

Written Testimony submitted to the U.S. Senate Armed Services Committee  
8 June 2019

Matt Pottinger  
Former Deputy National Security Advisor and Distinguished Visiting Fellow at the  
Hoover Institution, Stanford University

### Beijing's Grand Strategy to Displace America

Chairman Reed, Senator Inhofe, it's a privilege to appear before your committee today.

The free world was slow to realize it, but the adversarial relationship between Washington and Beijing didn't begin with Xi Jinping's rise to power in 2012, or with President Trump's election in 2016. It began three decades ago when the Chinese Communist Party revised its grand strategy at the end of the Cold War. At the time, Party leaders had been shaken by three historic events: The 1989 pro-democracy protests in Tiananmen Square; the American-led, lopsided victory over Saddam Hussein's forces in early 1991; and the collapse of the Soviet Union in late 1991.

“The Tiananmen Square protests reminded Beijing of the American ideological threat; the swift Gulf War victory reminded it of the American military threat; and loss of the shared Soviet adversary reminded it of the American geopolitical threat,” writes Rush Doshi in his recent book, *The Long Game: China's Grand Strategy to Displace American Order*.<sup>1</sup> “In short order, the United States quickly replaced the Soviet Union as China's primary security concern, that in turn led to a new grand strategy, and a thirty-year struggle to displace American power was born.”

The grand strategy set in motion by China's rulers aimed first to *dilute* American influence in Asia, then to *displace* American power more overtly from the region and, ultimately, to *dominate* a global order in ways that suit and promote Beijing's authoritarian model.

---

<sup>1</sup> Doshi, Rush. (2021). “The Long Game: China's Grand Strategy to Displace American Order.” Oxford University Press.

While Xi Jinping didn't father this strategy, he has accelerated it. In an earlier stage of Beijing's strategy, the guiding precept was for China "to hide its capabilities and bide its time." As the wording makes clear, this had always been intended as a transient phase until China was strong enough to contest the United States openly. Today, "hide and bide" has given way to new banner slogans, including Xi's vision that China "take center stage" in the world and build "a community of common destiny for mankind."<sup>2</sup>

In other words, Beijing isn't camouflaging its global ambitions as much or as well as it once did. This point was displayed vividly in Alaska in March, during the first face-to-face meeting between senior Biden Administration officials and their Chinese counterparts. In the opening statements, the Chinese side took advantage of the international TV coverage to exceed their agreed time allotment and lecture the Americans on the supposed failure of American leadership and of democracy itself.

"I don't think the overwhelming majority of countries in the world would recognize that the universal values advocated by the United States or that the opinion of the United States could represent international public opinion," Chinese senior diplomat Yang Jiechi said as part of his carefully structured diatribe. Yang went on to juxtapose "United States-style democracy" and what he called "Chinese-style democracy." The latter, he contended, enjoys the "wide support of the Chinese people" while "many people within the United States actually have little confidence in the democracy of the United States."

Yang's soliloquy was so arresting that the most consequential implications were easily lost in most press coverage: Beijing was using its time in front of the cameras to openly declare its bid for world leadership.

Yang was following a script for Chinese propaganda and diplomacy (the two are almost interchangeable) set at the 19th Party Congress in October 2017. In his Work Report to that Congress, Xi Jinping instructed his cadres to increase ideological "leadership power" and "discourse power" in defense of Beijing's authoritarian brand of socialism. This process of fighting and winning ideological battles on a global stage was also given a name: "Great Struggle (伟大斗争)."

---

<sup>2</sup> For a useful analysis of the global scope of Xi's political ambitions, see Liza Tobin's "Xi's Vision for Transforming Global Governance: A Strategic Challenge for Washington and its Allies," in *Texas National Security Review*, November 2018.

This ideological “Great Struggle” is but one aspect of the political warfare Beijing is waging, and which the free world must better counter and challenge.

### Beijing’s Economic Strategy of “Offensive Leverage”

Beijing often harangues American businessmen to lobby Washington against “decoupling” the U.S. and Chinese economies. Beijing wants to ensure it has access to American capital and intellectual property until it needs neither. But in reality, Beijing has its own strategy for decoupling—on its terms, not ours. Beijing’s approach bears some scrutiny here, since it is at the heart of the Communist Party’s economic policy institutionalized in its recent five-year plan.

The variety of decoupling that Beijing is pursuing is couched in an obscurely named concept called “Dual Circulation.” But it’s really best thought of as “offensive leverage.” It has three components that the world should be concerned about. The first component entails decreasing China’s dependency on high-tech imports while making the world’s technology supply chains increasingly dependent on China. The second component involves expanding China’s status as the world’s biggest importer of raw materials, and working assiduously to ensure that any import from one country can be easily substituted with the same import from another country. The third component is to then use the resulting leverage to advance Beijing’s political objectives around the globe.

“We must sustain and enhance our superiority across the entire production chain ... and we must tighten international production chains' dependence on China, forming a powerful countermeasure and deterrent capability against foreigners who would artificially cut off supply [to China],” Xi said in a seminal speech last year.

Don’t be fooled by the seemingly defensive phrasing. A “deterrent” is almost by definition an offensive capability. And Beijing is already demonstrating that it is more than willing to use its economic leverage offensively in pursuit of political objectives.

Consider the case of Australia. When Australia proposed a year ago that the World Health Organization investigate the origins of the coronavirus pandemic, the idea was supported by nearly all the members of the World Health Assembly. Beijing decided to punish Australia and send the signal that other nations should dare not ask where this catastrophic virus first emerged. Beijing suddenly began restricting imports of Australian beef, barley, wine, and coal. Then, Beijing released a list of

14 “disputes” that are, in effect, political demands made of the Australian government. They include a demand Australia repeal its laws designed to counter Beijing’s covert influence operations; that Australia muzzle its free press to suppress news critical of Beijing; and that Australia make concessions to Beijing’s territorial claims in the South China Sea. In other words, Beijing targeted Australia with precisely the offensive economic strategy that Xi’s speeches and Party documents describe.

Beyond the Australian example, Beijing has restricted trade and tourism with Canada, South Korea, Japan, Norway, the Philippines, Mongolia, and others in an effort to force changes in these countries’ laws and internal political and judicial processes.

### U.S. Counterstrategy

U.S. policy toward China during the Trump and Biden Administrations is best thought of as a *counterstrategy* to the thirty-year-old grand strategy that Beijing set in motion.<sup>3</sup>

There are a few areas where I believe we need to strengthen our counterstrategy urgently: First, is in the realm of what Beijing calls “information warfare.” Free and open societies—and the companies that flourish in them—must make it easier for Chinese people to access information from outside China’s “Great Firewall,” and easier to communicate with one another away from the surveillance of Beijing’s panopticon. The Chinese people—entrepreneurs and the middle class—are our natural allies and we must always make common cause with them.

Second, is in the realm of finance, since the retirement savings of U.S. citizens are being directed toward Beijing’s military modernization and toward Chinese entities complicit in genocide and other crimes against humanity.

Third we must ensure the United States beats Beijing in the race for high-tech supremacy—not only by “running faster,” but also by actively frustrating the Communist Party’s attempts at self-sufficiency in the all-important area of semiconductors.

---

<sup>3</sup> For an authoritative encapsulation of the Trump Administration’s assumptions about and strategic responses to China, see two White House documents: 1) “United States Strategic Approach to the People’s Republic of China” (<https://trumpwhitehouse.archives.gov/wp-content/uploads/2020/05/U.S.-Strategic-Approach-to-The-Peoples-Republic-of-China-Report-5.24v1.pdf>); and 2) the recently declassified “U.S. Strategic Framework for the Indo Pacific” (<https://trumpwhitehouse.archives.gov/wp-content/uploads/2021/01/IPS-Final-Declass.pdf>).

Lastly, a word about Taiwan: Congress and the Department of Defense should hurry to redouble funding and focus on credibly deterring the Communist Party from coercing Taiwan by military force. In particular, as laid out in the 2018 U.S. Strategic Framework for the Indo Pacific, and as several Pentagon leaders have testified before this committee, the Department of Defense must ensure that it can *deny* China's ability to forcibly subordinate Taiwan, including through a *fait accompli* attempt. The risk of a military crisis is growing, and the stakes couldn't be higher for U.S. power, influence, and prosperity if Taiwan were to be conquered and its democracy extinguished.

Thank you.