They anticipated using advanced technology—not to catch up with, but to leapfrog over the major powers.⁴ In particular, dual-use information technologies, to which the PLA would gain access through commercial and academic exchanges, were the means to accomplish this displacement.

¹ From trade agreements to tariffs, sanctions, and export controls, states wield many tools to promote or constrain international commerce. For a reminder of how the United States wielded these tools for strategic ends in the past, see Robert D. Atkinson, "The Global Third Way," *The International Economy*, Winter 2021, www.international-economy.com/TIE_W21_Atkinson.pdf.

² Hu Yaobang, "On the Issue of Foreign Economic Relations," speech at the meeting of the Central Secretariat on 14 January 1982 [reprinted in 2015 on the occasion of Hu's 100th birthday]. The source for this paragraph can be found at <https://web.archive.org/web/20211216034401/http://finance.sina.com.cn/china/gncj/2015-11-18/detail-1f4ksqiu1669921.shtml>. Among other prescient lines, the speech refers to harnessing cheap labor, exporting strategic raw materials and "electric and mechanical products" while constraining certain imports, and "going out" into the world to cultivate customers, with a focus on Eurasia.

³ As discussed below, Hu was right to worry about corruption, but Xi appears to think he can buy or bully his way past it.

⁴ For specific quotations, see Jacqueline Deal, "The Fudan Fulcrum," Reagan Institute Essays on Presidential Principles and Beliefs, Remarks at Fudan University in Shanghai, China, April 30, 1984, <https://www.reaganfoundation.org/reagan-institute/scholarly-initiatives/essay-series-on-presidential-principles-and-beliefs/remarks-at-fudan-university-in-shanghai-china-april-30-1984/>.

Hindsight, of course, makes it is easy to trace the ambitions and pathways leading up to the present. The party's intentions were not clear in real time, however.

The Situational Awareness Gap and Xi's Acceleration

In mounting a counterstrategy, the United States is recovering from a situational awareness gap at the level of foreign policy. Dogma about how free markets should operate partly blinded us, but CCP's United Front Work also delayed recognition of the competition's character and stakes. United Front Work is a department of the CCP tasked with wooing nonparty members, co-opting or suppressing skeptics, and weakening enemies—both domestic and foreign. It is no coincidence that General Secretary Xi Jinping has recently emphasized this “magic weapon,”⁵ of which a key theme is projecting the inevitability of the PRC's rise while forecasting doom for foreign opponents.

Xi has compressed the timeline for surpassing rivals while turbocharging projections of ascendance.⁶ It appears as if he is racing to use the PRC's scale and momentum to lock in dominance. Wolf warrior diplomats have doubled down on the inevitability argument. The PLA is on a procurement binge that will see it eclipse that of the U.S. military by the end of President Joe Biden's first term.⁷ And as Pottinger highlights, Xi has recently stressed the importance of cultivating offensive leverage over rivals through superior access to—if not a stranglehold on—data, critical natural resources, and essential elements of supply chains. Globally—or, in CCP terms, across China's “big periphery”—the party seeks to become a real-life version of Western economists' metaphorical “invisible hand.” Taiwan is often recognized as the potential biggest (or most immediate) loser, but we would all be in the crosshairs of the coercion this would enable.

If we had recognized the CCP's strategy earlier, the United States might have moved to defend itself sooner. We might also be further along in educating an independent cadre of experts on CCP history, strategy, and the like. Fortunately, it is not too late—but we must act soon.

Weaknesses to Exploit, While We Still Can

⁵ The other two CCP “magic weapons” articulated by Mao are party building and military struggle.

⁶ On timeline compression, see Jacqueline Deal, “China Could Soon Outgun the U.S.,” *Politico China Watcher*, 27 May 2021, <https://www.politico.com/newsletters/politico-china-watcher/2021/05/27/china-could-soon-outgun-the-us-493014>.

⁷ *Ibid.*

The party's greatest weakness is that it stands only for itself. The Chinese people are its worst victims, and the thin reed on which the system leans is CCP elites' will to hang together, lest they hang separately. PRC founder Mao Zedong once promised to elevate the countryside, but he and his heirs instead consigned it to permanent underclass status,⁸ while enriching themselves. When the costs of corruption are factored in, the party turns out to have constrained rather than enabled China's growth. For all its triumphalism, the CCP is a parasite that needs the outside world much more than the world needs it.

One indicator is the continuation of overseas "talent" programs, which assume that cutting-edge breakthroughs will originate outside China and must be imported—legally, illegally, or via gray-zone techniques. "Military-civil fusion" then ensures that the Chinese military benefits from civilian, dual-use advances (and vice versa).⁹ Keeping the CCP in the middle of the economy is expensive.¹⁰ The party's selection of winners and losers inevitably spawns high levels of corruption.

For this reason, some experts have warned of the buildup of debt and untenable increases in the cost of generating additional growth in the PRC. As Pottinger points out, however, U.S. pension fund money and smart capital currently subsidize the party's addiction to nonproductive investment. The CCP is well on its way to making itself "too big to fail" on the back of its inevitability argument.

Much of this is happening in what the party considers to be the "virtual" realm—the financial sector. But if we do not act with haste and prudence, Beijing will continue to gain ground in the "real" economy as well, cornering the market in semiconductors as it has in so many other sensitive or dual-use areas, from batteries to pharmaceutical components. As we were reminded during the pandemic, our national security depends on the ability to make the things we want or need.

Stepping back, it is worth asking what is wrong with the PRC's supposedly world-class academic institutions such that siphoning foreign expertise remains necessary. The answer lies in the character of the political system and its sociological effects. Incentives within

⁸ Scott Rozelle and Natalie Hell, *Invisible China: How the Urban-Rural Divide Threatens China's Rise* (Chicago: University of Chicago Press, 2020). The numbers behind Xi's antipoverty campaign are no more credible than any other statistics originating from Beijing.

⁹ As with United Front Work, this plank of the CCP's strategy is not new, but Xi has formally elevated it. To take an obvious example, prior to launching its 5G domination campaign, PLA-linked Huawei enjoyed decades of state backing as it hoovered up dual-use foreign technology.

¹⁰ It also appears to be fraught. Consider the recent United Front Work emphasis on urban professionals, upgrading of party cells' role within private firms, and crackdown on domestic tech giants such as Alibaba.

the PRC are not aligned for basic-research innovation. With obedience and deference to authority the hallmarks of the educational system, and in the absence of respect for private property rights, getting ahead is often a function of connections more than merit. Additionally, the PRC neglects to cultivate a huge portion of its population by perpetuating *hukou* residency permits that condemn rural people to inferior schools and health care. What a miserable system.

From a defense perspective, in reacting to the aforementioned procurement sprint, we should remember that the PLA has long recruited mainly from rural youths. The education and basic health of this population is now well beneath the level of Chinese urbanites. Much, therefore, rides on the ability of higher-level commanders to keep their subordinates in line through commissars and, perhaps increasingly, automation. In the face of recent PRC aggression across all domains, the U.S. military might take a risk-acceptant approach to probing the details of these arrangements, as exposing their limits or vulnerabilities could be necessary to keep the peace.

The party's neglect of Chinese human capital, particularly in rural areas, is matched by its abuse of the environment. Afflicted with a poor natural resource endowment (e.g., only a quarter of the global average per capita of clean water), China would have benefited from leadership more attuned to conservation. Instead, the CCP's economic growth policies have resulted in catastrophic levels of air and water pollution as well as a reduction in arable land. To say that the PRC's rise has been resource-intensive is an understatement.

The Task Ahead

For our own protection, it is past time to illuminate the CCP's neo-mercantilist vision and wasteful approach to its self-promotion. Too often, U.S. policymakers speak as if security hedges must be traded against economic gains in dealing with the PRC. The truth is that China's economy and that of the rest of the world would be better off without the party's costly, self-aggrandizing meddling. Our wealth *and* our power hang in the balance. Pottinger's emphasis on information warfare as the first element of the U.S. counterstrategy is therefore extremely well-taken. More systematic and persistent efforts to expose basic elements of the CCP's strategy will, at a minimum, slow its progress, buying time for other U.S. countermeasures.

In practice, this will require education across our government to create a shared appreciation of the challenge. Civil servants, foreign service officers, congressional staff, and state and local leaders should all be better informed. Pottinger has himself contributed mightily to our collective awakening and burgeoning defense. But,

as he warns, this is no time for complacency.

I do not know if President Biden has the CCP in mind when he speaks of “building back better” and “a foreign policy for the middle class,” but he should—and it should not be a secret. The rest of us should do our part to ensure the centrality of the competition to the agenda of not only this administration but also its successors for as long as necessary.