



After Beidaihe

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Executive Summary

- * In mid-August, Xi Jinping had the Chinese leadership embrace the tenets of his grand strategy and national priorities, as he demonstrated at the PLA High Command his growing powers as the Core Leader.
- * On the weekend of 17-19 August, Xi Jinping won decisively the deliberations at Beidaihe. He had the tenets of his grand strategy and national priorities embraced by the entire Party elite. Xi then demonstrated his enduring and growing powers as the Core Leader in a special meeting of the Central Military Commission and the PLA High Command.
- * Meanwhile, the principles of the Chinese assertive grand strategy as agreed to in Beidaihe are becoming clear. There will be no specific trade war policy. Rather, Beijing now considers the trade war as a new part of the US containment strategy aimed to prevent China's rise to greater power - that is, a global Hegemon.
- * China will not attack the US. But should its vital interests be threatened militarily - China will fight with all its might, including nuclear weapons, and ultimately win against any enemy. No world power, not even the US, will be able to prevent the ascent of China as a global Hegemon.

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Analysis

On the weekend of 17-19 August, Xi Jinping won decisively the deliberations at Beidaihe. He had the tenets of his grand strategy and national priorities embraced by the entire Party elite. Xi then demonstrated his enduring and growing powers as the Core Leader in a special meeting of the Central Military Commission and the PLA High Command.

The Beidaihe deliberations of 2018 took much longer than recent years. There are persistent rumors that Xi Jinping had some unpleasant moments in Beidaihe. The traditionalist-Maoist-communist cadres put pressure to slow down “the Hundred-Year Marathon” and divert resources to alleviating the current economic difficulties. There was also bad blood with many regional leaders because Xi Jinping’s harsh “anti-corruption campaign” amounts to purging many of their stalwarts and stopping their illegal income. These leaders used the policy debate to try and clip Xi’s wings. Hence, it was impossible for him to shrug them off. Indeed, Xi made a few concessions and claimed to have compromised on key issues. Xi Jinping won his Beidaihe fighting through astute political maneuvering. He won over the traditionalist-Maoist-communist cadres by pretending to accept some of their points, and then convinced them that his over-all grand strategy includes their policies. Ultimately, this maneuvering did not have any tangible impact on Xi Jinping’s overall power and long-term leadership.

Initially, the Xi Jinping camp let it be known that they recognize the challenges facing the population as a result of domestic-economic hardships - the outcome of the on-going reforms and modernization efforts, as well as a byproduct of the tariff war with the US. However, these hardships can be overcome over time as the grand design is being implemented.

On 8 August, the Party newspaper *The People’s Daily* published a long article by Xuan Yan that articulated the Xi Jinping camp’s perspective. Xuan Yan wrote that all Chinese must be proud of “the amazing journey China has taken, without fear of hardships, resulting in marvelous achievements gained in the face of challenges.” Presently, the Chinese should focus on “how to tackle challenges with a fresh outlook and how to embrace the future with confidence, determination, calmness and vigor.” It is imperative for the “people to grasp the historical process, understand historical events, and examine the combination of past and present, reality and future from the perspective of the long arc of history. When looking at the various hardships that the Chinese people are experiencing and possibly encountering in the process of creating a better life and realizing the dream of rejuvenation from this larger historical perspective, we will always be able to keep sober in the midst of uproar and maintain calm in the turmoil.” Xuan Yan concluded that “it is normal to face trials and hardships. Face the world and brave the storm. Try your best to make the trip. Today’s China is growing amid wind and storms.”

The overall theme was reiterated on 15 August in an Editorial in *The Global Times* that stressed the importance of the Party’s leadership to guiding China into the future. The Editorial acknowledged the possibility of economic reversal in the near future, but stressed the contribution of the Party’s leadership to finding solutions. “China’s political system,” the Editorial asserted, “is a crucial factor to prevent systematic risks due to its unique management, control and mobilization capabilities.” Given the Party’s guidance, all Chinese should put everything in perspective. “The Chinese people must be prepared for hardship and crisis, but they must not underestimate their capabilities and scare themselves. They must grasp the rational sense and wisdom to master the subtle differences between them. China is a major country. It will face major risks but it also has great capabilities. It takes courage, confidence and resilience during the process of emergence.”



Meanwhile, in the first week of August, a research team of the Center for China in the World Economy at the Beijing Tsinghua University, led by Director Li Daokui, formulated the new doctrine for the overall confrontation with the US. Their basic conclusion is that the US is reluctant to go to an all-out economic war against China. "Sino-US friction won't reach all-out confrontation," asserted an early August Editorial of *The Global Times*. Therefore, China can insist on hard position and persevere. A concurrent Editorial of *The People's Daily* set the tone publicly. "China will not surrender to US threatening tactic" neither in the trade war nor in the face-off on security matters. The Editorial pointed to the challenges ahead and heralded Beijing's resolve to win. "The trade war is not easy for China as the major challenge would bring losses. China didn't choose a trade war but was forced to accept it. China will not surrender to the US, nor could it ignore the trade war. The only way is to face it and win it."

Within a few days, the Xi Jinping camp redefined the quintessence of the confrontation to be a struggle over the US quest to prevent the ascent of China to preeminence as the global Hegemon. Senior officials in Beijing explained that "the spiraling trade war with Washington" was motivated first and foremost "by US fears over China challenging its global hegemony." Compromising under these circumstances is inconceivable to all Chinese, the officials said. Hence, the Chinese grand strategy will continue to focus on the global ascent of China with the trade war being considered as a near term sub-challenge. Xu Qiliang and Zhang Youxia, both Members of the Political Bureau of the CPC Central Committee and Vice-Chairmen of the Central Military Commission, played a major role in formulating the up-dated strategy. A sprinkle of authoritative Editorials introduced the new doctrine for the struggle with the US as the deliberations in Beidaihe were winding down in favor of Xi Jinping.

On 9 August, the Editorial of *The Global Times* asserted that the trade war is an integral part of the "US hegemony struggles in globalization era" and that the "US impulses to confront and contain China have reached an apex." Trump's Washington is doomed to fail because "the US' old geopolitical thinking won't help Washington win a trade war which is going against the trend of the times." The Editorial explained that another area of growing confrontation with the US is over the Belt and Road Initiative (BRI). "Washington wants to eliminate the BRI's geopolitical influence and yet the initiative is not geopolitical. The BRI opens to the outside world. It is a reciprocal initiative without interfering politically in any countries. The US will only fail by trying to find and eliminate China's 'geopolitical influence' from those countries." Ultimately, however, the quintessence of the US confrontation with China is the doomed effort to prevent the historic ascent of China. "The trade war can be seen as US hegemony's struggle during globalization. Washington won't accept Beijing's rise, and it's too desperate to address its own problems. China has so far adopted a correct strategy against the cranky US. First, China must firmly stand up to the vehement impact brought on by the trade war and make the US suffer alike. We will continue with the trade fight as needed until Washington realizes it has done wrong."

The next day, on 10 August, an Editorial in the Party's *The People's Daily* elaborated on the crux of the confrontation with the US. In view of China's "rapid economic growth and increasing global influence," the US now considers China an "unprecedented opponent" and formulates policies accordingly. "No matter what China does, in the eyes of the United States, China's development has already 'damaged the supremacy of the US'." Washington's "hegemony-dominated mindset" had already led to a US misunderstanding of China's rise and to the US long-term strategy to contain Beijing in order to maintain its "absolute advantage". Washington's real objectives are apparent from the on-going negotiations. "A review of the trade negotiations with the US shows the American government has been inconsistent, ambivalent and capricious," the Editorial



noted. "But the behind-the-scenes logic is pretty clear - it is never just about narrowing trade deficits, but to contain China in much broader areas." There is no point seeking a compromise. "Once China's development is 'exceeding' or 'derailing', there will be more curbs and China will be 'qualified' to be the opponent of the US. ... This is more prominent now as China speeds up its development." The crux of the matter is Washington's inherent inability to acknowledge the historic ascent of China. "This is going to be a long war ... no matter whether it is Trump or someone else in office." That said, the Editorial concluded, "no matter how much Washington pressures - China will not cave in."

By mid-August, the policy discourse in Beijing and Beidaihe increasingly focused on security issues. On 14 August, the Editorial of *The Global Times* articulated the evolving Chinese grand strategy. China has no intent to attack the US - but is resolved to prevail should the US challenge China. "China acknowledges US military strength and would never initiate an attack on a US military base in the way the Japanese attacked Pearl Harbor. China will never challenge the US militarily. We believe that Russia and other countries regarded as 'threats' by the US also think the same way." China's stance should not be misinterpreted as weakness because "it would be another story were Washington to target Beijing. What Washington pursues is the destruction of China's national security, not the protection of its own national security." Beijing has also resolved to resist US military provocation in the vicinity of China. The Editorial warns that "if the US thinks it can make trouble at China's doorstep by increasing military expenditures, then the Chinese people have the determination to protect their core interest and force the US to stay back. ... No one should have the ambition to defeat China by using military approaches in the 21st century. Before Washington makes any radical decisions, it should evaluate its own power."

On 19 August, as the Beidaihe deliberations were winding down, the Editorial of *The Global Times* was even more explicit, warning that the "US' extreme China policy [is] unsustainable." Beijing is cognizant of the magnitude of the Washington threat. "China is already a main rival in the eyes of American elites. They don't bother to hide their will to contain China. Many Chinese have realized the change in US policy toward China and pessimism toward China-US relations have prevailed in China." However, China is resolved to realize its historic ascent at all cost - but also within the legacy of China's historic prudence. The US should take this into consideration when formulating its China strategy. "Anyone who offends China will face the country's counterattack, but [China is] also restrained and won't escalate the China-US dispute. What hurts the US is its extreme policy toward China. Such a policy is unsustainable. China is a major economy and a nuclear power. It would be reckless for any country to provoke China. As long as China sticks to its moderate foreign policy, no forces can lead any country to fight recklessly against China. ... China has more room for strategic maneuver. ... Maybe Washington will make a stronger stand, but Beijing can still make prudent policies. China will fight if being offended, but won't act in the insane manner of the US."

On 20 August, *The Global Times* published a follow-up Editorial. "Sino-US relations should not steer China off course" even as "pessimistic viewpoints over Sino-US relations spread globally." China does not want to threaten the US but will not let the US threaten China and its ascent to global prominence. The Editorial struck a raw nerve with all Chinese by alluding to the Century of Humiliation (1839-1949) when China was being bullied by Western powers into unacceptable concessions. "China wants to develop further while ensuring it will not be overturned by external forces, nor does it want to be a victim of foreign bullying tactics ever again," the Editorial stated.

It is imperative to put the crisis with the US in perspective. "China should not let a Sino-US dispute push itself



to the extreme” and become “the primary focus of its national strategy. ... China needs to remain calm while firmly responding to the increasing US aggression. China is strong and will retaliate when bullied. China is also restrained and will not expand upon the Sino-US front, nor will it escalate relationship disputes.” The Editorial reiterated the warning to the US not to confront China and attempt to stifle its ascent. “Do not forget that China is a huge economic and nuclear powerhouse. It is not going to be easy to challenge China in any direction. Being an enemy of China is a risky gamble for any global superpower. As long as China continues to adhere to a moderate foreign policy, there will be no one who could lead a country against China in a life-or-death showdown.” As it is rising to global prominence, “China has more room for strategic maneuvering. China does not have to change its fundamental policies to adapt to Washington’s needs.” Beijing is anticipating an escalation where Washington “could enforce more hardline policies against China,” but “China will only fight with the US when it comes to defending their national interests, and would never lower itself to the kind of lunatic behavior currently demonstrated by the US.”

Meanwhile, the principles of the Chinese assertive grand strategy as agreed to in Beidaihe are becoming clear as more senior officials were making their way back to Beijing or their hometowns. There will be no specific trade war policy. Rather, Beijing now considers the trade war as “a new part of the US containment strategy” aimed to “temper China’s rise to greater power” - that is, a global Hegemon. There are little expectations that any future negotiations with the US would lead to any tangible results. “Trump is very confident now, and China should not appear weak,” a former Chinese trade official told *The South China Morning Post* of Hong Kong. “China has to appear confident and stand firm, resisting the maximum challenges by Trump. Making too many concessions at an early stage will only push Trump to be more provocative.” Hence, the Xi camp is apprehensive that with both sides holding to their firm positions, “a spiraling conflict could result in dangerous and unforeseen consequences” even if China will continue to demonstrate restraint in security issues.

Xi Jinping returned to Beijing from Beidaihe on 19 August. His first public event was addressing the military High Command at the closing of a major conference (17-19 August). The key members of the Central Military Commission participated in the conference that was devoted to Party building in the PLA. Xi Jinping stressed that only through accepting the Communist Party’s control of the military will the PLA “achieve its missions in the new era”. The timing and circumstances of Xi Jinping’s presentation were of paramount important, political scientist Chen Daoyin told *The South China Morning Post*. “The Communist Party’s power is built on its grip on the military and propaganda. The meeting sends a message that Xi has a firm hold on power,” he explained. “He called for discipline as strong as iron. He is presenting a strong image.” Indeed, several key members of the CMC, including Xu Qiliang and Zhang Youxia, and most flag officers were paraded during Xi Jinping’s attendance.

In his address to the conference, Xi Jinping ordered the PLA and the entire Chinese defense establishment (from academia to industries) to prepare for a new era of great challenges. All these preparations will, of course, take place under the tight control of the party and Xi Jinping himself. To meet the new era, Xi declared, it is imperative “to comprehensively strengthen the leadership of the Communist Party of China and the Party building in the country’s armed forces to ensure a solid political guarantee for the building of a strong military.” He left no doubt about the order of institutional seniority. “The Party’s thinking on strengthening the military for the new era must be fully implemented,” Xi said.

Xi Jinping stressed the importance of the reforms he initiated. “Comprehensive and profound changes regarding the Party leadership and Party building in the military have taken place, giving a strong political



underpinning for the historic achievements and changes in the cause of building a strong military.” These changes “are essential to the construction and development of the military and matter to the success of the cause of building a strong army and the enduring peace and stability of the Party and the country.” But these steps are not enough to meet the emerging challenges. “To fulfill the primary duty of war preparedness and combat capability, more efforts are needed in improving the system of Party organizations in the armed forces and strengthening their leadership, organizational and executive capacity.” Xi Jinping stressed “the crucial role and responsibility of Party committees of units at or above corps-level in the military’s Party organization system” in lieu of the challenges of future wars and crises. “The training of talent in joint operations command, new combat forces, high-tech innovation, and high-level strategic management should be improved,” Xi Jinping told the senior officers.

Ultimately, the most important indication of Xi Jinping’s enduring might in the Party’s elite is the recent elevation of his father Xi Zhongxun (who was demoted/purged three times and bounced back repeatedly) to the pantheon of great leaders of the Party. This campaign requires complex dealing with the most traditionalist-Maoist-communist cadres of the Party. If Xi Jinping succeeded with this - he can muster and wield immense power within the Party’s innermost corridors on all other issues.

Like his father, Xi Jinping is a fighter. Back in 1974, Zhou Enlai gave an advice to Geng Biao who was under immense pressure from Mao: “I want to tell you three things. If someone tries to bring you down, you must never fall. If someone tries to drive you out, you must never go. And if someone tries to crush you, you must never be crushed.” Geng Biao was a close friend and ally of Xi Zhongxun, and later was the mentor of Xi Jinping and the main source of Xi’s uniquely strong power position with the military, the intelligence/security community, and the foreign service. Xi Jinping must have heard about Zhou’s advice more than once...

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.

He is the author of eleven books – including *Bin Laden: The Man Who Declared War on America* (*New York Times* No. 1 Bestseller & *Washington Post* No. 1 Bestseller), *The Secret History of the Iraq War* (*New York Times* Bestseller & *Foreign Affairs Magazine* Bestseller), and *Chechen Jihad: Al Qaeda's Training Ground and the Next Wave of Terror* – and hundreds of articles, book chapters and Congressional reports.

Mr Bodansky is a Director at the Prague Society for International Cooperation, and serves on the Board of the Global Panel Foundation and several other institutions worldwide.

