



The Xiplomacy of the Middle Kingdom

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Executive Summary

* The weekend of 23-25 August 2019 saw the marked escalation of the new Thirty Years War. China is determined to dominate the process and win the fateful war. On 29 August, China further changed the quintessence of the face-off with the US - subjugating the trade/tariff talks to the Chinese global policy and grand strategy.

* In early August 2019, Chinese media coined the term “Xiplomacy” to denote the unique policy line pursued by Xi Jinping and his Forbidden City. The core message is “maintain [the] Long March spirit, rejuvenate [the] nation” - that is, overcome all hardships to become Hegemon.

* Xi Jinping is now far more stable and powerful than ever before. The Chinese leadership recognizes that China is undergoing a difficult period. However, there is across-the-board confidence in Xi Jinping’s leadership and support for the path he has chosen for China to follow.

* In charting the future course of China, Beijing is far more interested in exploiting and benefitting from the unfolding historic mega-trends in the Eastern Hemisphere, than confronting the US. China intends to be the reincarnated Middle Kingdom.

* China is emerging as the global glue that holds the world together despite the rise of global instability and US hostility. China will be the primary entity connecting the North and the South, serving as the economic engine. China will thus accumulate global power and widespread recognition as the global Hegemon. The ramifications of the worsening face-off with the US, Beijing is convinced, are but bumps on the road to the inevitable ascent of China.

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Analysis

Men proficient in battle do not easily grow angry or lightly instigate war.
Lao Tzu (Laozi, 601-after 581 BC)

*The grand unification of all under heaven is the paramount law
and a general rule from antiquity to the present.*
Dong Mongshu (179-104 BC)

[The Chinese] are the most remarkable race on earth, and I have always thought, and still believe them to be, the coming rulers of the world. They only want a Chinese Peter the Great or Napoleon to make them so ... and in my idle speculation upon this world's future I have long selected them as combatants on one side of the great Battle of Armageddon, the people of the United States of America being their opponents. The latter nation is fast becoming the greatest power of the world. Thank Heaven, they speak English, are governed by an English system of laws, and profess the same regard that we have for what both understand by fair play in all national as well as in private business.

Field Marshal Sir Garnet Wolseley (1833-1913), 1903

The weekend of 23-25 August 2019 saw the marked escalation of the new Thirty Years War (2018-2049). The war was originally launched by Beijing in Autumn 2018 as the last sprint that will guarantee the successful completion of China's Hundred Years Marathon that, in turn, will guarantee the ascent of China as the global Hegemon.¹ From the beginning, Beijing was cognizant that attaining the ascent of China will be met by desperate efforts by the US-led West to prevent this, and that China will have to resist and overcome the US opposition. Xi Jinping decreed at the time that the PRC would not hesitate to use force to defeat and reverse any attempt at containing the historic ascent of China to becoming the global Hegemon comes 2049.

Now, the Chinese resolve is being put to an unprecedented test by the US.

On 23 August, in a series of tweets, US President Donald Trump escalated markedly the US confrontation with the PRC - making the likelihood of an agreement over the brewing trade/tariff war virtually non-existent. "We don't need China and, frankly, would be far better off without them," Trump tweeted. The US also raised tariffs across the board as part of the on-going tit-for-tat imposition of tariffs by both sides. Trump also tweeted that the "great American companies [were] hereby ordered to immediately start looking for an alternative to China, including bringing [their] companies HOME and making [their] products in the USA."

On top, in another tweet earlier in the day, Trump called Xi Jinping an "enemy" of the United States. This was a sharp change from Trump's previous references to Xi Jinping as a trustworthy "friend". Back on 1 August, in a rally in Ohio, Trump told the audience that "President Xi is a good man, he's a friend of mine".

The Chinese reaction was predictably harsh. The initial statement by the Commerce Ministry urged the US not to "misjudge the situation and underestimate the determination of [the] Chinese people" to confront the US. "The US should immediately stop its wrong action, or it will have to bear all consequences," the statement warned.

¹ See Yossef Bodansky, *The New Thirty Years War (2018-2049)*, ISPSW Issue No. 583, October 2018; and *The Hegemon's Surge – China's Grand Strategy*, ISPSW Issue No. 566, August 2018.



On 24 August, Hu Xijin, the super-well-connected editor of the *Global Times*, pointed to the overall direction Beijing will be taking in a tweet: “China has ‘lost’ the US already: all-round high tariffs, Huawei ban, political hostility, Hong Kong, Taiwan... We’re facing a completely different United States. We have nothing more to lose, while the US is just starting to lose China.” There was very little China could do to put the overall relations, let alone the tariff/trade negotiations, with the US back on track.

The 24 August Editorial in the *Global Times* defined the “China-US trade war [to be] a test of endurance”. The Editorial noted that “the US’ bullying attitude seems particularly ridiculous” and urged Beijing “to teach the US side some common sense about the trade war.” The Editorial emphasized the resilience of the Chinese people and their government, as well as their unshakable resolve to prevail. “The US has been swayed by considerations of gains and losses, but China stays unperturbed. The escalated trade war will certainly lead to greater losses, but Chinese society has already made it clear that this confrontation concerns the country’s future. We are willing and able to bear these losses. In response to the new US tariffs, China is bound to take further actions. When the US threats are transformed into practical actions, China’s new counterattacks will never be absent,” the *Global Times* concluded.

Also on 24 August, the Party’s *People’s Daily* published a commentary by Wuyuehe - a pseudonym used to denote statements coming from the Forbidden City. The commentary called the latest round of US tariffs “barbaric”, but stressed that not only all Chinese have the strength to persevere in the trade war - but China was determined to fight back “until the end”. “China’s will to defend the core interests of the country and the fundamental interests of the people is indestructible, and will not fear any challenge,” the commentary concluded. “History will prove that the side on the path of fairness and justice will have the last laugh.”

Chinese rhetoric intensified on 25 August, with the leading media outlets focusing on the defiance and resolve to win the Sino-US struggle ahead. “Washington’s bullying only to toughen Beijing’s fighting will,” wrote Jiang Li in a Xinhua Editorial. The Editorial in the *Global Times* stressed that “China [remained] unfazed by swaying US policies” because Beijing has already given up on being able to reach a deal with Trump’s Washington. The Editorial explained that “Beijing has already made full psychological preparations for further deterioration of the trade war and has been making various material preparations to cope with the situation. ... China’s political system is also an advantage to maintain the country’s stable economy in the face of US hysteria.” The *Global Times* Editorial concluded with an optimistic note. “China should relax. ... In this way, no country can bring China to its knees and no country can make China lose focus.”

The 25 August Editorial in the *People’s Daily* urged Washington to realize that the situation is close to getting out of control to the detriment of the US before it was too late. “If some in the United States fail to admit that this is a strategic mistake, or that it will bring losses [to the US] they will end up being the ones who have to face the finger-pointing and will find it is impossible to achieve the win they once bragged about,” the Editorial asserted. In contrast, “China has the confidence to walk its own path and to do things right, and the country can rely on itself for its own development.”

The 25 August Editorial in the *China Daily* stressed that the crux of the Sino-US conflict is not commercial or economic. “Washington will never be allowed to control China’s fate,” the *China Daily* asserted. Beijing is now convinced that the US “tariff war against China is politically motivated,” and aimed to subdue China and compel it “to play second fiddle and meekly do as [the US] demands.” This will never happen because “Beijing regards the trade war as an unavoidable trial by fire, from which the country will emerge stronger. China has



never been a yes-man to any country, and it is not going to be one now. It will by no means have its fate controlled by the US through an unfair deal.”

The *China Daily* Editorial concluded with a stern warning to the US. “The US is standing on the wrong side of history, and it will only have its own self to blame for the consequences of its shortsightedness. Although Beijing will continue to exercise restraint, it depends on Washington the first-doer to change its approach. The Chinese believe in peace, but they are not afraid of a fight. If they have to, they will fight to the end for their core interests.” The introduction of the history factor in the Chinese media is of immense importance because of the Forbidden City’s internal perception of the fateful struggle ahead.

Meanwhile, one of the first concrete steps announced by Beijing was the adding of crude oil to the tariffs list. The objective of Beijing is to kill all oil imports from the US and capitalize instead on China’s new posture in the Persian Gulf (buying from both the Arab states and Iran) and also expanding the purchase of oil from Africa.

Ultimately, these US undertakings confirmed Beijing’s own assessments and conclusions, reached since mid-August, that the face-off with the US is escalating to the point of a possible confrontation. These conclusions were reached in the aftermath of lengthy and thorough studies and deliberations over both the Chinese policies and the likely US reactions. Consequently, the Forbidden City decided to commit to the escalation of the face-off irrespective of Trump’s latest moves. The latest US affronts are considered a proof of the US hostility and the inevitability of further escalation of the new Thirty Years War. Xi Jinping’s China is determined to dominate the process and win the fateful war.

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The Beidaihe Conclave

Back in early August 2019, at the start of the Party elite’s gathering at the Beidaihe conclave, Chinese media coined the term “Xiplomacy” to denote the unique policy line pursued by Xi Jinping and his Forbidden City.

The Xinhua Editorial that introduced the concept contrasted the long-term big-picture focus of Xiplomacy with the current US policies that focus on short-term self-gains. “While protectionism and fierce global competition for resources have diverted some economies’ attention from making a bigger cake to wrestling for a larger slice, Xiplomacy staunchly advocates common efforts to create more shared interests,” Xinhua explained. “Making multilateral efforts to address pressing global issues is another core message of Xiplomacy, as effective global governance is threatened by rising unilateralism and trade protectionism.” Beijing does not attempt to hide that the “multilateral efforts” will be guided and led by China, and that the “effective global governance” will ultimately be an instrument of China’s role as the global Hegemon.

Chinese senior officials pointed out to Xi Jinping’s foreign policy achievements during the Summer of 2019 as the start of implementing Xiplomacy. The key achievements of Xiplomacy are the furthering of China’s “comprehensive strategic partnership” with Russia; attaining global recognition of the Belt and Road Initiative (BRI) as a “win-win” proposition for China and the other participants, as well as tailoring international economic development after the BRI; the introduction of a new version of “multilateralism” that places China at “the center of world affairs”; establishing China as “the model of successful governance” and “the bedrock of stability” while resisting “the chaotic global environment” spread by the US; and the depiction of Xi Jinping as “a brilliant foreign policy thinker and inspiration to leaders in the developing world”. Xi Jinping’s



formulation of Xiplomacy is the introduction of “great power diplomacy with Chinese characteristics” that is leading to both “the assertion of international leadership” and the spread of “benevolence and international cooperation” with the developing world and anybody else ready to cooperate genuinely with China.

Xi Jinping took his Xiplomacy doctrine - particularly his policies and ideas for both addressing the rapidly escalating conflict with the US and attaining China’s long-term ascent to becoming global Hegemon - to the Party’s conclave in Beidaihe in order to get the endorsement of the Party’s elite and foci of political power. Reflecting the gravity of the time, the gathered leaders consulted 58 leading experts, academics and researchers from the government and academia. These discussions were personally led by Chen Xi, the powerful head of the Party’s Organization Department, and Vice-Premier Sun Chunlan. They also presented all the experts with personal greetings from Xi Jinping, thanking them for their assistance.

On the eve of the gathering at Beidaihe, Chinese senior officials explained that Trump’s latest confrontational policies were pushing Beijing into making “the final make-or-break choice” because the latest threats came immediately after the conclusion of what was described as “a constructive round of talks” in Shanghai. The Forbidden City has been cognizant that the road ahead will be long and painful. The 2 August issue of the *South China Morning Post* cited Jiang Shan, a former official at the Ministry of Commerce, reassuring that China “is strong enough to deal with everything.” Leading to the beginning of the Beidaihe consultations, Xi Jinping and the Chinese Party media have stressed the growing imperative for Party Members to sustain the “original aspirations” of the Party’s early history - from commitment to global leadership to enduring setbacks and hardships. The Party defines the challenges ahead as “the New Long March” and declares that it will be as successful and as fateful as the original Long March of the late-1930's.

Hence, the most prominent issue at Beidaihe was the PRC-US long-term relations. According to Chinese senior officials, the gathered leaders accepted that China was facing “an open-ended strategic conflict” it must win at all cost, and that the real challenges were in determining the mixture of “short-term and long-term imperatives.” The main challenge facing China is the US determination to thwart the ascent of China, and not the unfolding trade/tariff war.

The leadership consultations at the Beidaihe conclave ended around mid-August, and the leaders returned to Beijing to begin implementation. The August 2019 session was more intense and shorter than usual.

The Party’s media outlets started to point out the core policies decided upon. On 13 August, the *People’s Daily* published an article under the authoritative pen name Guo Jiping about the future economic development of China. “China [is] confident to conquer all difficulties, challenges,” the article asserted. “China’s economy still maintains stability while making progress despite the domestic downward pressure and trade disputes with the US. It is still a major highlight of the world economy.” The key to China’s long-term success is in the loyalty and commitment of the people. “The Chinese people believe that no power is able to deprive their country of the right to development or stop their efforts to pursue a better life. China has the confidence to conquer all difficulties and challenges, and the economic progress of the country is unstoppable. The Chinese people will jointly pave a wider road leading to a brighter future together with the people from the rest of the world,” the *People’s Daily* concluded. On 15 August, Dong Zhaohui addressed the impact of the US challenge in a *China Daily* article. “History shows [that] ‘maximum pressure’ will only make China more determined to defend its interests, and it will take counter-measures as necessary. The US would do well to de-escalate the heightening tensions if it really wants to strike a deal.”



On 18 and 19 August, Xi Jinping articulated the overall resolution of the meetings at the Beidaihe conclave in an internal message to leading cadres of the Party. The message highlighted “the significance of the Long March spirit in the new era”, and instructed all Party members and officials “to carry forward the spirit to realize national rejuvenation.” Xi Jinping announced the launching of an educational campaign titled “staying true to the Party’s founding mission” and its unique spirit. Significantly, this theme will also be the core-focus of the 70th anniversary of the People’s Republic of China that will be celebrated in October. “That spirit is a strong impetus for the Party, the nation and people of all ethnic groups to keep pressing ahead,” Xi Jinping said in his message. He urged all Party members and officials to “earnestly study history to understand in-depth that the new China and socialism with Chinese characteristics were not easily attained.” The sacrifices of yore must be complemented and supplemented by new sacrifices.

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There are both great resolve and a sense of urgency at the heart of the Forbidden City. According to Chinese senior officials, Xi Jinping returned from the leadership conclave in Beidaihe empowered by the entire inner-circle. He is now far more stable and powerful than ever before. The Chinese leadership recognizes that China is undergoing a difficult period. However, there is across-the-board confidence in Xi Jinping’s leadership and support for the path he has chosen for China to follow.

The entire leadership is behind Xi Jinping regarding the escalating conflict with the US and the historic ascent of China over the next 30 years. There is complete support for Xi Jinping’s position that China must not give up under any circumstances. The deliberations were over the best ways to implement Xi Jinping’s policies and attain China’s historic objectives - not on whether his policy is correct. Consequently, the Party elite endorsed what is now Xi Jinping’s new message to China. The Party’s core theme is “maintain [the] Long March spirit, rejuvenate [the] nation”. Thus, China will persevere through the temporary period of hardships in order to surge to the ultimate triumph - becoming the global Hegemon comes 2049.

Beijing has given up on reaching any political and commercial deals with the US. Beijing is convinced that the Trump Administration is committed to a confrontation over the future of China - and the only question is how far and how bad it will go. In this context, the Forbidden City has resolved on the basis of the mandate from Beidaihe that if there is to be a war with the US - so be it. Beijing is convinced that the PLA is ready and can win a major war in the Indo-Pacific theater. The war will not be easy or cheap - but China will ultimately prevail. Indeed, Xi Jinping instructed that the PLA be up-graded and trained in accordance with the forthcoming challenges posed by the US.

The Chinese core perception of a future war with the US remains largely unchanged since the early-1990's. The PRC is convinced that the most likely war will be non-nuclear with the US attacking (or attempting to attack) the Chinese economic powerhouses along the China Sea coastline. The Strings of Pearls defense lines and the comprehensive A2/AD bubbles are aimed to defeat the anticipated US air and missile attacks. More recently, the PRC has increasingly focused on the growing threat to Xinjiang - from US-sponsored Uyghur Jihadist insurrection and terrorism to a US-led Kosovo-in-Xinjiang strategic onslaught - that can serve both as a strategic diversion and as an effort to deprive China of the “behind the Urals” center of sustenance and recovery from the US war on the coastline. Significantly, there is still no concrete discussion in political and military circles of attaining non-nuclear strike capability to attack the continental US. The only mention of a Chinese strike on the continental US is in the context of the highly unlikely all-out nuclear exchange.



Huawei and the Sino-US Drama

Meanwhile, Huawei has an evolving and unique role in the Sino-US drama. In Beidaihe, Xi Jinping explained that the Trump White House is trying to make Huawei “an example” of how the US will not let anybody, and particularly Chinese, surpass the US in specific fields of hi-tech and profitability. Therefore, Xi Jinping resolved that Beijing will also make Huawei “an example” - demonstrating that China will not let the US destroy a Chinese company for whatever reason. Instead, China will support and expedite the rebound of Huawei into the global preeminence it deserves. As well, Beijing will make Huawei “an example” of the new generation of Chinese powerhouses that are not State-Owned Enterprises (SOE). This aspect is of immense importance since Beijing decided to have Shenzhen (where Huawei is located) replace nearby Hong Kong as the region’s key financial hub - this, in addition to Shenzhen’s being one of the capitals of Chinese hi-tech. Hence, Xi Jinping instructed, and Beijing already implements, that every possible support - political, financial, technological, etc. - will be given to Huawei in order to ease its period of hardship and expedite its rise to the top.

On 21 August, Chinese senior officials both emphasized and appreciated Ren Zhengfei’s statement that “Huawei doesn’t want relief from US sanctions if it means China must make concessions in [the] trade war.” The senior officials stressed that this was a strong expression of Ren Zhengfei’s patriotism and loyalty to Xi Jinping, and that this would be rewarded by the all-out commitment of China to help Huawei, and ultimately make it bigger and better. Chinese senior officials wonder whether the Trump White House comprehends just how personally important the ultimate fate and success of Huawei are for Xi Jinping. All that the US relentless global campaign against Huawei achieves is markedly reinforcing the resolve of Xi Jinping and the Forbidden City to use all economic means and all available diplomatic pressure in order to ensure that Huawei is not banished from any international deal on account of American pressure. Indeed, Chinese senior officials have repeatedly asserted since then that Huawei will be “the greatest most important [hi-tech] company. It will soon rule the world. China will prove Trump cannot do anything.” Helping Huawei is the gist of Xi Jinping’s repeated instructions to the Forbidden City.

The Impact of the Current Events in Hong Kong

However, the current events in Hong Kong are the main reason for the profound changes in Beijing. If until recently Beijing was still ready to consider the possibility of a trade/tariff deal with the US (despite the face-offs in the South China Sea, Taiwan, Korea, etc.) - not anymore. Chinese senior officials assert that Chinese Intelligence has irrefutable proof of US direct involvement in, and support for, the riots in Hong Kong. Chinese Intelligence claims to have caught US diplomats, as well as NED/CIA operatives, in the act. The officials emphasize that the evidence Beijing has is overwhelming.

Ultimately, Xi Jinping recently moved to change Chinese policies and make anti-US hard decisions because of the discussions Chinese senior officials had with the US Consulate in Hong Kong, the US Embassy in Beijing, and the State Department in Washington. The Chinese officials received explanations and justifications for the activities and positions of US diplomats and “private NGOs” in terms that, for Beijing, contradict US recognition of Chinese sovereignty over Hong Kong. As well, when Beijing complained about the US encouragement of the Taiwanese active and multi-faceted support for the Hong Kong rioters - the US response contradicted the core principles of the One-China Policy the US ostensibly adheres to. US senior officials called Taiwan an “independent entity” and claimed that the US had little or no influence over Taipei’s actions - not concealing Washington’s endorsement of these activities in support of the riots.



Thus, for official Beijing, Trump's Washington has reneged on the most sacrosanct tenets of US-China relations. Indeed, the Forbidden City considers these US positions "worse than an Act of War". Hence, this decision of Xi Jinping will dominate all other facets of bilateral relations - from the trade/tariff talks to the Korean Peninsula, Taiwan, the South China Sea, the Persian Gulf, and anything else. Whatever the US now does is considered by Xi Jinping and Beijing part and parcel of the grand conspiracy to stifle China and prevent its historic ascent. And so, on 21 August, Chinese senior officials, as well as Party organs and mouthpieces, started to spread the word that Beijing is preparing for a no deal scenario. The well-informed Hu Xijin introduced the decision in a tweet: "China is making arrangements on scenario of no deal. The deterrence of the US not signing the deal on China is close to zero."

The quintessence of the Chinese perception of the multi-polar world that will emerge in the foreseeable future is based on the unilateral imposition - by both coercion or convincing - of the Chinese vision. The Chinese expectations for the next quarter of a century are prudent and pragmatic. On the one hand, China and its allies will dominate the Eastern Hemisphere - permitting the US and its allies to trade there. On the other hand, the US and the Anglosphere allies will dominate the far seas, Australia, New Zealand and the Western Hemisphere - similarly permitting China and its allies to trade there. The Chinese assumption is that the US will gradually and grudgingly accept this inevitable distribution of power, riches and influence rather than risk a major, perhaps even nuclear, war and economic ruin. What happens to the world order comes 2049 is a different issue, though.

And then came the escalation of 23-25 August that further exacerbated everything.

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The Dominance of Historic Trends

In charting the future course of China, Beijing is far more interested in exploiting and benefitting from the unfolding historic mega-trends in the Eastern Hemisphere, than confronting the US. Xi Jinping's Forbidden City is extremely conscientious of the dominance of historic trends and their impact on contemporary policies. The Forbidden City formulates policies in accordance with the principle that China should ride and benefit from the historic global mega-trends, and use their evolving to the point of rising to become first the Hegemon over the Eastern Hemisphere and ultimately the entire world. The quintessence of the Chinese grand strategy is to ride the waves of history to the benefit of China, while preventing the US from interfering with the ascent of China through diplomatic, economic or military means.

As discussed in *The History of What's Next*,² the world is in the fourth phase of modern history (2016 to 2028?). This phase will finally see the defining of the post-modern world. The fourth phase emerges as an unprecedented perfect storm of global proportions driven by several mega-trends. The common denominator is the reluctance or dread of the leaders of the great Western powers to confront both reality and challenges in order to seek profound solutions. This is markedly aggravating global stability. The inclination to postpone addressing, rather than confronting, reality has reached the point of inevitable eruption or explosion of widespread violence from all those cornered to despair by the moribund yet frozen world elites. The aggregate impact of all these mega-trends, of the emerging perfect storm, is leading to the seeming collapse of the socio-political order of the so-called modern world. Because of the extent of its frustration and rage, as

² Yossef Bodansky, *The History of What's Next*, ISPSW Issue No. 457, October 2016



well as the grassroots' eagerness to kill and die in pursuit of both wrath and revenge, the Muslim World leads the unfolding crisis.

The most significant mega-trend that will dominate the near future is the contradictory yet simultaneous sudden revival and creeping death of the modern Westphalian state. This is because of the failure of the utopian supra-national entities whose ideologies, social and economic policies, failed the populace. The primary outcome of this mega-trend is the revival of national identities - from ethno-centrism to nationalism - and, consequently, the adoption by both great powers and minuscule groupings of a myriad of political frameworks representing their diverse grassroots self-identities.

In Europe and Latin America, the dominant trend is the resurrection of the traditional nation-states. Increasingly populist governments will focus on the betterment of their own countries' lot at the expense of both neighbors and ostensible allies.

In most of the developing world in the Eastern Hemisphere, the dominant trend is the demise of the responsibility and reliability of the Westphalian state due to social, security-stability and economic crises. Thus, this mega-trend expedites the rise of heritage-based sub-state and non-state entities committed to the realization of intrinsic objectives irrespective of regional and global implications.

However, since global economy cannot sustain mini-entities, there emerges also a counter-trend - the rise of the regional and common interest blocs - most of them informal. Most of the global challenges and crises in the coming years will be the consequences of the inherent dichotomy between the sub-state and supra-state entities and frameworks.

China's Long-term Forecasting

The Chinese long-term forecasting emphasizes that the world is increasingly divided between the rich North and the impoverished South. The division remains along an up-dated Brandt Line modified to reflect mainly the dismemberment of the Soviet Union and Yugoslavia. China is part of the South according to the Brandt Line. Presently, Chinese experts note, the North has about 25% of the world population but is holding over 80% of the world's earned income. In contrast, the South has 75% of the population, but less than 20% of the earned income. The gap between the North and the South keeps growing while the new-era communications makes the poor far more conscientious and cognizant of the widening gap. This increases the hostility, radicalism, migrations/invasions emanating from the South, as well as the unwillingness to compromise with the North.

As this dynamic unfolds, China emerges as a unique entity between the North and the South, and at the world's driving seat. Chinese experts note that China does not really belong to either the North or the South, and does not want to fit into any bloc. China is economically and technologically developed - and thus befitting inclusion in the North. Chinese polity, however, is driven by the Chinese historic legacy of the Century of Humiliation - depicting a discriminated against major civilization challenging an existing hostile world order for recognition of its greatness and great power status. China is therefore acceptable to both North and South. The South considers China as a developing country who made it despite the hostility of the Western colonial powers; while the North has to accept China on account of its immense economic, industrial and technological prowess. Much of the world's future stability and economic well-being will depend on where China is going to place itself vis-a-vis the North and the South.



The Chinese geo-strategic and geo-economic macro-policies in the current fourth phase of modern history are driven by a mix of China's heritage-based world view and sophisticated analysis of emerging macro-economic mega-trends. For pragmatic reasons, China is presently focusing on asserting its role in the Eastern Hemisphere.

For Beijing, the North is the Lisbon-to-Vladivostok belt where Russia is pulling the remnants of the West in Europe eastwards in the name of the Common Eurasian Home doctrine. Russia is China's closest ally and partner in harnessing the whole of Eurasia. The brewing economic crisis and recession in Europe, already manifested by the contraction of German economy, demands drastic action with instant impact. European economies currently endure great losses because of US tariffs on EU manufacturers and US sanctions on Russia, China, Iran, etc. It is extremely tempting for Europe to turn eastward, embrace a cohesive Eurasia, ignore the US sanctions, and quickly enjoy the ensuing economic improvement. The Chinese-driven BRI is the primary economic engine of this transformation.

Beijing looks at the South as a system of concentric rings surrounding China - the reincarnated Middle Kingdom. The closest ring is the Korean Peninsula where China is fostering unity comes 2045 (based on the "one country, two systems" mantra) by sustaining North Korea and helping South Korea in its historic struggle with the US-supported Japan. The Chinese influence over the ASEAN sphere continues to grow as the trade volume is now greater than this with the US. Central Asia is the next ring where the Chinese foster socio-economic togetherness (as distinct from unity) driven by the BRI engine of development. The togetherness model provides shield against radical Islamism-Jihadism and pan-Turkism, while encouraging grassroots national self-identities. Russia, China's closest ally and partner, is providing for the regional security. China is inserting itself into the greater Middle East as the sole economic power who is both willing to, and capable of, financing and managing the recovery of the prostrate region after decades of fratricidal wars and US occupation. China is also maneuvering to become the primary importer of the region's hydro-carbons - thus eliminating the key venue of US influence. As is with Central Asia, Russia is also China's partner in the greater Middle East who is responsible for the regional security regime and long-term stability. Africa is the furthest ring. China has been the most important purveyor of economic development and infrastructure construction. Beijing plans to expand the long-term control of Africa through Chinese migration that, in the words of Chinese experts, "will make Africa work". In Africa as well, Russia is providing for the security and stability in concert with China.

The common denominator of all these Chinese interactions with both North and South is that all gravitate toward China. The reasons for each undertaking are different, and they are driven by current developments. However, the resulting dynamic is not only largely similar gravitations - but the overall dynamic is the revival of the historic Chinese way of doing things. China is therefore returning to the heritage-driven principles of regional and global ascent - that of a Middle Kingdom serving as the unique glue bringing both North and South together. China demonstrates responsibility toward the well-being of the South (through development, the BRI, etc.), as well as desire to preserve the stability of the North through economic interaction and comprehensive security environment implemented jointly with Russia.

Simply put, explain Chinese senior officials and experts, China is emerging as the global glue that holds the world, or at least the Eastern Hemisphere, together despite the rise of global instability and US hostility. China is becoming the primary entity connecting the North and the South, serving as the economic engine - helping everyone's development. This mega-trend is going to markedly expand in the coming decades, Beijing is



convinced. In the process, China will have accumulated global power and widespread recognition as the global Hegemon. The ramifications of the worsening face-off with the US, Beijing is convinced, are but bumps on the road to the inevitable ascent of China.

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The Quintessence of Chinese Leadership

Starting January 2019, the *Qiushi* (Seeking Truth) - the most important journal on political theory of the Chinese Communist Party (CCP) - has been publishing articles by Xi Jinping on the quintessence of Chinese leadership. Taken together, these articles serve as a most authoritative statement by Xi Jinping on where the Forbidden City is heading under his own leadership. A recurring theme in the Xi Jinping essays is the enduring significance of the Chinese unique historical experience and heritage to the formulation of the current and future policies of the PRC. Xi Jinping has repeatedly stressed the imperative “to unite the people and lead them in realizing the Two Centenary Goal and the Chinese dream of national rejuvenation.” (The “Two Centenary Goal” or “the goal of the two hundred years” is a reference to the epic transformation of China between the beginning of the Century of Humiliation in 1839, the start of the rebound and ascent with the establishment of the PRC in 1949, and the attaining of the rejuvenation of China and becoming the global Hegemon comes 2049.)

The Xi Jinping article in the 15 February issue of the *Qiushi* is titled “Strengthening the Party’s Leadership over the Overall Rule of Law”. The article defines the Legalism school as the dominant source of guidance for contemporary China. “At present, China is in the historical period of realizing the Two Centenary Goal. To persist and develop socialism with Chinese characteristics, it is even more necessary to rely on the rule of law, and it is even more necessary to strengthen the Party’s leadership over the full rule of law.” Xi Jinping elaborates that it is now even more important “to promote the Two Centenary Goal and provide the rule of law for the realization of the Chinese nation’s great rejuvenation of the Chinese dream. Both history and reality tell us that the rule of law is good for the country, and the rule of law is strong for the country.”

Xi Jinping then cited the legacy of the unification of China in 221 BC by Emperor Qin Shi Huang (259-210 BC) - a devoted practitioner of the Legalism school. “From the perspective of ancient China, all the prosperous times are relatively stable periods of the legal system. During the Spring and Autumn Period and the Warring States Period, the Legalists advocated ‘governing by law’, which was practiced in the Qin State ... so that Qin Guo quickly became one of the strongest countries, and finally contributed to the unification of the six countries by Qin Shi Huang.” Xi Jinping concluded by reiterating the relevance of the tenets of the Legalism school to the attainment of the current and future goals of China. “In short, whether it is to achieve the Two Centenary Goal or to realize the Chinese dream of the great rejuvenation of the Chinese nation, comprehensively administering the country according to law is both an important content and an important guarantee.”

Xi Jinping thus brought back to the fore the importance and relevance of the legacy of the Legalist luminaries to the current ascent of China.³ Dennis Bloodworth and Ching Ping Bloodworth wrote in their 1976 book *The Chinese Machiavelli: 3,000 Years of Chinese Statecraft* that this perception goes back to the days of Mao Zedong. They point to a 1974 article in the *Red Flag* about the important legacy of Shan Yang (390-338 BC) and other Legalist luminaries. Shan Yang proved, the 1974 *Red Flag* article explained, that “it was possible for a

³ See Yossef Bodansky, *The Forthcoming Struggles and Wars According to Xi Jinping*, ISPSW Issue No. 595, January 2019



backward state to advance by leaps and bounds and become a developed one, provided it moved with the tide of history and firmly adhered to the Legalist line.” These luminaries, including Shan Yang, Hsun Tzu and Han Fei, “were all hailed as teachers who ‘reflected the progressive nature of a new vigorous class bent on carrying out social changes’ and had ‘stood in the van of the tide in their day,’” Bloodworth and Ping Bloodworth wrote.

Meanwhile, Xi Jinping continues to stress the significance of the Chinese heritage, culture and historical experience to the formulation of contemporary policies and particularly furthering the ascent of China. Xi Jinping’s article in the 16 April issue of the *Qiushi*, titled “A Country, a Nation Cannot Have No Soul”, delved on the importance and relevance of national heritage. “To realize the struggle for the Two Centenary Goal and realize the Chinese dream of the great rejuvenation of the Chinese nation, it is necessary to bring together the wisdom and strength of the entire nation, and it is necessary to broaden consensus and continuously enhance unity,” Xi Jinping writes. “Besides economic and technological strength, cultural strength is also needed for humanity to cope with common challenges and head towards a bright future,” Xi Jinping told a conference on 15 May. On 19 August, at a conference at the Dunhuang Academy in China’s northwest Gansu Province (near the border with Xinjiang), Xi Jinping called for “well preserving the quintessence of Chinese culture.” He stressed the imperative to “step up support in carrying forward and promoting China’s traditional culture” in order to “preserve our quintessence” and realize the China dream.

The crux of this campaign is to reinforce the recognition of China’s current and future role as the Middle Kingdom among friends and foes alike. The traditional definition of the Chinese polity as the Middle Kingdom, as explained by Bloodworth and Ping Bloodworth, is virtually identical to the quintessence of Chinese polity as articulated by Xi Jinping’s Forbidden City. “The Middle Kingdom was not called the Middle Kingdom for nothing. China was the center of the world, the sole repository of the universal Confucian truth. The emperor was the vicar of Heaven, and all other lands - ‘All under Heaven’ - his vassals.” Significantly, “the Chinese concept of empire was not one of colonial dominion but of cultural suzerainty over the benighted barbarian, of very literally ‘civilizing the natives.’ The Chinese did not seek to conquer, but to absorb.” And the Chinese still do not want to conquer or rule others - but rather to strongly influence to the benefit of China and Chinese interests.

Professor Fei-Ling Wang concurs, in his 2017 book *The China Order*, that Chinese heritage-based principles are the most important building blocs of China’s contemporary world view. The China Order, Fei-Ling Wang explains, is “an ideation and tradition of governance and world order that give China and the PRC their key characters. The China Order, the Chinese world empire order, is based on a Confucian-Legalism imperial state, the Qin-Han polity, authoritarian often totalitarian in nature, that justifies and defends its rule with the Mandate of Heaven to unite, order, and govern the whole known world, the *tianxia* (all under heaven). It denotes a worldwide Qin-Han polity, a Qin-Han world order. Rooted in an ecogeographically defined Centralia, a world empire of the China Order was practiced and perfected, and dominated the peoples of Eastern Eurasia from the third century BCE to the mid-nineteenth century CE,” when the Western Powers imposed the Century of Humiliation on a weak and vulnerable China. Because of this distinct legacy, “the Chinese *tianxia* (all under heaven) system or the China Order is the most lasting and vastly unique, with unrivalled longevity, thoroughness, sophistication, legitimacy, and contemporary relevance.”

Seizing power, the Communist rulers of China immediately adopted the tenets of the China Order as their own. “Since 1949, the Chinese Communist Party (CCP) has reincarnated the Qin-Han polity in the PRC that has



been destined to seek political legitimacy and security through reordering the world in its image, like the previous imperial rulers.” The CCP’s adaptation of the Qin-Han polity, Fei-Ling Wang observes, “is fully capable to enrich and strengthen itself to be highly competitive in international politics.” It is the continued evolution and adaptation of the China Order to the changing world that is the crux of the growing tension between China and the US-led West, Fei-Ling Wang stresses. “In the twenty-first century, the ideology of the China Order contrasts fundamentally the Westphalia System, especially the ‘American World Order’ or the post-World War II and post-Cold War world order. The rise of the PRC, with a modified but tenacious Qin-Han polity in charge that predictably seeks a new China Order ever more forcefully, therefore, represents a clear and consequential choice about political governance and world order for humankind.”

Beijing has no doubt where things are going. Back on 24 October 2017, Xinhua reported that “Xi Jinping announced the new era: China has stood up, grown rich and become strong. It will move toward center stage and make greater contributions for mankind. By 2050, two centuries after the Opium Wars, which plunged the ‘Middle Kingdom’ into a period of hurt and shame, China is set to regain its might and re-ascend to the top of the world.” Since then, Xi Jinping has overseen the accelerated ascent of China and the further consolidation of its great power status. In the process, Xi Jinping navigated the PRC - adopting classic heritage-based Chinese policies and positions in the pursuit of future policies and current negotiations with the US.

While the historic heritage of past quests for the role of Hegemon implies control of the world - of all under heaven - the increasingly pragmatic vision of the Forbidden City carves a distinct global leadership role for China that stops short of outright world dominance of the type claimed by the United States in the aftermath of the Cold War. Instead, China sees itself as the undisputed first-among-equals in a multi-polar world where other great powers exist, interact and cooperate. As the glue holding North and South together - China will be able to exert uniquely immense influence without being the perceived ruler. Simply put, China is defining the heritage-based role of the global Hegemon in modern terms. China is already waging the new Thirty Years War in order to complete the historic ascent to become, once again, the global Hegemon of all under heaven (or at least in the Eastern Hemisphere). There is nothing the US can do to prevent China from persevering on this quest.

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Sino-US Relations in the post-Beidaihe Context

When, on 26 August, US President Trump implied renewed interest in reviving the trade/tariff talks with China, Beijing continued discussing the Sino-US relations in the post-Beidaihe context. In a *China Daily* article, Zhao Huanxin and Jing Shuiyu continued to stress China’s resolve to withstand US demands. “Fresh threats by [the] US will not work,” they wrote. “China won’t give in to extreme pressure by the United States on tariffs and will firmly defend its core interests, as it has sufficient countermeasures available”.

China can do so, explained Hu Weijia in the 26 August issue of the *Global Times*, because of the concurrent evolution of global macro-economy. “China picks up [the] baton of world growth driver from [the] US,” he wrote. “The Chinese economy is changing faster than expected amid the trade war with the US.” Paradoxically, it is the trade war with the US that gave a major boost to the transformation of Chinese economy. “The era of cheap labor in China is over, so the nation is striving to transform itself from being the world’s factory to an advanced industrialized nation. The trade war has accelerated the process as US tariffs push some labor-intensive manufacturers to relocate production to Southeast Asia.” The Chinese labor force



can now be diverted to sophisticated production. Consequently, China is taking over the driver seat of global economy, and Beijing is adamant that all Chinese interests be given the priority they deserve. “The US has lost the ability to lead global economic growth. If Western companies want to seize opportunities in China, they must follow China’s development and adjust,” Hu Weijia concluded.

The Forbidden city is cognizant that this transformation will not be painless. The challenges of both the trade/tariff war and the ensuing transformation of the economy are called “the New Long March”. There is no doubt in Beijing that the CCP cadres and the Chinese nation as a whole are willing to mobilize and sacrifice a lot in order to facilitate the historic ascent of China.

One of the mythical heroes of Chinese history is King Goujian, the ruler of the state of Yue in 496-465 BC. He was defeated by King Fuchai of Wu in the battle of Fuqiao. Goujian was held in harsh captivity for three years as Fuchai’s servant. He was then permitted to return to Yue where he embarked on building up the kingdom and its army. In 473-6 BC, Goujian attacked Wu and laid siege to the capital at the end of which Wu was annexed by Yue. The Chinese idiom “lying on brushwood and tasting gall” refers to the hardships endured by King Goujian and his resolve to come back and succeed.

Professor Paul Cohen analyzed the enduring importance of the legacy of King Goujian in his 2009 book *Speaking to History: The Story of King Goujian in Twentieth-Century China*. Cohen notes that as China is rising, the Chinese patriotic education increasingly focuses on “heroic figures and glorious achievements of the past” - such as King Goujian’s - as an inspiration for perseverance and rebound. A member of the Henan Academy of Social Sciences explained to Cohen: “Everyone knows the story of King Goujian of Yue, his lying on brushwood and tasting gall. The reason this story has been so widely admired generation after generation is the vivid expression it gives to the spirit of hard struggle and going all out to make the country strong.” King Goujian is now the symbol of personal bravery and unwavering commitment to a hegemonic China. There are numerous historical works, papers, poems and books in China celebrating King Goujian’s resolve and resurgence as the quintessence of China’s ability to surge and reclaim China’s historic glory.

With the trade/tariff war escalating, the spreading anti-US sentiment is manifested in popular culture - including expressions for support for Huawei and its chief Ren Zhengfei. The Forbidden City tightly controls this popular outburst in order to ensure the political line. One of these songs, written in late-May 2019 by Zhao Liangtian of Shanghai, included the key line: “Sleep on brushwood and taste gall/ Never say never/ Never surrender/ Fighting with the headwind and giant waves/ For a rich and strong motherland.” Simply put, the struggle of Huawei and specifically Ren Zhengfei are compared to the historical trial and triumph of King Goujian. The widespread popularity of this song could not have taken place without the approval and endorsement of Beijing - particularly since Xi Jinping has also been using the legacy of King Goujian as a metaphor for the ascent of China that he is leading. Hence, this means very strong public commitment to Ren Zhengfei and Huawei, and strong confidence in their ability to endure hardship only to rise any to greater heights - just like King Goujian of Yue did more than two-and-half millennia ago.

Thus, when Trump raised, on 26 August, interest in the revival of the trade/tariff talks, ostensibly in reaction to a request from China (that Beijing denies) - the Forbidden City shrugged. Even the fact that Trump publicly lavished praise on Xi Jinping - calling him a “great leader”, a “brilliant man,” and “a tough guy”, and claiming that he has “a lot of feeling for President Xi” - did not sway the Forbidden City. Official Beijing denied Trump’s claim of a Chinese approach.



Instead, Vice-Premier Liu He, who leads the Chinese trade negotiations team, used a lecture to restate Beijing's uncompromising position. China "resolutely opposes the escalation of the trade war" with the US. "We resolutely oppose technology blockades and trade protectionism," he stated. Liu He explained that China is "willing to resolve problems through consultation and cooperation in a calm attitude. We are willing to resolve the trade dispute with the US through calm negotiations," Liu He reiterated. "We believe that the escalation of the trade war is not beneficial for China, the United States, or to the interests of the people in the world."

On 27 August, Li Xiang noted in the *China Daily* that Beijing feels the aggrieved party under the current circumstances. "On the Chinese side, the unexpected US escalation in early August and the export restrictions on Huawei have likely hardened policymakers, stances," Wang Tao (chief China economist at UBS) told Li Xiang, "and it does not appear likely they will yield in the face of more economic pressure." Chinese officials "showed China's positive gesture ahead of the trade talks and that it is hoping to continue the negotiations and reach an agreement with the US," Wei Jianguo (a former vice-minister of commerce and now the Vice-president of the China Center for International Economic Exchanges in Beijing) told Li Xiang. "But the country is not fearful of the extreme US pressure, and it is capable of dealing with the worst results. ... Chinese economy is resilient and the government is capable of shielding the economy from the negative impact of trade conflicts."

In Beijing, Xinhua reported on 26 August, Foreign Ministry Spokesperson Geng Shuang ignored the issue of the US initiative. Instead, he "hereby warn[ed] the United States once again that China does not accept any threats or intimidation." The next day, a commentary in the *People's Daily* stressed anew Beijing's resolve to withstand and resist US policies. "China will do what it has said," the commentary concluded. "Any attempts to force China to make concessions through extreme pressure will be in vain." Hu Xijin expressed a similar attitude while referring specifically to the Trump initiative. He tweeted that "it doesn't have significance that President Trump suggested [to renew negotiations]. China didn't change its position. China won't cave to US pressure." China is ready to mobilize and endure all hardships to realize the historic ascent to global Hegemon comes 2049. Chinese experts and senior officials now wonder whether the US-led West is willing to mobilize in a similar fashion in order to prevent the decline of the West and retain the position of global leadership.

On 29 August, Beijing profoundly changed the quintessence of the face-off with Washington. This was the result of the failure of technical-level communications on 27-28 August in response to the Trump initiative. China offered to "deescalate the trade conflict" by postponing retaliation over the new US tariff scheduled to go into effect on 31 August - thus creating conducive conditions for the September round of talks. The US vowed to only introduce additional and heavier tariffs until the Chinese capitulate. In response, Beijing "lodged a formal diplomatic complaint" about the "latest tariff increases".

US Underestimating China's Resolve and Capability to Take Counter-measures

Beijing's real reaction came on 29 August when the *People's Daily* published a commentary by Zhong Sheng - a pseudonym used to denote most important statements on foreign policy coming from the uppermost echelons at the Forbidden City - that argued that the "US underestimates China's resolve [and] capability to take countermeasures", and predicted further escalation of the Sino-US face-off because of the US. "The recent US decision to further increase tariffs on Chinese goods severely violates the consensus reached by the two countries' top leaders and damages the interests of both countries." The commentary warned of the US



“misjudgement of the current situation, especially the underestimation of China’s resolve and capability to fight back.” The trade and tariff issues are but a small part of comprehensive challenges facing China. “In the face of continuous extreme pressure from the US, China has always stayed rational and exercised restraint. Resolving to safeguard its core interests and the fundamental interests of its people, China will never compromise on major issues of principle. The country is determined to counter any provocation and has the capability to fight to the end.” The US should have realized by now that China “suits its actions to its words. Anybody’s attempt to force China into accepting unreasonable demands will eventually fail.”

The Chinese handling of the trade/tariff talks with the US will now be determined by China’s global policy and grand strategy - and not by bilateral economic issues. These include Beijing’s commitment to the developing world. “Obsessed with hegemony, some US politicians have a huge appetite to grab all the benefits of the world in total disregard of the legitimate rights and interests of developing countries.” Now, China will not let this happen. “By taking resolute and effective countermeasures, China is safeguarding both the interests of itself and the common interests of the people around the world.” The commentary concluded with reasserting Beijing’s uncompromising view regarding the inevitable and escalating trade war. “China’s position is consistent and clear that trade wars produce no winners. China does not want a trade war, but it is not afraid of one, and it will fight one if necessary. Anyone who clings obstinately to the wrong path and underestimates China’s resolve and capability to take countermeasures will finally bow to the iron will of the Chinese people and pay a price.” The Forbidden City doubts the White House will get message and is therefore bracing for the escalation to come.

Ultimately, these dynamics need not surprise. Back in 2009 and 2012, they were articulated by the clairvoyant Martin Jacques in his book *When China Rules the World: The End of the Western World and the Birth of a New Global Order*. “The arrival of China as a major power marks the end of Western universalism,” he concluded the first edition in 2009. “The Western world is coming to an end; the new world, at least for the foreseeable future, will not be Chinese in the way that the previous one was Western. China, however, will enjoy a growing global hegemony and in time is likely to become, by far, the most dominant country in the world.” In the second edition of 2012, Jacques explained that the accelerating ascent of China was being facilitated as much by “the ability of the Chinese economy to sustain its remarkable growth” as by the errors of US policies and the consequent unraveling of US power. “As a Chinese world order begins to take shape, the American world order is eroding with remarkable speed. Welcome to the future.”

Remarks: Opinions expressed in this contribution are those of the author.



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