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“Testimony before the U.S.-China Economic and Security Review Commission”

Panel One: China's Assessment of its Strategic Environment

1. *Characterize how Beijing assesses its external environment. What are the primary opportunities and challenges CCP leaders perceive in achieving their global goals? Do CCP leaders view their opportunities or challenges as predominant? How the COVID-19 pandemic shaped these views?*
  - The current administration of China under the highly centralised leadership of Xi Jinping (head of the Communist Party, the military and country president since 2012/13) are driven by a grand narrative of achieving middle income status by the end of 2020, and being in a strong position to celebrate the first of what, in Party discourse, they call the ‘centennial goals’ – the hundredth anniversary of the foundation of the CCP in July 2021. Anniversaries like this are important for the Party. They shape **history** and give it a teleological purposefulness. For the Xi leadership, as with those prior to it, the People's Republic of China is now at a moment where it has achieved modernity on its own terms. It has made its economy the world's second largest; it has restored itself to the status as one of the great global powers, and it has done this largely on its own terms.
  - While Chinese people may not care much for Marxism Leninism and its various sinified iterations, the underlying **nationalism** is something that appears to have wide popular appeal. Xi's leadership has been striking in the ways in which it has closely linked the domestic mission of creating a more middle class, urbanised, service sector orientated social and economic model with a transformation of China's role in the region and the world. China feels that its history since the middle of the 19<sup>th</sup> century of being a country victimised and weakened by exploitation by others, and by its own failure to industrialise, is now fully over. While there are many problems regarding the accuracy of this historiography, in terms of emotional appeal as an ‘imagined’ history it has proved unifying and almost intoxicating within the country.
  - Many external observers assume that the Communist Party is fully in control of these goals and the direction of the **aspirations** that flow from this historic narrative. In fact, it is more accurate to say that the Party in fact is as much controlled as commanding this. As economic growth has inevitably slowed down in the last few years (to around 6 per cent in 2019), it has had to shift the location of its source of legitimacy from simply producing wealth creating opportunities and access to more material goods for Chinese people to this far more amorphous objective of creating a ‘strong, rich country’ – one with status, which is able to spell out its vision to the world through notions like the Belt and Road Initiative, and which has a far more explicit role regionally, and in international organisations. Anything which, in the eyes of the Chinese people, indicates that China is not living up to these goals is a

source of potential frustration, and threat to the Party's legitimacy. The Party now has to feed the fires of the very thing that was originally meant to be serving it.

- The **mindset** of the current government is, by default, optimistic. Challenges are turned into opportunities. This is because of their ideological commitment to the positive historical trajectory of Marxism, where things are always moving towards a final good conclusion. But it is also because they do believe their historic moment has finally come, that their 'resurrection' through modern times from impoverished victim to enriched geopolitical giant is morally justified, and that the world therefore has no grounds to refuse them this grand act of restoration.
- Xi's leadership is one predicated on **confidence**. COVID19 has ironically, despite originating in China, reinforced this through the ways it has so far showed China's economic and crisis management to have been seemingly more effective than that of most other systems. It interprets the evidence of divisions and fragmentations of public opinion in major democracies like the US, and the UK, as signs of weakness, and decline. China does not seek the fall of the West in the way that the USSR did. It does seek a space for itself where it gets the things that it needs and is able to promote its own self-interest. It does not display the characteristics of a country seeking to covert others to its own world view. Rather it knows its own highly idiosyncratic version of Marxism Leninism is tailored for China and could not easily be duplicated elsewhere. The fact that some of the softer opportunities from the global management of COVID19 – creating a deeper sense of shared human struggle against generic problems – have not been ones China has seemed to take, but instead has adopted much more assertive, pushy language ('wolf warrior' diplomacy) shows that its mindset now is an unapologetic and confident one. It believes that it has the opportunity, the moral right, and the means to achieve a global position on its own terms. The main issue is that so many around it and engaging with it interpret this as something much more problematic and contentious.

2. *How successful do CCP leaders believe they have been in achieving their goals over the past year? How successfully has Beijing developed networks of international support for its foreign policy or leadership? What tools has Beijing used to build or deepen this support?*

- Broadly, contemporary China looks out at a world of **concentric rings**, where the US is its most important diplomatic challenge and partner, the Asia region its second, Europe its third, and then the wide world – Africa, Latin America.
- The **Belt and Road Initiative** has been the main means by which China has tried to address the challenge of communicating, in a non-normative, non-prescriptive way, its vision of its international role since 2014. This idea has been principally economic in its emphasis, largely because, until recently, that area has been the least contentious one for China to speak out on. On security issues, China's message is far more difficult.
- Before the global **COVID19** pandemic, as it has played a larger role in global affairs, China has seen the creation of three new classes of international partners. There are the '**true believers**' – countries like Pakistan – whose fervent admiration and closeness to China has only become more fervent and close. This group of countries is a small one. There are then the '**diehard opponents**' – countries perhaps like the

Czech Republic who have experienced persistent levels of public dislike and unease at China's rising influence for a number of years. On either side of these extremes, the largest group have been more agnostic nations – **the 'middle roaders'**, who have chosen managed engagement with China, with a view either to gaining economic benefits, and, if they are democracies, perhaps seeing benign political and social change in the country.

- We can say now that **COVID19 has shifted many more countries from the middle to the more critical end of this spectrum**. Australia, the US, most European countries, and India have all become far more antagonistic about China, many taking specific actions to counter it. Russia and most of the countries in the Middle East, however, seem to have entered the 'true believer' group.
- Despite this deepening of divisions, **there is little evidence that China has fundamentally changed its international messaging**. It still deploys defensive language on issues like Xinjiang, has acted largely heedless of international responses on Hong Kong and the imposition of the new National Security Law there in July, and has mandated its diplomats to use often aggressive language and tactics on social media and in print. On Taiwan, it has show no desire to compromise. China understands that its economic wealth can buy it support in many parts of the world. But its attempts to promote its soft power in the last decade are so seem to have led nowhere and created an attitude in Beijing that if there is so much entrenched hostility towards it, no amount of at least this sort of diplomacy is likely to shift this.
- The intransigence of China's diplomatic language and position is partly derived from the **nationalistic dynamics** that the Communist Party needs to serve (see answer to question 1), which means that domestically it has little room for manoeuvre before being accused of being weak. It is also partly due to the very deliberative and slow way in which consensus over foreign policy issues that matter to China in the last few decades has been reached. Once lines on Hong Kong, Taiwan, or the South China Sea issues are arrived at, they are very hard to undo within the Chinese decision making system because their construction took so long, and involved so many different partners, and no one figure (not even Xi) can revise them. Finally, the mindset of this moment now being one for China, no matter what, referred to in the previous answer, means that China's actions, and its view of itself, have a self-propelling momentum. China may well want to speak to the world in a different way. It may even want to act in a different way. But it feels it cannot, because of its commitment to its view of its own history, and where that history is headed.

3. *How is Beijing responding to its external environment? What major developments are likely shaping current CCP behavior, and in what ways might CCP policy shift in the near future? In what ways do Beijing's assessments of "comprehensive national power" shape its policy?*

- Beijing's response to its external environment is driven as much by domestic commitments to a **nationalist sense of historic development and mission**, referred to in the response to question one, as it is to any specific 'facts on the ground' that it encounters in partners around it. COVID19, as question two's answer showed, has created a deepening of divisions between those who regard China positively, and those who are antagonistic to it. China's response to this so far has been to attempt

to appeal to the pragmatism of others, and to continue its language of 'win win' outcomes, and global partnerships where values, particularly political ones, remain off limits and everything is concentrated simply on achieving material goals about which there is more shared consensus. The Belt and Road, for instance, has promised delivery of infrastructure to other countries – even though there has been considerable controversy over how much of this has actually been realised, and in what way.

- COVID19 is a crisis of such extent and seriousness, that it might well enforce change either on China or the world around it. It could do this because the depth of **economic recession** in many of even China's most trenchant critics mean that they have to engage with the world's second largest economy, and one still able to grow at 3 per cent a year despite the impact of the pandemic, for their own self-interest. In this outcome, China will have won the battle to show that diplomacy and international relations can be run largely value free (or at least Western value free), and focussed purely on economic and material outcomes. The main problem is that this will eventually lead to a deal of resentment – though when this might be, and how it manifests itself, is hard to predict. The bottom line is that while there may be evidence countries will want to engage with China for material outcomes, there is none that they wish to therefore adopt China's highly specific value system or its political model.
  - An alternative scenario is that countries are able to somehow address their post-COVID19 challenges in ways that make them **less reliant on China**. That would make fairly extensive economic and political decoupling viable. It would, however, create a dual track world, and one where the post World War consensus on a common global system of trade, and other standards had come to an end, and something more complex and segregated replaces it.
  - The third possibility is that the increasing signs of antagonism, anger and hostility towards China internationally might finally cause a **significant rethink in Beijing, and bring about a major change in its approach to the world around it**. This might be caused too by greater economic problems than the country seems to be confronting at the moment. Were very low, or negative growth, to appear going into the next year, China may well need to urgently rethink its mode of operation. At the moment, however, there is little sign of that.
4. How do CCP leaders' perceptions of their domestic regime security motivate or constrain their activities abroad? Similarly, how does the CCP's assessment of its external environment drive its domestic policy? In your response, please address the impact of the CCP's international messaging on its domestic audience and vice versa.
- The current quandary for Beijing and the Xi leadership is that **while strong nationalism and an assertion of the country's mission to be a great, strong, rich power is great for domestic politics, and something that lies at the heart of the Xi leadership, in terms of its external messaging, it is deeply, and increasingly problematic**. Again, COVID19 has illustrated this. The campaigns to celebrate China's attempts, largely successful till now, to control and eradicate the disease and then kickstart its economy gave the Chinese government irresistible opportunities for domestic propaganda – opportunities which it has fully taken. However, as this messaging was transferred out of the country, it hit major obstacles. It did not recognise the ways in which many held China responsible for the origination and

spread of the disease. It also placed too much emphasis on undertaking face mask and other equipment donation exercises in Europe and elsewhere which were clearly primarily geared towards Chinese domestic audiences, but which created irritation bordering on anger from those meant to be receiving China's help. This alone illustrates perfectly the challenges of a China in a more dominant position. Its identity as a donor is a new, and ill understood, one.

- Lack of knowledge is compounded by the differences in the manner by which China chooses to donate, and the lack of clarity about if, and whether it can, address non Chinese audiences in ways which really speak to them and show its good intentions.
- **The principle problem that China has, and which it presents to the outside world today, is that it is a complex, and ambiguous power, and is speaking to a world which largely does not like, or cannot cope, with this sort of level of complexity and ambiguity.** China is a power that on the one hand can factually say it has lifted more people out of poverty in the last four decades, and improved the material well being of more people, than any other in human history. It is a power that has dramatically changed, socially, economically, and politically, in ways which make the country of today almost unrecognisable from that of fifty years ago. And yet it is also a country that adheres to a value system where utilitarian ethics mean it is politically, and socially, permissible to consign minorities like the Uyghurs in Xinjiang, rights protesters, and other marginalised and disfavoured groups, to often inhumane treatment.
- China is neither good nor bad, but it is speaking to a world which wants to see it as clearly one or the other, because of the very huge claims that it is, and will make, as a rising global power. We are currently in a situation where Beijing has the mindset where it sees itself as good, but much of the wider world sees it as bad. This is a cognitive dissonance the likes of which has never been witnessed before, and which so far has proved beyond anyone to offer a cure for.

5. *Do you see 2020 as an inflection point in Chinese leaders' worldview and assessment of their external environment? If not, what are other defining moments shaping their current approach? (A similar question is asked of all Panel I participants)*

- The key battle ground, if that is the right metaphor, is now the **economy**. Strategically there are places where China can work deeply with international partners in terms of public health, climate change, and strengthening international crisis management. But the more divided and contentious political environment is going to make even these benign areas harder to operate in, and involve much more justification. But in 2020, COVID19's impact on the global economy is likely to dominate – and to change the parameters of engagement and co-operation by others with China.
- A world in which China emerges from the crisis economically the most strongly will present one set of challenges and opportunities. A world where everyone, including China, suffers equally bad impacts will present another. One, instead, where the US and its allies are able to return to growth and avoid mass unemployment while China languishes will mean that capitalism run on democratic systems has proved it can deliver in ways that capitalism on a one party model cannot. So while the battleground is now all about economic growth, and underlying question is to what

extent different systems can face their problems and prevail – a much more **political** issue.

- China currently clearly sees itself as being in a stronger position. Its greatest problem is over-stretch and over-confidence. It has shown little evidence that it finds its current diplomatic isolation sufficient cause to change the way it behaves and how it speaks to and sees the wider world. But a severe global economic crisis may well radically change that.

6. *The Commission is mandated to make policy recommendations to Congress based on its hearings and other research. What are your recommendations for Congressional action related to the topic of your testimony? (This question is asked of all panelists).*

- To insistently and consistently support a culture and discipline of **reciprocity** in all dealings with China, from trade to all other areas. The perception of China enjoying arrangements that work asymmetrically in its favour now does as much harm to China as to those suffering these deals. It has created deep deficits in trust. Some notion of what reciprocity means in terms of market access, treatment of intellectual property issues, must be supported. This is a rational thing to want, and something that has already partly been achieved by the US and others in their seeking new trade deals and new cooperation models with China.
- Far stronger support for the funding of **education**, for academics and the general public in Chinese studies. The current situation has exposed an asymmetry long understood, and never properly addressed – that on the whole there is far deeper and wider understanding of the US and Europe in China, than there is the other way around. Whether we seek to reform, recreate, or even upend, our relations with China, we are in a far better position to do this with a well informed political class, public, and a cadre of well trained and China literate specialists across government, academic, and into schools.
- Clear and consistent **messaging** to Beijing from political and other leaders that while its positive role in creating material benefit and good lives for many middle class, farmers and other groups in China is a major achievement, its actions towards minority groups, particularly those in Xinjiang, Tibet, and Inner Mongolia, have caused massive loss of credibility for China in the wider world. The values messages sent to China by other countries not sharing its political values are often weighted towards the negative side because of the understandable emotions these arouse. There needs to be a more measured language of diplomatic communication where recognition is rightly given to the country's achievements, and its right to take its own path, before then moving to the significant, and ongoing, issues in Xinjiang, Hong Kong, and elsewhere, and the ways which, for a rising power seeking new status like China is now, are only going to create bigger problems for it as it goes forward – and for those outside the country that deal with it.
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