



Why China Is Winning

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Executive Summary

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* In the aftermath of the Two Sessions, Xi Jinping and the Forbidden City have no illusions about the challenges ahead. The entire Chinese leadership is resolved to overcome them in time so that they can put China on the right track to the timely realization of the China Dream.

* Beijing is formulating credible long-term solutions for socio-economic, technological, diplomatic and defense challenges. Beijing allocated trillions of Dollars to attain these goals.

* Unless there is nuclear war, China has crossed the threshold of no-return to ultimately becoming the Hegemon of the Eastern Hemisphere comes 2049. This does not mean Chinese occupation, imposition of Chinese values and way of life, immediate success for China, or influence without challenges and contests. But this does mean that China is the rising leader of the world, and that Chinese economy will ultimately become the world's principal economy. Beijing believes that "No one is able to reverse the trend of history."

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世界地势图



China's Sino-centric world view



Analysis

On April 29, US President Donald Trump delivered a brief statement about the next phase in US-China relations. It was, in more than one way, a clear demonstration of the US profound misunderstanding of China. Trump put the handover of Hong Kong to China in 1997 in a historic context. "The rest of the world was electrified by a sense of optimism that Hong Kong was a glimpse into China's future - not that Hong Kong would grow into a reflection of China's past." However, the quintessence of the unprecedented rise of ardent nationalism throughout China is exactly that - the return to, and revival of, China's glorious imperial past. And herein, in this profound misunderstanding, is the crux of the escalating crisis between the US and China.

In late May 2020, China concluded the third session of the 13th National People's Congress (NPC) and the 13th National Committee of the Chinese People's Political Consultative Conference (CPPCC) - the Two Sessions - by adopting a bold program for the future ascent of China despite the dire impact of the Corona Virus crisis and the escalating confrontation with the US. Significantly, a key element of the road to the future is adapting the heritage and lessons of China's imperial past.

Chinese leaders have repeatedly emphasized the point. "It is also wishful thinking for the US to change China," Foreign Minister Wang Yi warned on 24 May. "China has no intention of changing." On 29 May, Xi Jinping emphasized the historic heritage of the just adopted Civil Code. "The Civil Code systematically integrates the civil legal norms formed through long-term practices during more than 70 years of New China, drawing upon the Chinese nation's fine legal culture stretching back more than 5,000 years, and mankind's beneficial achievements in building a law-based civilization," Xi Jinping stressed. This is the reiteration of the primacy and validity the Legalist system of governance originally adopted more than 2,500 years ago.

The most dominant trends in Chinese polity are continuity and rejuvenation of the historic roots. Hence, explains Singapore historian Wang Gungwu, "the nature of China's politics, whether under emperors, warlords, nationalists or communists, was so rooted in Chinese history that no individual or group of intellectuals could offer a new vision that could appeal to the majority of the Chinese people." In his 2020 book *Has China Won? The Chinese Challenge to American Primacy*, Singapore retired diplomat Kishore Mahbubani concurs that the Communist Party of China "is not riding on an ideological wave; it is riding the wave of a resurgent civilization ... the strongest and most resilient civilization in history." There is a profound difference between the perception of history between the US and China, Mahbubani explains. "China's political culture and traditions go back almost ten times as America's political history." Hence, there is no way that the US, or any other foreign power, will be able to contain this trend.

Indeed, even the European elite recognizes the current transformation and its significance. On 25 May, Josep Borrell, the EU's Minister for Foreign Affairs, explained that "we live in a leaderless world where Asia will be increasingly important - in economic, security and technological terms. Analysts have long talked about the end of an American-led system and the arrival of an Asian century. This is now happening in front of our eyes." If this handover of the global mantle was supposed to be gradual and prolonged - the Corona Virus crisis changed everything. "If the 21st century turns out to be an Asian century, as the 20th was an American one, the pandemic may well be remembered as the turning point of this process." China is the indisputably preeminent power in Asia. Hence, Borrell wants Europe to dominate the new era of relations with China. "China is getting more powerful and assertive and it's rise is impressive and triggers respect, but also many questions and fears." Borrell warned that absent such coherent policy, the world might be "reaching a Thucydides moment."



Hence, Beijing is emerging from the Two Sessions convinced that China is on the right path to realizing the historic destiny of becoming the global Hegemon comes 2049. This goal will be attained despite both the lingering socio-economic challenges from the Corona Virus crisis and the looming confrontation with the US - a "financial war" aimed at "decoupling" the two economies and technologies that is rapidly evolving into an all-encompassing "New Cold War" and even major war. This is the historic dynamics Xi Jinping defines as the New Thirty Years War (2018-2049) for the future of China. For Beijing, the last sprint to attaining the ascent of China to becoming the global Hegemon has just begun.

As of late May, in the aftermath of the Two Sessions, Xi Jinping and the Forbidden City have no illusions about the challenges ahead. The entire Chinese leadership is resolved to overcome them in time so that they can put China on the right track to the timely realization of the China Dream.

Socio-Economic Challenges

On the overall socio-economic issues, Xi Jinping committed to preparing China for a "worst case scenario" resulting from the aggregate impact of domestic and foreign crises. Beijing is confident in the ability of Chinese society and economy to meet the daunting challenges and prevail. "Our economy is still characterized by ample potential, strong resilience, large maneuver room and sufficient policy instruments," Xi Jinping said. The Forbidden City envisages the creation of "a new development pattern" where domestic and foreign markets will be boosting each other while giving priority to the domestic economy. The crux of the Chinese preparations is the profound transformation of Chinese economy and employment from an export-oriented growth model to internal development and autarky. "For the future, we must treat domestic demand as the starting point and foothold as we accelerate the building of a complete domestic consumption system, and greatly promote innovation in science, technology and other areas," Xi Jinping explained.

In the immediate future, Beijing has to fix and stabilize the economy while addressing the ensuing social challenges such as workers' unemployment and dislocation. Chinese experts estimate that attaining this goal will require keeping a steady urban unemployment rate of about 6% and the creation of over nine million jobs before the end of 2020. Furthermore, Beijing is adamant on further implementing the poverty alleviation socio-economic programs despite the current hardships. The challenge is further complicated by the urgent imperative to refocus the economy on the domestic market even though Chinese economy is presently based to a great extent on export. The reason is that global socio-economic changes such as post-COVID-19 widespread recession and/or depression in the affluent West are bound to cause major changes in patterns and scopes of consumption. These changes, about which China has no control, will affect Chinese economy adversely, and therefore must be taken into consideration during the recovery phase.

The initial economic data seems encouraging. Presently, China must focus on the aftermath of the COVID-19 crisis. The GDP dropped 6.8% in Q1. However, there are good signs of recovery in Q2 although the economy is yet to return to normalcy. Moreover, there are many uncertainties regarding the state of global economy. Hence, because of the complexities of the myriad of challenges, Beijing decided not to set a specific target for the 2020 annual GDP except that there will be a positive growth. Chinese experts estimate that the GDP increase will be in the range of 3.0-3.3%, while the IMF predicts a more modest 1.2%. Chinese experts note that a GDP growth of about 3% is required in order to meet the national employment goals. With growing optimism about the resilience, recovery and change of the economy, Xi Jinping is once again talking about keeping the CCP's promise of the "doubling of the economy 2010-2020" despite the COVID-19. On 31 May, Chinese media



published a 2019 speech of Xi Jinping in which he announced that “China has essentially doubled the size of its economy between 2010 and 2020.”

Ultimately, the Forbidden City will have to change socio-economic macro-priorities. This shift is emerging under the term “high-quality transformation of Chinese economy” and is initially focused on the enhancement of food production, infrastructure and technological build-up, as well as the revitalization and expansion of domestic markets and consumption. All of this will entail profound modernization of the entire industrial and distribution infrastructures, relocation of production sites for all economic activities - from food to hi-tech - and the adjustment of population placement accordingly. At the core of the transformation effort is a \$2trillion hi-tech-focused infrastructure modernization plan that will include new high-speed rail-lines between economic centers and extensive 5G system to permit automation and data-based economy. In the longer run, the Chinese intend to concentrate on three main areas of modernization: “constructing next-generation information technology infrastructure such as 5G; upgrading and ‘smartening’ existing infrastructure; and establishing incubators and frameworks to advance scientific research, tech development and product development.”

In macro-economy, the initial goal is to be able to meet the achievements anticipated for the centenary of the Communist Party in July 2021. Far more important for the long-term, though, is to adjust and stabilize both society and the economy so that they provide for a sound foundation for the formulating of reasonable patterns and goals for the 14th Five-Year Plan (2021-2025). The original long-term forecasting for the 14th Five-Year Plan as outlined back in 2014-15 have been profoundly changed in order to better address issues of socio-economic independence in lieu of the growing threats of US decoupling. Significantly, the 14th Five-Year Plan will include the realization of vastly expanded goals for the Made-in-China 2025 campaign for technological independence and self-sufficiency (see below), as well as the attaining of the state of moderately prosperous society comes 2035.

Meanwhile, China is already leading the world’s economic recovery, observed David Goldman in the *Asia Times*. “Analysts are surprised that a Caixin survey of service industries shows clear signs of expansion,” he explained. The Chinese performance is all the more impressive given the lackluster performance of the other leading economies. Goldman notes that the initial steps toward decoupling actually helped the Chinese economic recovery. “Part of China’s resilience despite contracting Western economies stems from a reduction in its dependence on US exports.” The international community not only takes notice - but is eager to benefit from the process.

Technological Challenges

In recent years, China has sought to become one of the world’s top leaders in the scientific-technological sphere, and largely attained this goal. Presently, the Chinese are confronted by the US determination to crush Chinese technology through decoupling and sanctions. The US relentless drive is epitomized by the vicious global campaign against Huawei.

According to Chinese senior officials, the response of the Forbidden City to the US onslaught is to launch a new “Manhattan Project” that will be much more than “Made-in-China 2025 on steroids”. The declared objectives are to first fill in the gaps in China’s current scientific-technological and hi-tech industrial capabilities, and then to surge to attain global leadership in all pertinent spheres. Beijing has committed to investing at least \$1.4trillion in the initial phase, but actually there is no limit on investment. The best and the brightest scientists and engineers, as well as the best labs and research centers, are all mobilized for the great national endeavor.



The initial objective is to attain scientific-technological self-sufficiency and independence in specific key technologies in order to free China from dependence on the US, and then to open new markets for the new Made-in-China hi-tech products. One of the top priorities in the immediate phase is solving the problems Huawei - “the jewel of Chinese technology” according to Xi Jinping - is facing as a result of the US sanctions campaign, thus expediting Huawei’s rise to global preeminence. For the Forbidden City, successfully resolving the Huawei crisis is a manifestation of China’s ability to persevere despite the most daunting challenges in order to prevail and succeed on the world stage.

In principle, the initial key objectives of this endeavor are areas where China proved vulnerable to US sanctions such as computer chips. Ultimately, however, the Chinese intend to address every conceivable scientific-technological field that can contribute to the ascent and long-term development of China. Among the fields mentioned by Chinese experts are electronics, super-computers, nano- and quantum-technologies, artificial intelligence and big-data, as well as vehicles and aviation, medical equipment and medicines, food production, bio-technologies, and so on and so forth. For example, the Chinese focus on the development of large transport aircraft and helicopters - both civilian and military - with the aid of Russian expertise. Another priority field is to bring hi-tech to agriculture in order to markedly increase the crops, ensure food self-sufficiency within a few years, and thus eliminate the dependence on importing food stuff.

Beijing is determined to succeed at all cost and on time. The vulnerabilities exposed in the recent confrontation with the US are unsettling. China has long expected stable global commercial environment. Consequently, China was, and still is, shocked by the intensity and viciousness of the US campaign against Huawei and China. It is a sacred given in the Forbidden City that China will not permit this US effort to adversely affect the forthcoming milestones - most notably 2025 and 2035, let alone to derail the ascent of China to global Hegemon comes 2049.

Diplomatic Challenges

China is convinced that the post-Corona Virus world is going to be a most challenging environment for the accelerating rejuvenation and ascent of China. This is mainly because of the widespread social instability and economic crises created by the spread of COVID-19. Major General Professor Meng Xiangqing of the PLA’s National Defense University articulated the challenges ahead. “In post-pandemic era, the relation between China and the rest of the world will be more complicated as the country will face greater risks and challenges given the growing uncertainty in the world economy, politics, and security. In response, we must adhere to the bottom-line thinking and be fully prepared, both in mind and in work, to deal with the evolving external environment for a long time to come.” While China has no intention of abandoning or slowing down the ascent toward 2049, the interaction between China and the rest of the world will have to be adapted to the new prevailing conditions.

The Chinese are cognizant of the historic significance of the unfolding transformation. Cai Fang, a vice-president of the Chinese Academy of Social Sciences, emphasized the wider and historic context of the current developments. “Xi [Jinping] said the world is witnessing changes unseen in the past 100 years, and the core of these changes is that the center of gravity is moving from the West to [the] East,” Cai Fang explained. “It is not just about China’s rise, but also other changes - the share of developing countries in the global economy and their voices in global governance are rising.” There will be many challenges ahead - mainly from the US. “The US will [attempt to] contain China’s rise ... it’s something that China can’t change.” US hostility is both long-term and systemic, and therefore Washington’s “strong motive to contain China will continue into future



administrations,” Cai Fang warned. Nevertheless, the Chinese “need to talk with the Americans while we struggle against them.” Ultimately, however, the recent developments in the COVID-19 world “have accelerated the decoupling of the world’s two largest economies.” Therefore, Cai Fang argued, China should seek “more diversified” relations in order to counter-balance the growing hostility of the US. China “should not put all our eggs in one basket. We’ll seek more diversified international cooperation and industrial supply chains. The faster the US seeks decoupling, the quicker China will embrace the trend.” This means a new era of relations and cooperation with the rest of the world.

Thus, the primary challenge facing Beijing is to convince the entire Eastern Hemisphere - particularly Europe - that the Chinese perceptions of the Hegemon and Tributary relationships do not threaten them - particularly the West and the Western way of life. “China won’t export its system and development model,” Wang Yi reiterated on 9 June. China only wants preferential treatment at the economic, commercial, financial and hi-tech spheres. China of course does not want any part of the Eastern Hemisphere - including Europe - to serve as a springboard for anti-China actions, especially US-sponsored. In principle, China has no intention to impose its values, system of governance, etc. on anybody - least of all Europe.

Beijing is convinced that China’s prominence and influence will grow on the basis of expanding and tightening economic and fiscal relations, and not through military threats. China aspires for the return of the Middle Kingdom. The Belt and Road Initiative (BRI) - effectively a reincarnated and modernized New Silk Road - provides the global context for the endeavor. Beijing is convinced that China’s ascent will be attained through the implementation of China’s role as the “glue” and “driving force” that hold the world together. The North and the South already gravitate toward China. As the global economic engine and factory, China increasingly connects them. China is thus returning to the heritage-driven principles of regional and global ascent - that of a Middle Kingdom serving as the unique instrument for bringing the universe together. Beijing has long expected that this mega-trend will markedly intensify and expand in the coming decades. Consequently, China will have accumulated macro-economic power and widespread recognition as the global Hegemon. Yet, China has no intent to actually rule or otherwise dominate the foreign entities recognizing China’s stature as the Hegemon. The ever-pragmatic China is ready to put aside socio-political differences with all foreign entities in order to optimize the benefits from mutual economic and fiscal relations.

The Chinese approach is increasingly tolerated by Europe that is eager to have China save European economies from collapse. While European and Chinese socio-political values and systems are at variance - Europe increasingly accepts the Chinese pragmatic position that economic and fiscal comprehensive cooperation are far more important for both sides.

On 27 May, German Chancellor Angela Merkel articulated the EU’s China policy in the context of the forthcoming German EU Presidency (July-December 2020). Merkel stated that the EU has “a great strategic interest in actively working with China, one of the key players of this century.” Significantly, she argued that the rise of China should be dealt with in the context of the Chinese perception that their “5,000-year-old civilization only returns to that central place on the world stage that it held for centuries.” Hence, Europe must recognize the unwavering “determination [with which] China claims a leading place in the existing structures of international architecture.” While there are profound differences over values and principles - they should not constitute hindrance to both cooperation and communication. Merkel stressed that “the fact that we [Europe and China] are separated by very basic principles should not be an argument against exchange, dialogue and cooperation - especially not at



a time when we are experiencing a growing conflict between the USA and China. Rather, open, critical, constructive dialogue is more important than ever to assert our European values and interests.”

The US, of course, is not going away. Irrespective of all the domestic problems and crises currently plaguing the land, the US remains the world’s mightiest power with the largest economy. China recognizes this reality. China is also cognizant that Europe and the majority of countries all over the world prefer friendly and constructive relations with both China and the US. Alas, current US policies make such parallel relationships virtually impossible. China is convinced that if forced by the Trump Administration to choose between the US and China - most countries will choose to improve and expand relations with China because the Chinese provide extensive help and maintain mutually beneficial economic relations while the US mainly makes demands and imposes arbitrarily penalties, tariffs and sanctions. Beijing is also convinced that Washington’s efforts to mobilize the allies for a confrontation with China will not succeed in the long term. Having bled so profusely during the 20th Century, the Europeans and the Japanese have no intention whatsoever to repeat the harrowing experience in the 21st Century - all the more so given the potential for nuclear escalation, and all the more so for somebody else’s wars and interests.

Looking into the future, Beijing can be satisfied with the emerging mega-trends but should remain apprehensive about the recurring “bumps on the roads” that implementation entails. The economic and infrastructure cooperation with the first circle of adjacent countries in East Asia are expanding rapidly. Recurring friction about the South China Sea and other regional issues are not enough to slow down the trend. The principles of Tributary relationships are largely working. The new strategic partnership with Russia is giving China unprecedented strategic-security umbrella, access to the latest defense technologies, and guarantees hydro-carbons supplies. The legacy of historic friction and territorial conflicts has been put aside so that the close cooperation against current and future common foes keeps improving. The socio-economic crises in Europe, aggravated by the Corona Virus crisis, expedite the European adoption of the Eurasian Common Home that benefits China immensely. China is emerging as the sole viable savior of European economies. Hence, the socio-political disputes are increasingly put aside in order not to harm the Chinese aid. Finally, Africa is collapsing on its own, and China is the only great power expected to pick up the pieces at great efforts and costs.

Defense Challenges

The number one challenge facing Beijing is the grim possibility of the New Thirty Years War escalating into a major crisis and even a full-blown kinetic war. China has already reconciled to the fact that there is no escape from confrontation and escalation with the US and the Anglo-sphere states. The US seems adamant on pushing hard and provoking an escalation of the new Cold War into an “almost” hot war - but there is no guarantee that either side will be able to stop at the last moment. Although Beijing would have preferred to avoid any and all confrontations with Washington and focus on bilateral economic relations - Beijing is cognizant that the escalation is presently dominated solely by Washington. Moreover, this escalation can have multiple forms and involve new aspects.

To meet these challenges, Beijing modified the national threat perception and it was formally adopted during the Two Sessions. Consequently, explained Zhang Yong, vice-chairman of the Basic Law Committee under the NPC Standing Committee, “rather than focusing only on traditional and territorial threats, China must also manage risks in areas ranging from finance to internet and nuclear security.” He elaborated that China is now facing “traditional” and “non-traditional” national security risks. The traditional risk “is easy to understand. It is



political security, including government, territorial and military security,” Zhang Yong explained. “Non-traditional security concerns the risks to national security in this new era. Financial security is too important ... Biological security is something we can all understand, while there is also cybersecurity and nuclear security.”

China will now have to quickly prepare for addressing and prevailing in all these diverse spheres. Hence, China is preparing for what the Forbidden City is considering to be the worst-case scenarios. Toward this end, the Chinese embarked on major military undertakings that go well beyond the on-going build-up and modernization as displayed in the context of the great parade of October 2019. The significance of the new build-up is manifested in the decision to increase the 2020 defense budget by 6.6% despite the economic hardships caused by the COVID-19 crisis.

The key foci of the expanded and accelerated build-up are:

- * Nuclear build-up with emphasis on a new generation of both regional and global offensive systems (mainly ballistic missiles, hypersonic cruise missiles) that, in a few years, might triple or more the current nuclear arsenal. A myriad of space warfare systems that include multiple-sensor reconnaissance, communications, as well as offensive and defensive space weapons are being fielded. Very-long-range detection and interception defensive systems are developed jointly with Russia. The objective of this effort is to be able to deter the US from unilaterally crossing the nuclear threshold once conflict erupted. China adheres to a no-first-use doctrine.

- * Worldwide power projection capabilities with emphasis on the Navy, Marines and the Air Force’s Airborne Troops. The primary objective is protection of vital infrastructure that is part of the BRI throughout Asia and Africa from a possible threat of US/Anglo-sphere attacks. This effort includes military/security partnership with Russia that recognizes Russian preeminence in providing security regime and strategic umbrella to remote areas including the greater Middle East, areas adjacent to Europe, and the Arctic.

- * New generation of futuristic weapons exploiting breakout technologies. Among these weapon systems are EMP weapons at various levels (with the first “electronic gun” against enemy naval combatants entering service with the Chinese Navy in March 2020). A variety of hypersonic missiles for both regional and global uses with both conventional and nuclear warheads. (Since the launching missiles are identical, these are potentially destabilizing weapons because once launched – it is impossible to tell whether the warhead is nuclear or conventional.) A new generation of “stealth” fighters and bombers that will serve as platforms for launching a new generation of high-speed long-range cruise missiles, as well as the far-away interception of enemy aircraft and cruise missiles. A myriad of AI-driven UAVs loitering at further away ranges and higher altitudes to serve as the first line of detection and interception. A new generation of space-based systems to control, support, network and facilitate all military and security activities below, as well as to actively neutralize the enemy’s ability to do the same.

This huge build-up is taking place even though the Forbidden City remains convinced that the US does not have a credible military option against China. Since the early 1990’s, once China committed to the return to glory and to becoming the global Hegemon, China has anticipated that the US would oppose the ascent of China. Beijing has long expected a face-off and even more severe crises, and started preparing to meet the challenges. Since the turn of the 21st Century, the Chinese analyses have foreseen a future war focusing on US efforts to destroy with stand-off weaponry the Chinese littoral that is the core of China’s economy. The PLA has been preparing for this contingency by constructing ever thicker, faster and longer-reaching Anti-Access/Area Denial (A2/AD) bubbles along with growing numbers of anti-carrier ballistic missiles. And the PLA is largely successful, observed



Christian Brose in his 2020 book *The Kill Chain: Defending America in the Future of High-Tech Warfare*. “Over the past decade, in US war games against China, the United States has a nearly perfect record: We have lost almost every single time.” But Beijing continues to worry. The virulent US rhetoric about war with China and the incessant anti-China economic and political campaigns have convinced the Forbidden City that the PLA must continue to prepare for the worst-case scenarios - illogical as they might seem to Beijing.

Taiwan is fast overtaking the South China Sea as the most likely point of violent eruption. This happens despite Chinese efforts to prevent such occurrence. China wants peaceful reunification and prefers to wait until the 2040-2045 time-frame. China is convinced that a new generation of Taiwanese will be amenable to reunification given the huge economic benefits. As well, China postponed invasions of Taiwan for fear that war will ruin all relations with the US and others. Moreover, invasion of Taiwan will divert attention and resources needed for the far more important possible direct confrontation with the US/Anglo-sphere. Presently, China has three casus-belli for immediate war with Taiwan: (1) Taiwanese determined military attack on the Mainland; (2) Taipei declares independence de-jure (as distinct from the current state of de-facto independence); and (3) The US flagrantly crosses the red lines as defined in three Sino-US agreements signed in the 1970's.

The Trump Administration has all but crossed some of these red lines both politically and militarily (by US military activities in the Taiwan Strait). Moreover, the American, British and Taiwanese massive support for riots in Hong Kong in order to demonstrate that the “one state, two systems” principle does not and cannot work unnerves Beijing. The same principle is the crux of the Chinese proposal for peaceful reunification with Taiwan. Beijing is thus increasingly apprehensive that, by design or by accident, an incident in the Taiwan Strait or Hong Kong will spark a wider conflagration. Therefore, the Chinese military is now ready for a bloody occupation of Taiwan on a short notice even though such a campaign will inflict heavy casualties on both sides and will effectively ruin most of Taiwan. In the Two Sessions, General Li Zuocheng stated the revised position toward Taiwan: “If the possibility for peaceful reunification is lost, then the People’s Armed Forces will, with the whole of the nation, including the people of Taiwan, take all necessary steps to resolutely smash any separatist plots or actions.”

Ultimately, the Forbidden City is increasingly internalizing that there can be no compromise and reasoning with the Trump White House over the rise of China. The US refuses to accept any form of Chinese spheres of influence, or recognize China’s emergence as a leading global power. The Forbidden City is now convinced that the Trump White House is determined to crush China at all cost, and is willing to take great political and strategic risks to attain this objective. The turning point for Beijing came from watching the ruthless and incessant US pressure on America’s closest allies - the UK and Israel - to break all ties with Chinese companies regardless of the immense damage this might do to the local economies and societies.

Therefore, in the meetings devoted to national security during the Two Sessions, Xi Jinping ordered further mobilization and preparations for war with the US. “It is necessary to explore ways of training and preparing for war,” Xi Jinping instructed the PLA’s High Command on 26 May. “It is necessary to step up preparations for armed combat, to flexibly carry out actual combat military training, and to improve our military’s ability to perform military missions.” Xi Jinping mentioned provocations by “Taiwan independence forces” as a viable threat. Minister of National Defense, General Wei Fenghe elaborated on the challenges ahead. “The United States has intensified the suppression and containment of our side since the [COVID-19] outbreak, and the Sino-US strategic confrontation has entered a period of high risk,” Wei Fenghe stated. “We must strengthen our fighting spirit, be daring to fight and be good at fighting, and use fighting to promote stability.”



The PLA's High Command considers the new levels of "military-civil fusion" to be the key to China's ability to persevere and prevail in a total - that is, nuclear - war with the US. This means new levels of cooperation and coordination between the Party and the PLA in using national resources and mobilizing the population in support of the total war effort. The "military-civil fusion" now includes giving "various duties of wartime" to the Coast Guard and the People's Armed Police Force both at the national level and as part of the PLA's five Theater Commands. The smooth cooperation between the PLA's medical and logistical services and local Party authorities during the COVID-19 crisis is seen as proof of the effectiveness and workability of the "military-civil fusion" system and concept.

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Meanwhile, US provocations and pressure keep intensifying on a daily basis. Significantly, the Trump Administration no longer conceals that the confrontation with China takes precedence over the trade and tariff war that was originally presented as a crucial element to reviving US economy. On 26 May, White House economic adviser Larry Kudlow said that Trump was "so 'miffed' with Beijing over the novel coronavirus and other matters that the US-China trade deal is not as important to him as it once was." The accusations leveled at China, and particularly at the Communist Party, by senior US officials are so virulent that reconciliation is impossible. The US vision of the coming Cold War and decoupling is increasingly akin to that of a total war. On 31 May, Secretary of State Mike Pompeo highlighted the Chinese threat. "This is a Chinese Communist Party that has come to view itself as intent upon the destruction of Western ideas, Western democracies, and Western values. It puts Americans at risk, whether it's stealing American intellectual property or destroying jobs here in the US." On 6 June, Pompeo compared the Chinese Communist Party to Nazi Germany. Some of the recent actions taken in Hong Kong, Pompeo stated, "were similar to some of the promises that were broken back in the days when Germany advanced against the rest of Europe." Consequently, Pompeo elaborated, the prime reason for the US contacts with China have changed for the US now has "an obligation to work diplomatically with the Chinese Communist Party, to work to make sure we protect Americans in every way that we can."

The Trump White House does not comprehend that there is a limit to what the proud China can tolerate and absorb. The Forbidden City has resolved to win the forthcoming fateful struggle. In the process, warn Chinese senior officials, "US-China tensions [are] set to worsen as moderates lose out to hardliners." Zhang Yesui of the NPC's Foreign Affairs Committee warned of the looming escalation. "If the US insists on a Cold War thinking, and carries out strategies to contain China, damage China's core interests, the result can only hurt itself and others," he said. "China never starts trouble and never flinches when trouble comes its way. China will firmly defend its sovereignty, security and development interests." At the Two Sessions, Premier Li Keqiang warned of the deteriorating diplomatic contacts with the US. "Even though we say we do not want a Cold War, what is happening at the working level seems to be different." American negotiators and diplomats are confrontational, antagonistic and refuse to address issues of substance. Consequently, there is no progress on trade, economic and diplomatic issues. "The implementation of policies is not properly coordinated and often chaotic," Li Keqiang noted.

Writing in the *Global Times*, foreign policy expert Wang Jisi warned that the recent deterioration of Sino-US relations would have dire implications far beyond China and the US. "There are now worries that if Sino-US relations are out of control, the post-pandemic recovery will be more difficult, and the arms race and geopolitical conflicts will intensify, causing chaos in the world order and unprecedented disasters. This is by no means an impossible scenario," Wang Jisi wrote. It is therefore imperative for Beijing to make every effort to defuse the



conflict with the US. “No matter how serious the differences between the two countries, we must resolve them through peaceful means and not resort to war.” That said, a kinetic war is no longer impossible. “There is no denying that the two countries’ militaries are preparing for war and they are treating each other as the opposing force,” Wang Jisi explained. Therefore, China and the US “need to prevent the total breakdown of bilateral exchanges” before the rupture becomes unfixable.

Subsequently, Hu Xijin, the well-connected editor-in-chief of the *Global Times*, summed up what’s next in Sino-US relations. Beijing is cognizant of the gravity of the looming crisis, but will do everything to avoid further escalation. “In China-US relations, China is a strategic defender. We will not take the initiative to deteriorate China-US relations. Instead, we will always adopt a prudent realist attitude. At the same time, China has the ability to stick to the bottom line of its core national interests. China has the capacity and space to engage with the US for a long period of time.” That said, China will not become a victim of the US, and China will not agree to pay debilitating price for quiet. “Being contained by the US is too high a price for China to pay,” Hu Xijin observed. “We need to be prepared for a lot of trouble from the US.” It is therefore high-time to formulate drastically new policies, and “the best thing people [in Beijing] can do is forget the old days of China-US ties”.

The Forbidden City is convinced they “know the US” but also acknowledge that they fail to “comprehend American policies and behavior”. This dichotomy has bedeviled and baffled Chinese diplomats, negotiators and experts for many years, and more so during the Trump Administration. A recent commentary in the *People’s Daily* by Zhong Sheng (a pseudonym used to denote most important statements on foreign policy coming from the uppermost echelons at the Forbidden City) elucidated Beijing’s quandary. “As the US becomes more sensitive, its ‘national security’ is gradually incorporating everything. It seems like the country is trying to isolate itself with the world. Does the US, the world’s only superpower, think it’s fragile?”

The Forbidden City cannot comprehend why or how, in the words of Mahbubani, “America convinced itself that China has become an existential threat.” At the same time, the Forbidden City is not going to remain passive and endure the US containment campaign of escalating military provocations and threats, economic sanctions and tariffs, as well as all-out demonization - that is, the new Cold War. Trump’s Washington misinterprets China’s traditional reticence to enter what the Chinese consider to be mean-spirited and pointless arguments or disputes as a sign of Chinese weakness. The US reading of China is profoundly wrong because at one point China will explode and react with fury.

Is that what Washington is trying to provoke? China will not invade the continental US. China will refrain from the use of force unless directly attacked by the US. Historically, China has been reluctant to use force, and considered initiating military endeavors measures of last and desperate resort. Instead, China will move quickly to destroy the US economy and global standing. The US Dollar is extremely vulnerable to drastic measures. Compelled to choose between trading with, and receiving lavish aid from, China and between the endless fights with the domineering US - most countries of the world will choose China. The world is no longer dominated by the West, let alone the US. These are all things that China can do, and will do, albeit at a high cost. By then, China will have won a decisive victory.

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China is winning because of China’s enhanced self-confidence in the rejuvenation and ascent of China, and willingness to do what it takes to realize this manifest destiny. China’s road to becoming the Hegemon in the Eastern Hemisphere is unstoppable (short of the unthinkable all-out nuclear war that will also get Russia



involved). The ascent of China will be long, arduous and will see several cycles of confrontation with the US. However, as Mahbubani observed, “there is no question that China has won the first round.”

China is winning because the rest of the world - starting with Germany-led Europe, Russia and the vast majority of African and Asian countries - also dread what they consider to be intolerable US policies, sanctions, tariffs and threats. In contrast, these countries are no longer afraid of a Chinese socio-political ascendancy while coming to save economies in distress and help long-term development. As Mahbubani explained, “while Chinese leaders want to rejuvenate Chinese civilization, they have no missionary impulse to take over the world and make everyone Chinese.” Crisis-hit Europe will lead the way because Europe depends on China for the long-term economic recovery, and Europe neither dreads nor particularly likes the light Tributary regime that will surely follow. Soon, Beijing is convinced, the world will accept the ascent of China as a *fait accompli*, whether one likes it or not, and the focus will be on benefitting from the rise of China as much as possible.

Unless there is nuclear war, the entire world save for the US realizes and accepts that China has crossed the threshold of no-return to ultimately becoming the global Hegemon (more accurately, the Hegemon of the Eastern Hemisphere) comes 2049. China won the moment the world accepted its ascent. This does not mean Chinese occupation, imposition of Chinese values and way of life, immediate success for China, or influence without challenges and contests. But this does mean that China is rising to become the leader of the world, and that Chinese economy will ultimately become the world’s principal economy. The historic posture by which the Middle Kingdom will reign anew and, by being the Hegemon, influence “all under heaven” is being realized and attained. And, as ‘Zhong Sheng’ reminds about the aftermath of the Two Sessions: “No one is able to reverse the trend of history.”

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



About the Author of this Issue

Yossef Bodansky has been the Director of Research at the International Strategic Studies Association [ISSA], as well as a Senior Editor for the *Defense & Foreign Affairs* group of publications, since 1983. He was the Director of the Congressional Task Force on Terrorism and Unconventional Warfare at the U.S. House of Representatives between 1988 and 2004, and stayed on as a special adviser to Congress till January 2009. In the mid-1980s, he acted as a senior consultant for the U.S. Department of Defense and the Department of State.

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