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# CHINA'S GRAND STRATEGY

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Will China's rise be peaceful? Is the world's newest superpower benign? Is China the inevitable world hegemon? Should we accept, even welcome, this new superpower to the world order? Facilitate and encourage its membership in international organizations? Expect that in the course of time, China will accept and behave in accord with international norms of behavior?

Let's look at what the smart money has to say. Here are excerpts from two credentialed observers who believe the United States can and should accommodate China as a peer power. It's really in the U.S.' interest and indeed its obligation to accommodate China. It will be the U.S.' responsibility if war breaks out.

Charles L. Glaser, professor of political science and international affairs at George Washington University in Washington, D.C., asserts that "China's Rise Can Be Peaceful If the U.S. Doesn't Provoke It," New York Times Dec. 16, 2016:

... Contrary to many pessimistic assessments, China can rise peacefully. Its growing military and economic power pose major challenges to U.S. dominance in the region, but need not lead to conflict....U.S. strategy must therefore strike a careful balance: its policies must effectively deter attacks against U.S. vital interests, while at the same time not posing a serious threat to China's security....

Even appearing to be moving toward supporting Taiwan's independence would be seen by China's leaders as a highly provocative act. ...The growing centrality of nationalism to the legitimacy of the Chinese Communist Party makes Taiwan's future essential to the regime's survival. China has made clear that it will use force if Taiwan declares independence...

... the United States should be moving in the opposite direction — reducing its commitment to Taiwan to improve U.S. relations with China... Although costly, among other reasons because Taiwan is a democracy, accommodation could increase U.S. security. But China's growing assertiveness, especially in the South China Sea, has cast doubt on the wisdom of such a bargain — accommodating an expansionist state can be

self-defeating. Down the road, the prospects for bargained mutual accommodation may be better.

Here's a second: University of Chicago scholar Neil Thomas writes in the East Asia Forum [1] that:

International policymakers must study Xi's [Xi Jinping's] words because he, as the Chinese Communist Party's (CCP) General-Secretary and head of the Central Foreign Affairs Commission, is pivotal in setting the overarching orientations and strategies of China's foreign policy. The most authoritative articulation of Xi's policy agenda is his 'Report' to the [19th CCP National Congress](#) in October 2017.

An analysis of Xi's foreign policy discourse suggests that there may exist more continuity than often assumed between the strategies of Xi and his predecessors. This intersection between past and present is captured neatly in the foreign policy section of Xi's Report: 'Following a path of peaceful development and working to build a community of common destiny for humankind'.

What's not new is that Xi retains the 'peaceful development' strategy articulated by Hu in the mid-2000s, which derives from the CCP's 'basic line' of 'peace and development' in international relations that Deng Xiaoping introduced in 1985. In the Report, Xi framed the foreign policy achievements of his first five-year term, including the BRI and the Asian Infrastructure Investment Bank, as 'new contributions to global peace and development'. He has told Party leaders that the 'peace and development' strategy is 'aligned with the fundamental interest of the country' and is a 'fundamental foreign policy goal'.

This 'peace and development' strategy reflects the belief that China's economic development requires a peaceful external environment and cooperative relations with major powers. It replaced the Maoist creed of inevitable conflict between the capitalist and socialist worlds as the CCP's official 'assessment of the international situation'. Deng believed this strategy would help China 'exert a much greater influence' in a global system that the CCP perceived as dominated by Western powers.

Xi's policy statements imply that the overarching concern of China's foreign policy remains the creation of a 'more enabling international environment' for China's continued development. As China's interests continue to expand, so too does its desire to participate in global affairs.

But contrary to some recent commentary, it seems unlikely that 'world power' or 'world domination' are China's priorities. The CCP observed the Soviet errors of external overreach and antagonism toward the US-led system during the Cold War. China now interacts with the international order [like other major states](#): it complies with the order because to do so serves its interests and tries to influence this order where it does not.

I'm sure you could multiply examples of this genre of analysis logarithmically.

This article is about China's grand strategy. This article differs from opinion pieces such as the above in exploring China's actions as the guideposts to its grand strategy, not its professed intentions. For example, it does not speculate on China's behavior were the U.S. to abandon Taiwan. It ignores China's professed interest 'enabling international environment' for a peaceful rise, except as such statements are themselves behaviors part and parcel of its Grand Strategy.

It pays to look at actions and behavior because all such official statements about goals and aims stem from a bureaucracy that's political to its very core. We should not look to Chinese Ministry of Foreign Affairs but to the Communist Party of China. The one-party state's supreme body – the Politburo Standing Committee and its Central Leading Group on Foreign Affairs – has the ultimate decision-making power on all matters, including foreign policy. All pronouncements are moves on a political chessboard, evidently meant as much for consumption by the country's political factions, especially the armed forces and China's public at large as for the foreign affairs departments of other countries.

For the purposes of this article, I define a nation's grand strategy as the set of propositions which appear to guide the country's actions with respect to its own internal arrangements and its current and future relations with other countries. These excessively abstract ideas mean in the real world: How does a nation-state allocate its military and economic resources to ensure its security and attain its ambitions—and achieve the most advantageous position possible relative to its friends and rivals—while maintaining its internal stability and cohesion?

Sometimes a nation's grand strategies are in fact developed and documented by very serious people in foreign ministries, think tanks and defense departments. Sometimes they are consequences of multiple forces at work, including pressures from economic constituencies (example: Japan's need to import raw materials and Saudi Arabia's need to export oil), the inertia and momentum in armed forces' bureaucracies, a government's need to shore up its legitimacy or distract its citizens through foreign adventures. Example: Some scholars think Germany's Junker elites initiated World War I in part to discomfit the emerging socialist majority in the Reichstag, [2] similar to the way Bismarck provoked the Franco-Prussian War in 1870, collective historical paranoia (Russia comes to mind), the need to fend off or defuse predatory neighbors (e.g., Finland as a westward oriented nation steps carefully on the world stage, making sure to keep relations with Moscow friendly), geographical accident or an embedded, widely held caricature of its stature, talents and capabilities leading to an exaggerated belief in its 'destiny' (Germany and Italy in the 1930s, post-revolutionary and Napoleonic France, Athens at the time of the Peloponnesian War, Japan in the first half of the 20<sup>th</sup> century, United States of America since the 1840s).

Rather than trying to deduce China's grand strategy from public statements (which are *themselves* part of the grand strategy), or speculate what its grand strategy ought to be (peering out from a U.S.-centric vantage point), all things considered, it is better to look at China's actual behavior.

China's behavior reveals a grand strategy of great far more coherent, structured, powerful and sinister than what experts such as those quoted above appear to believe. Analysis of China's

grand strategy also suggests that while China pursues its grand strategy coherently and ruthlessly, China's reaching its strategic goals is far from inevitable or inexorable. .

This grand strategy's elements appear architectonic, expressing elements as interlocking as a Rubik's Cube.

Let's take a look.

## **China's Strategy for the South China Sea and Taiwan**

A good place to start is the disconnect between Xi's proclaimed desire for "peaceful external environment and cooperative relations with major powers" and its actions—and rhetoric—regarding Taiwan and the South China Sea. " If one defines 'peaceful' narrowly as the mere absence of a shooting war, this phrase could possibly stand—for the present. And you'd have to define 'shooting war' to exclude today' maritime brinksmanship that risks ship to ship collision and exchange of gunfire. Likewise, if you define 'cooperative relations with major powers' narrowly as being willing to take US dollars and Euros in exchange for manufactured goods via a manipulated currency, this phrase could possibly stand—for the present.

We must parse Xi's "authoritative" statement with surgical care to wonder how peaceful it is to build artificial islands to create military bases in the South China Sea. How internationally "cooperative" is it to build those islands in international and economic zone areas (of the Philippines at least) in defiance of UN Convention on the Law of the Sea (UNCLOS)? In July 2016, the Permanent Court of Arbitration handed down a decision on the case, ruling in favor of the Philippines on July 12, 2016. [3]. How internationally cooperative is it to defy the Declaration of the South China Sea authored by the Association of South East Asian National (ASEAN) and to which China is a signatory? To date, China has not "cooperatively" or otherwise evacuated the artificial islands it has constructed. Instead it has fortified them, turning them into hardened air bases. As to "peaceful external relations" The *Economist* reports "growing evidence of radar installations and bomber-sized bunkers made of reinforced concrete. Last month came the revelation that China had installed anti-ship and surface-to-air missiles on three islands in the Spratly archipelago west of the Philippines—far, far from its own shores." [4].

It would take a subtle observer indeed to maintain that " China now interacts with the international order [like other major states](#)" as Professor Thomas would have it.

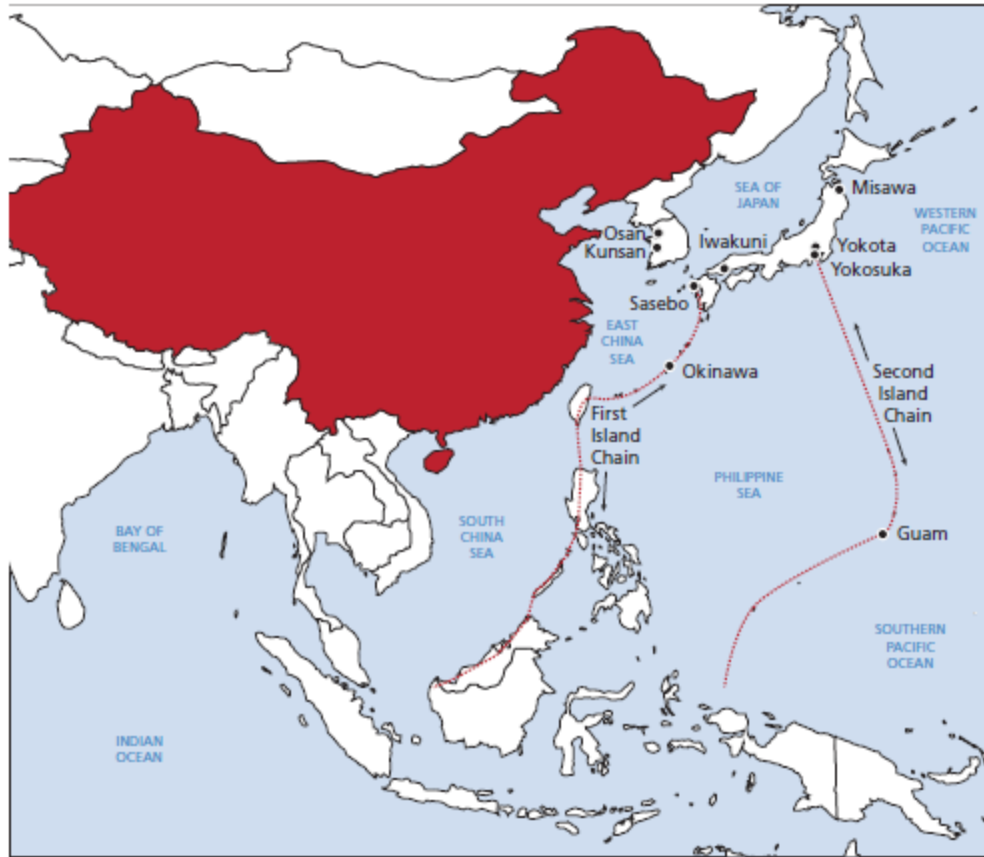
How does the de facto militarization and occupation of the Spratly Islands figure into China's grand strategy? We have a clue in the fact that 70,000 ships transit the area yearly, carrying more than half of the world's international trade. [5] China would dearly love to control the throttle to this trade, now protected by the United States Navy. Control of this commercial transit route would make every global trading partner dependent on the good graces of China. If true to its history, China would probably demand tribute payments. the U.S. provides sea lane protection free of charge.

Nor does China's "commitment to peaceful development and external cooperation" extend to the second plank in China's Taiwan strategy. China doesn't recognize the Republic of Taiwan as an independent nation, maintaining that it is a 'renegade' province. The pejorative 'renegade' hides the fact that the majority of Taiwanese have repeatedly and recently expressed their desire to remain independent of China. (Same for the folks in Hong Kong, but their train has left the station). In fact, according to the *New York Times* peace-loving "Beijing has said that any official name change to "Taiwan" would be met with a military attack." [6]. China has recently forced international airlines serving Taiwan to change their websites to eliminate any reference to Taiwan as a country. [7]. China recognizes only "Taiwan Province, People's Republic of China."

Security analyst Samantha Hoffman at the Australian strategic Policy Institute told DefenseOne that such impositions by China on the use of terminology is "changing over time the way people perceive Taiwan and Taiwan's status which actually the CCP (Chinese Communist Party)'s been fairly effective with over the years" . [8]

Returning Taiwan to the China fold is clearly a goal of China's grand strategy. Not only has it been a fixture of Chinese rhetoric since Mao Tse-Tung took over the mainland but Taiwan's geographical location renders control of Taiwan imperative, from Beijing's point of view. The Taiwan Strait connects the East China Sea and the South China Sea; in non-US hands US ally the Philippines are neutralized—as the US learned at heavy cost on Dec. 7/8, 1941. Most strategists, including those in the US Department of Defense, believe that China sees Taiwan as the biggest and most important element in a future base for projecting power in the Pacific, as part of a "First Island Chain," ranging from Malaysia to Japan. The "First Island" chain with naval and air bases would serve as a line of defense against an aggressive USA and not so coincidentally as a platform to project power into the western Pacific. We've seen this movie before, as the Japanese had a similar concept of defending the Empire via a network of Pacific Islands at the outset of World War II.

Here is the famed consulting firm RAND's map of the First Island Chain [9]. Note there's a Second Island Chain China seeks to control. It encompasses the US possession of Guam, an important US base and home to 160,000 U.S. citizens—not to mention embracing the Philippines and Indonesia:



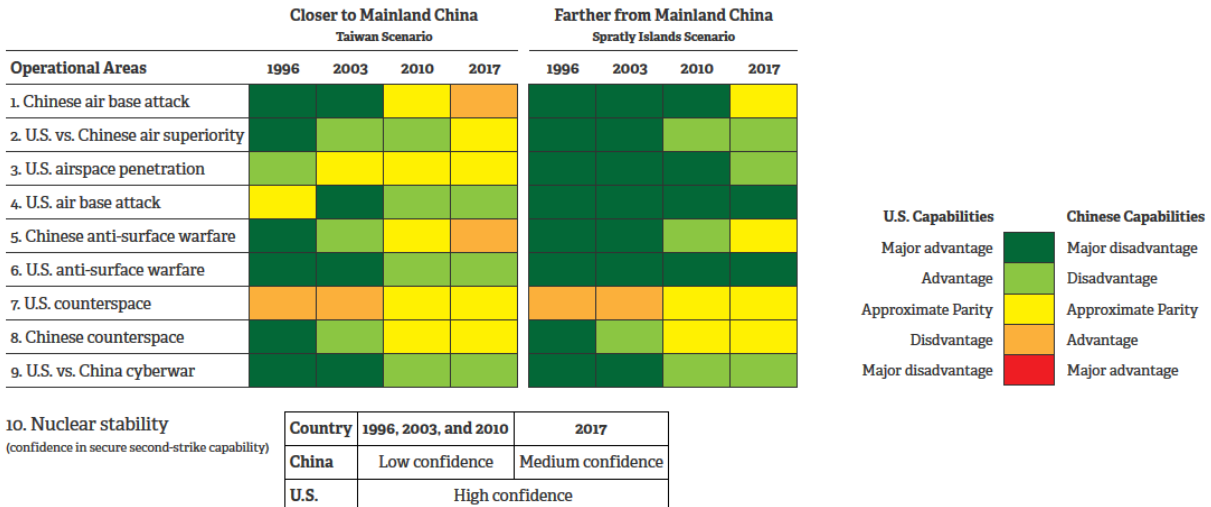
RAND IR1752-2.1

[Courtesy, RAND Corporation, 2017].

China’s actions to achieve the Taiwan-reacquisition goal of its grand strategy appear to recognize two challenges. Right now, a military attack on Taiwan probably would irritate even the random Trump Administration to launch a military response. The US still retains a fair naval capability in the western Pacific, although the U.S. Congress continues the Obama Administration’s progress in eroding that capability [10]. This suggests that in the short-term, China won’t want to challenge the United States to a shooting war in the Pacific in the near term—whatever ‘near term’ means.

Nevertheless, the trend is troubling. RAND has succinctly summarized China’s success toward neutralizing US power in the region:

**An Interactive Look at the U.S.-China Military Scorecard**



[RAND Corp, “An Interactive Look at the U.S.-China Military Scorecard”, 2017]

Taiwan today is no military pushover. Opinions differ, but some analysts believe Taiwan could repel a sea borne invasion, or make it quite bloody and expensive (not that blood or expense has ever deterred China over the last 4,000 years), plus excessively difficult logistically for a power less equipped for amphibious assaults than the U.S. [11] Taiwan has prepared itself for the expected barrage of rockets forecast to bridge the 100 mile distance between Taiwan and the mainland. (For comparison, the English Channel at Dover is 31 miles from Calais, France and 80 miles from Dunkirk). Nevertheless, China’s capabilities tower over Taiwan’s, which spends only about 5% as much as China on defense. In many areas China has qualitatively as well as numerically superior capabilities [12]. There’s little doubt China will seek to increase its advantage.

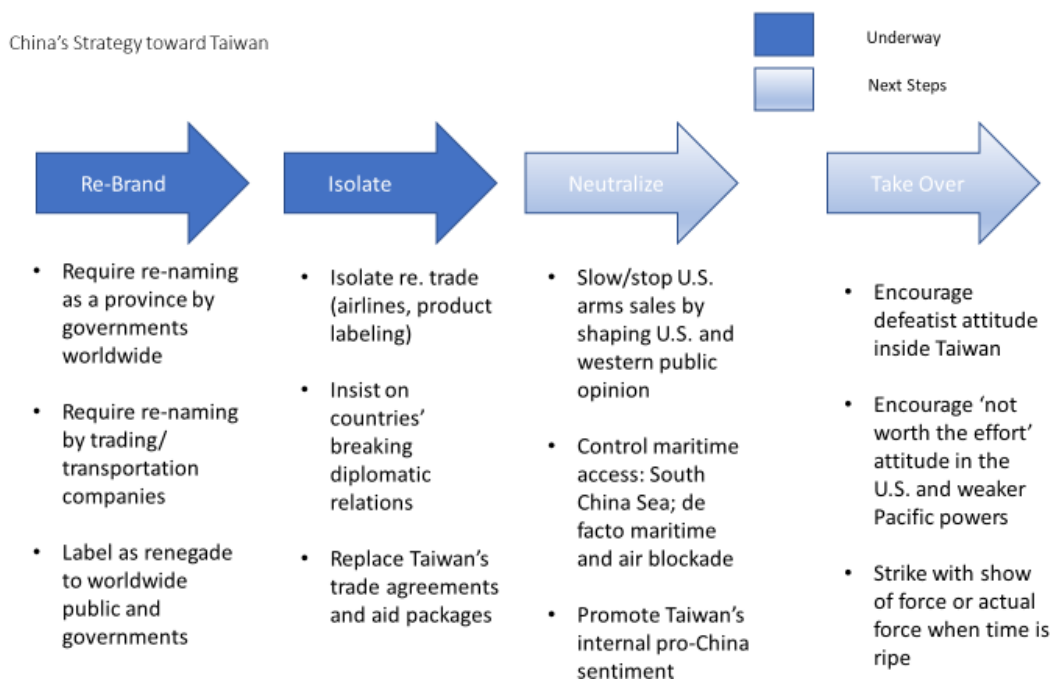
So taking into account China’s policy objectives and Taiwan’s military capabilities and alliance with the US, here are the elements of the Taiwan plank in China’s grand strategy. This plank is laminated from 4 strata, each reinforcing the others:

1. Isolate Taiwan psychologically. This is exemplified by Beijing’s recent crackdown on how international airlines advertise their flights to Taipei: never allow mention of Taiwan or the Republic of Taiwan. This starts the campaign of estrangement of Taiwan from public opinion in the US. Many have remarked on the short memory and even shorter attention span the US public has; the process of forgetting US support of Taiwan after the Communist mainland takeover proceeds apace. And we shouldn’t forget China’s attempts to change attitudes inside Taiwan, through propaganda, nice words about a “one country two systems” policy a la Hong Kong and Macao. “It won’t be so bad” to join our totalitarian adventure. The promise is that the prodigal province would be welcomed back to the Communist fold with open arms.



2. Isolate Taiwan diplomatically. As China’s wealth and diplomatic heft increase, more and more countries are cutting their official diplomatic recognition of the Republic of China (Taiwan). As of mid 2018, only 18 countries recognize Taiwan [13]. Taiwan has tried to counter this by financing relief projects in the Third World, but now China has the money to compete—and of course dangles the carrot of its huge home market and future aid, to all countries, tying aid to ending recognition of
3. Isolate Taiwan militarily: Increase military capability in the South China Sea in general and around Taiwan in particular. Objective: to push the US to consider whether defending Taiwan, perhaps unsuccessfully, is worth the cost in blood and treasure, especially as the US has obligations in the Middle East and to deter Russia in Europe. This includes suborning traditional US ally, the Philippines with aid, promise of access to China’s markets. Are the Philippines taking the bait? “Do we still have a Cold War today? Is [our alliance with the United States] still relevant to our security? Maybe not,” declared Philippine defense secretary Delfin Lorenzana in a slightly belated Dec. 28, 2018 Christmas present to Beijing; a surprise because Lorenzana had been seen as a staunch advocate of the 1951 mutual defense treaty with the US [14].
4. Play it cool for a year, maybe five years, maybe two decades, so that Taiwan recedes from America’s consciousness. By this time the costs of helping Taiwan defend itself will have risen to astronomical levels. It will be impossible to convince Americans to sacrifice their sons and daughters to defend an island the Chinese have packaged to the rest of the world as a wayward lamb being brought back into the fold.

Through these steps, China’s grand strategy aims to accomplish its goal of reunification without firing a rocket.



## China's Grand Strategy and the US

The engine behind China's grand strategy is to neutralize the United States. Many commentators accept that this goal is driven by China's unfortunate history during the 1700-1910 of being subject to western imperial incursions, military interventions, hordes of Christian missionaries and humiliating treaties. It is true that the US participated (to some extent) in these acts of abasement and degradation, including treating Chinese immigrants to the US as a form of slave labor. Nevertheless, many (especially in China) forget that the US supported a united China against the desires of major European powers to break up China into colonies. And American volunteers battled the Japanese in China even before Pearl Harbor. It was the U.S. that insisted China have a Permanent Membership on the UN Security Council at a time when China's military was famous for its weakness. [15].

This 'never again' story has, frankly, worn a bit threadbare. In the 21<sup>st</sup> century, no one—not the US, not the Russians, not the Japanese, not the Indians, not the Vietnamese—have the slightest intention, desire or most, important, capability to invade, occupy or humiliate Beijing.

The real story is that China's leadership is grasping for global dominance in accordance with the deep-rooted, widely believed and incessantly promulgated myth that China is the Earth's central nation-state, with a superior culture and a longer history than the upstart West. It is destined, so goes the story, to take its place as the pre-eminent power and culture in the world.

The US is the main power that is frustrating this dream. The sun is quickly setting on Russia as its population and economy decline, although in decline it is becoming ferociously dangerous; witness its grab of Crimea from Ukraine and its rapid transformation of Crimea into a base to project power into southern Europe, coerce Turkey and support its ambitions in Syria [16]. Japan is just now emerging from a convenient pacifism to rearm and set up bases on uninhabited South China Sea islands. [17]. The formerly Great European powers, currently strong economically, also face demographic declines. And World War II taught them that their populations valued mandatory 5 week annual vacations (this is Germany and France; Italy is usually four weeks; UK 28 days) more than empire or spreading of their culture. Their populations don't believe strongly enough in the value of their own way of life to devote more than 1.3% of GDP to defense [18]. China admits to 1.9% of GDP but the lack of transparency, difference in bookkeeping practices, the difficulty of uncovering the probably-understated costs of major weapons projects and foreign exchange rate/purchasing power parity comparisons render impossible a fair estimate [19]. The US is China's biggest obstacle to its hegemonic ambition.

In another place, my essay "Why and How Government Lies" [20] discusses that governments lie (among other reasons) in order to make their actions congruent with their founding myth. In China's case the myth is that China has a Mandate from Heaven to lead all other countries in culture—and not coincidentally, those other countries are to pay tribute—in obeisance and cash—to China. In recent decades China has raised to the level of myth the great ocean voyages of Zeng He in the 1400s—that are sufficiently amazing as to require no mythologizing. But they

support the Mandate of Heaven narrative. They emphasize the technological superiority of China's navy, the enormous size of its fleets and the enormous scale of its journeys, which touched even the outer limits of the eastern Roman Empire. The Communist Party of China has reframed these trading and tribute acquisition trips as 'explorations' so as to prove that China's maritime exploits better those of the Portuguese, Spanish, English, French and Dutch.

As I point out in that essay, whenever a government says that a country has a 'destiny,' is 'chosen by God' or 'descended from the divine' it's time to run, not walk to the nearest exit.

China's grand strategy must be how to contain, then displace the United States as the pre-eminent world power. China's actions toward the US echo in part its grand strategy vs. Taiwan. But the stakes are larger and the game is broader.

In a moment, we'll provide analysis of China's evident grand strategy vs. the US. First, however, let's look at the very big picture: what is the geopolitical position of the United States? The U.S. is a large island, separated (but also connected) by the Atlantic and Pacific Oceans from allies, enemies and trading partners. It's also connected and substantially separated from allies, enemies and trading partners by the Arctic Ocean and Caribbean Sea. In this respect, the U.S. position resembles that of the United Kingdom in past centuries. The U.K. invested in an expensive Navy to secure its sovereignty, its overseas sources of raw materials and of course, to stitch together a rather ramshackle empire. The seas and oceans nearly surrounding the US in the past have provided the ability to trade space for time prior to its entry into both wars. This will sound familiar to those of you have read of Halford Mackinder's Heartland theory of geopolitics and Nicholas Spykman's Rimland theory [21] The US is not Mackinder's "world island," but it *is* a large island with substantial but far from infinite domestic natural resources and a very large consumer market. A surging China, especially in combination with a re-emerging Russia can't help but revive Mackinder's Heartland theory as something geopolitical analysts should consider, especially as neither China nor Russia today can be considered vulnerable to conquest.

As a result, for China to become once again (in their view) preeminent among world powers, it must recognize the strengths and take advantage of the weaknesses of its main rival. Islands' strength is also their weakness as the history of the United Kingdom and Japan show. Oceans provide a way to trade space for time in case of threat of invasion. They provide vulnerability to the extent the island depends on sea commerce for its economy.

### **Global Maritime Strategy**

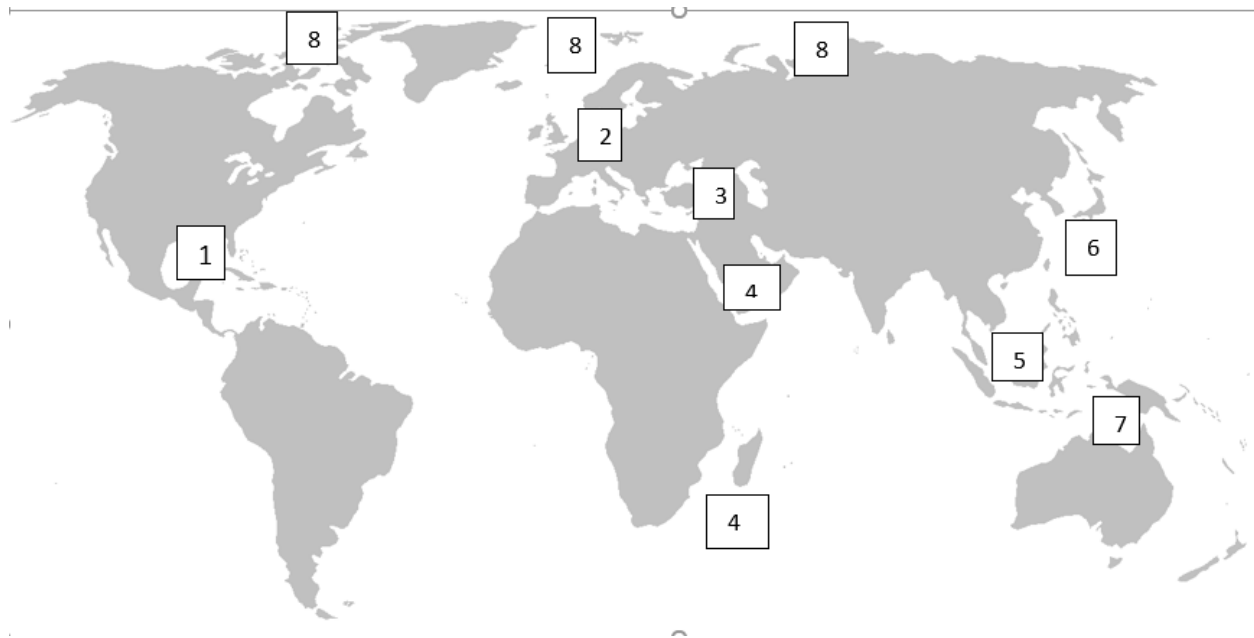
If the US were cut off from world trade, the results would be depression-causing. They would be even more catastrophic for Europe. Exports and import combined account of 26.6% of US GDP, but 86.9% for Germany, 62.9% for France, 62.4% for the United Kingdom. For China, the number is 39.8%.[22]. The percent of trade coming and going by sea for the U.S. is 53% for imports and 30% for exports [23]. For the EU the numbers are 53.0% and 48.1% [23]. Europe depends on the US Navy almost exclusively to keep open its sea lanes of commerce, with only France and the U.K. fielding one aircraft carrier each. (U.K. has another under order). Instead of capable, blue-water naval vessels these countries rely on smaller helicopter-toting aircraft carriers suitable for anti-submarine defense.

The way to contain an island power is to make sure the island can't project naval power and to at least threaten if not completely contain, channel or control its seaborne commerce, where 90% of foreign trade takes place. The obvious places to focus control are the well-known global choke points. For the U.S., these choke points are:

1. the Gulf of Mexico-Caribbean Sea with the Panama Canal
2. the North Sea-Baltic Sea with several channels and straits
3. the Mediterranean-Black Sea with the Strait of Gibraltar and access to Middle Eastern areas
4. the Western Indian Ocean with the Suez Canal, Bab el Mandeb, the Strait of Hormuz, and around South Africa to the Mozambique Channel
5. the Southeast Asian Seas with the Malacca and Lombok Straits among others, and SLOCs passing the Spratly Islands
6. the Northeast Asian Seas with SLOCs important for access to Japan, Korea, China, and Russia
7. the Southwest Pacific with important SLOC access to Australia
8. the Arctic Ocean, including the Bering Strait [25].

Of these chokepoints China can now threaten numbers 4, 5, 6, and 7. It is angling to be able to threaten no. 1.

#### Global Maritime Chokepoints



To isolate the US at these choke points and on the high seas, China's solution doesn't stop with its attempted control of the surface of the sea and the airspace above it in the western Pacific Indian Ocean by creating occupying and fortifying islands while alternately cajoling and threatening the Philippines and other western Pacific countries. As the U.S. learned the hard way twice, undersea security is a necessary condition for surface commerce and its economy to

6survive and thrive. China is building a stealthy submarine force which is a threat to both the US Navy and seaborne commerce. The US Department of Defense estimates that in the next few years China will field between 68 and 79 submarines, which include an unspecified number of nuclear submarines and air-independent diesel subs with global cruising capability. “China continues to commission advanced, anti-ship cruise missile (ASCM)-capable submarines [clearly designed to defend against US carrier groups....additionally, China’s four operational JIN-class SSBN [large nuclear submarines designed to launch nuclear-tipped ballistic missiles] represent China’s first credible, sea based nuclear deterrent.” [26].

## Space

Then there’s the opportunity to isolate the US by controlling space. China warned the United States and the world in 2007 when a Chinese ground-based missile destroyed a defunct Chinese weather satellite. “Although China has not publicly acknowledged the existence of any new programs since it confirmed it used an anti-satellite missile to destroy a weather satellite in 2007, Chinese defense academics often publish on counterspace threat technologies. These scholars stress the necessity of “destroying, damaging, and interfering with the enemy’s reconnaissance . . . and communications satellites,” suggesting that such systems, as well as navigation/GPS and early warning satellites, could be among the targets of attacks designed to “blind and deafen the enemy.” Since that test over a decade ago, “China is also developing direct-ascent and co-orbital kinetic kill capabilities and has probably made progress on the anti-satellite missile system it tested in July 2014.” [27]

In 2013, China apparently conducted another test: “In May 2013, China also launched an object into space on a ballistic trajectory with a peak altitude of over 30,000 km (18,641 miles), putting it near geosynchronous orbit, where many nations have communications and earth-sensing satellites, the report said....The space vehicle reentered Earth’s orbit after 9.5 hours, which was not consistent with traditional space-launch vehicles, ballistic missiles or rocket launches used for scientific research, but could indicate a counterspace mission.” [28].

Note the emphasis on interfering with the US’ communications satellites and GPS navigation systems. Can there be a more obvious statement of a strategy to isolate an enemy than to develop capabilities to destroy its ability to communicate with its own forces? And allies?

And the Chinese lied about the tests, either claiming they didn’t happen or were for scientific purposes. If you prefer to rest your analysis of China’s strategy and intentions on their public statements, try this on for size: “ ‘The experiment was designed to investigate energetic particles and magnetic fields in the ionized stratum and near-Earth space... the experiment has reached expected objectives by allowing scientists to obtain first-hand data regarding the space environment at different altitudes.’ “Nearly immediately, U.S. began raising doubts about the supposed purpose of the test. Specifically, a U.S. defense official familiar with the intelligence [told the Washington Free Beacon that](#) China had actually tested its new ASAT missile, the Dong Ning-2. The official described the DN-2 as a ground-based, high earth-orbit attack missile. The Pentagon refused to officially voice these concerns, however.” [29]

The Center for Strategic and International Studies’ overview is:

China views U.S. space and cyber assets as priority targets—and vulnerable. Chinese military scholars wrote in 2007 that “space dominance will be a vital factor in securing air dominance, maritime dominance, and electromagnetic dominance. It will directly affect the course and outcome of wars.” In a 2015 report, the U.S.-China Economic and Security Review Commission determined that while China has not published an official, public document detailing its counterspace strategy and doctrine, its actions since the early 2000s indicate that the Chinese program is “primarily designed to deter U.S. strikes against China’s space assets, deny space superiority to the United States, and attack U.S. satellites.” ...China is also suspected of testing a DN-3 ASAT missile capable of reaching higher orbits, with tests conducted in October 2015, December 2016, August 2017, and February 2018.<sup>67</sup> Although each of these tests cannot be verified, anonymous U.S. officials made statements asserting that the tests were of a new ASAT capability.... China is also suspected of testing a DN-3 ASAT missile capable of reaching higher orbits, with tests conducted in October 2015, December 2016, August 2017, and February 2018.<sup>67</sup> Although each of these tests cannot be verified, anonymous U.S. officials made statements asserting that the tests were of a new ASAT capability [30]

There’s more—but that’s enough. (By the way, Russia also views US dependence on satellites as a key vulnerability and has its own huge anti-satellite program, including current ‘spoofing’ of the U.S. GPS system, causing users to receive false navigation information and not incidentally establishing an enormous cyber umbrella over Vladimir Putin’s expansive, Italian-style villa on the Black Sea coast).

To date there are no treaties which prohibit the non-nuclear weaponization of space. There have been a few attempts with this goal, but successive U.S. administrations of both major parties have concluded that supporting treaties drafted thus far would put the U.S. at a strategic disadvantage. Verification would be difficult at best.

(Agreement to such treaties is likely to make the US the only probable adherent—just as Russia contravened in the view of the U.S. and Europe the heralded and here-to-fore useful Russia-US Intermediate-Range Nuclear Forces (INF) treaty of 1987 by deploying banned missiles in 2017, and likely before. China’s non-participation in the treaty also vexed the U.S. by putting the US at a disadvantage if it signed on. Debate on the wisdom of US withdrawal continues and isn’t neatly divided among party lines).

## **Cyberspace**

Then there’s China’s effort in the other space, cyberspace. This is an even larger topic than the preceding, so I’ll try to hit the parts of China’s cyber strategy that illuminate the China’s strategy. But first a short anecdote. In 2007 my wife and I accompanied a high-school orchestra on a 5 city tour of China as supposedly responsible chaperones. To my dismay but not surprise, I found on the second morning that my personal laptop had been searched by the cleaning staff. It didn’t take any spy craft using tiny threads to figure this out.

China's cyber strategy seems to have 3 prongs:

The first and most obvious is cyber espionage. Of course, nobody is surprised by this. It wouldn't warrant a mention except for the vigor, cleverness and thoroughness with which it's pursued. We should expect the basics, such trying to steal plans and technologies for weapons systems. An example is that "In 2007, 2009, and 2011, Chinese hackers entered the servers of the Pentagon and gained access to some fifty terabytes of data containing the designs and blueprints of U.S. stealth fighters, as well as other critical information." [31]

A second prong is China's infiltration of U.S. infrastructure. China's state-owned rail industry seeks to supplant if not destroy U.S. rail car manufacturers by underbidding--often by 20%--using Chinese government subsidies. The Chinese-owned U.S. plants threaten to close if they're not awarded their low-bidder contracts, playing the jobs-saved card with Congress. They're loaded with electronic devices U.S. rail firms use to manage their rolling stock. When Chinese-owned manufacturers deliver these cars, their versions include tracking devices that can transmit to the People's Liberation Army the type, amount, destination, route and timing of US freight traffic. Perhaps amusing if it weren't so dangerous, it is a front runner to supply passenger cars with the Washington, DC Metro light rail system. Some think it will equip the cars with the world's most advanced facial recognition software. Thus, PLA intelligence analysts could track who is travelling say between the White House and the Pentagon [32].

Yet a third cyberespionage prong is the Chinese effort to take over the next generation of telecommunications technology, known as 5G. 5G technology offers greater bandwidth, quicker responsiveness (less 'latency') and more capable multi-device connectivity. Thus it's an important enabler for the emerging Internet of Things (IOT) where everything from freight cars (see above) to refrigerators to cars to running shoes and sport shirts connect to the Internet.

Most eyes watch the Chinese tech giant Huawei.

The NATO analytical organization, NATO Cooperative Cyber Defence Centre of Excellence (CCDCOE), states that Huawei:

"...is currently the only company that can produce 'at scale and cost' all the elements of a 5G network, with its closest competitors Nokia and Ericsson not yet able to offer a viable alternative. Huawei's ambition is to dominate the market for 5G wireless communications, and it has established cooperation with telecommunications companies in a number of countries in Europe and worldwide. Huawei and other Chinese telecommunications companies have obtained a visible and active role in the development of global 5G standards and have acquired a significant proportion of core patents for 5G. China currently holds an estimated 10% of the '5G-essential' industrial property rights in radio access solutions; of these, Huawei has the most patents, followed by ZTE (Another Chinese tech colossus which is behind the export of population surveillance technology). Chinese influence in the global standards organisations (ITU, 3G Partnership Project) has also grown in terms of the key positions held by Chinese representatives. The growth of the global market power of Chinese technology companies is largely a product of focused government industrial policy and accompanying funding instruments." 'Funding instruments' is NATO's euphemism for 'government subsidy,' enabling

a now-familiar strategy of underbidding western companies, grabbing market share, and thus exploiting scale economies with the objective of eliminating competition. [33]

Does Huawei spy on the US and its allies? You decide. China has an explicit, public policy that all companies, public, private or collective have an enforceable legal duty to assist the government in collecting intelligence. They don't have a choice. The 2014 Counter-Espionage law says that "when the state security organ investigates and understands the situation of espionage and collects relevant evidence, the relevant organizations and individuals shall provide it truthfully and may not refuse." Article 7 of the 2017 National Intelligence Law states that "any organization or citizen shall support, assist and cooperate with the state intelligence work in accordance with the law." [34].

Not missing a trick, note the Chinese infiltration of the leading positions of the key committees in standards organizations including those concerned with 5G technology. [35] I've personally seen the tremendous competitive advantage that companies can obtain by leading crucial standards setting committees to adopt standards favoring their company.

EU countries seek the competitive and technical advantages of Huawei's systems. So they have ignored U.S. calls to boycott the aggressive company. They seem unconcerned about the ability of Huawei itself or Huawei in obedience to China's state intelligence cooperation law to penetrate their communications and information networks. The current spate of analyses and controversy over 'who really owns Huawei' (the answer is that legally, 98+ percent is owned by an employee organization that runs basketball games and the employee medical charity) seems to me beside the point. [36]

Earlier I stated that China's strategy includes controlling Choke Point #1, the Gulf of Mexico-Caribbean Sea with the Panama Canal. You could be forgiven for raising an eyebrow at this claim since the Caribbean has been a US lake since the early 19<sup>th</sup> century. Indeed, one of the strategic aims of the often-deplored Mexican War of 1848 was to thwart European powers (particularly France) from obtaining a springboard for projecting power into the Gulf of Mexico and the Caribbean Sea. In 1917, Germany really got the U.S.' attention when the infamous Zimmerman Telegram showed that Germany was prepared to fund and arm a Mexican invasion of the southwestern U.S. It's time now to look at how China is seeking to control the world's maritime choke points including wresting control of the Caribbean from the U.S.

### **Belt and Road Initiative**

China's strategy includes a markedly robust approach to loosening the US economic, political, cultural and military links with Latin America—and while China is at it, with US' actual and so-called European allies, the Middle East, Africa, and Southeast Asia. You have probably already guessed that I'm referring to China's Belt and Road Initiative, which I'll abbreviate BARI.

BARI is a \$1 trillion effort by China to rapidly create a 'new silk road' (another reference to China's glorious, halcyon past.) BARI was announced in 2013 by Xi Jinping as China's major foreign policy project for the next 10-30 years. "Belt" refers to efforts to create much improved overland routes primarily between Central Asia and Eastern Europe and China with the goal of



creating a Chinese version of a Greater Co-Prosperty Sphere). “Road” refers infrastructure projects that increase China’s influence on global trade sea-lanes.

Overtly, BARI consists in loans to other countries to improve land and sea infrastructures that make trade with China easier. Generally, these are low-interest Chinese government-to-government loans. In the case of maritime “Road” projects, the focus is on modernizing and expanding the quality and capacity of ports around the world, including rail and roadway access.

BARI is a big deal. Over 80 countries now participate to some extent in BARI, accounting for over 40% of global GDP and 65% of the world’s population [37]. China and its new partners have announced projects in Kazakhstan, Indonesia East Africa, the Baltics, and southern Europe. Chinese companies have bought significant stakes or outright control in ports from Rotterdam and Antwerp to Marseilles, Genoa, Casablanca, Athens (Piraeus), Istanbul and Port Said/Suez Canal [38]. A most interesting investment is in the Italian port of Trieste, a way to reach the land-locked central European markets of Austria, Hungary, the Czech Republic, Slovenia and Serbia.

The U.S. is not immune to the blandishments of BARI-like investments. In 1997, the US Department of Defense shut down the Long Beach Naval Shipyard. It turned the huge, now vacant base over to the City of Long Beach. Not letting any grass grow under its feet, that very year China’s state-owned COSCO shipping firm offered to invest \$400 million in a cargo terminal, promising \$14.5 million in annual lease payments to the City. The US Department of Defense and State Department OK’d the deal which was only scuttled after vociferous opposition by congressional Republicans. For those convinced that a lease to COSCO could do no harm, that same year, the US Customs Service raided COSCO’s ship Empress Phoenix, seizing AK-47 and other guns destined for gangs on the streets of Oakland. It is perhaps noteworthy that the chairman of Polytechnology, Inc., Wang Jun, was a frequent visitor to the Clinton White House and a Clinton campaign donor [38].

Here’s a high-level graphic overview of BARI. I’m sure China is thoroughly opportunistic in negotiating specific deals, so this can’t be more than a summary of the BARI idea:

## Land and Sea Corridors of the Belt and Road Initiative

--- Silk Road Economic Belt    --- 21st Century Maritime Silk Road

Courtesy, Council on Foreign Relations



Perhaps you think I've got a bad case of Cold War paranoia. BARI's investment could be innocent commercial transactions, albeit state-coordinated. After all, China must find some way to reinvest the barrels of US dollars we ship to the country for cell phones, servers and sneakers. Can the case be made that China's BARI investments are valid commercial investments?

No. The Chinese have admitted that they expect to lose money on a majority of investments. "[A]nalyst Tom Miller [author of *China's Asian Dream: Empire Building along the New Silk Road*] says that, off the record, Chinese officials admit that they expect to lose 30 percent of their investments in central Asia and up to 80 percent of their money in Pakistan [39].

I'm sure that if the Chinese make money on a given investment, the Chinese government and Communist Party will be happy. But even if a given project doesn't provide a positive return on investment, the Chinese win anyway. At the University of Pennsylvania's Wharton School of Business, emeritus professor Marshall Meyer says: "If the [return on investment] isn't sufficient to pay off the debt, China will repossess [the project, and it] becomes a debt-for-equity swap." [40]

So, China gets the land and the project. And the footprint for a future naval or airbase.

This has already happened. "Last December, Sri Lanka handed over a newly constructed maritime port to Chinese government-owned companies for 99 years, after falling behind in

payments on over \$1B of debt on the facility. Feasibility studies had demonstrated that the new port would not attract enough volume and revenue to pay for itself, but China pushed the deal through. Sri Lanka owed a total of \$8B to China-controlled companies at the time of the transfer. According to the original terms of the loan and construction agreement, China would not be allowed to use the port of Hambantota for military purposes, but now that China has taken full control, all bets are off.” [41]

And this: “Djibouti is projected to take on public debt worth 88% of its GDP, the majority owned by China. Last May, constructed was completed on the Doraleh Multipurpose Port, a \$590M project co-funded by Chinese government-owned companies. Doraleh was operated by China until the government of Djibouti seized control of the container terminals, a move that was ruled illegal by a London court. A Chinese military base is located six miles away from the port.” [42]

China requires BARI projects to use Chinese construction companies and Chinese labor. Labor is a nice term; the conditions amount to perhaps a Fahrenheit degree more than slavery. China is not a signatory to the International Labor Organization’s international conventions. The ILO reports instead that Chinese workers from New York to Saipan to Belarus, Asia, Africa and the Middle East often work under appalling conditions, in effect imprisoned in the host country since their managers confiscate their passports. Generally, they’re confined to quarters beaten if they protest and required to work in dangerous conditions [43]. In other words, just like home or the U.S. during its 19<sup>th</sup> century railroad building boom. (The difference is that ultimately the U.S.’ Chinese workers often opened their own shops, and while barred from some trades, made the Chinatowns in many U.S. cities).

BARI is not just a ‘debt trap’ used to catch unwary, naïve or greedy politicians and the countries they run and turn them into Chinese vassals. It is a plank in China’s strategy to grab strategic advantage geographically and financially. And BARI is a data trap. Here’s Australia Strategic Institute’s Dr. Samantha Hoffman again: “I cite in a report that I did for the Australian Strategic Policy Institute in...June 2018... how smart cities technology [is] being used actually in Central Asia or belt and Road initiative project...to collect data. And then that data is, in theory supposed to be sent back to China for analysis to improve the Party’s situational awareness.” [44]

I started this section with the with the claim that BARI is aimed significantly at isolating the US from Latin America, which has been in the US’ declared sphere of influence since at least the Monroe Doctrine, announced in 1823. I claimed also that China’s strategy has zeroed in on world maritime trade check points. Evidence indicates China has chosen the Panama Canal as a target choke point. You may recall that the US handed over ownership of the Canal December 31, 1999 to that amazingly stable country, fulfilling a Panama-US treaty that came into effect on Oct. 1, 1979, courtesy of Henry Kissinger. The Treaty was supposed to build U.S. goodwill with Panama and its neighbors while allowing the U.S.in a pinch to deploy armed forces to defend the canal a la the Monroe Doctrine.

In the meantime, Panama has greatly increased the Canal’s capacity. Now the Canal can accommodate about 85% of world-wide container shipping and 83% of bulk cargo vessels. Many of these vessels will serve U.S. East and Gulf Coasts plus South America [45].

Fast forward to recent years. In 2015 an anonymous source leaked the heretofore secret Panama Papers. The Papers documented shell companies—over 200,000 of them—shielding world power players including Vladimir Putin from scrutiny of their wealth, control of companies and taxes. One result is that Panama no longer became a favorite venue for global bankers. The leakage of Papers continues to this day (writing in mid-2019). Banking has so important to the Panamanian economy, it has looked elsewhere to replace its international banking industry China steps in:

“... a tidal wave of Chinese investment is in the works. Major infrastructure projects and an imminent free trade agreement will allow Panama, a country of 4 million people, to maximize its potential as a hub for regional trade, manufacturing, and logistics and ease the strain on a financial services industry damaged by the [Panama Papers](#). In return, for a relatively modest outlay, China is poised to become the most important commercial partner in a country that controls a key chokepoint of world trade.” [46].

It would be indeed ironic if the U.S.’ military commitment to defend the Panama Canal resulted in an obligation to protect an economic and foreign policy vassal of China and defend China’s de facto control of a key world choke point. It doesn’t take a huge leap of imagination to see that in the event of close-to-war tensions with China—say in the South China Sea--transit times for U.S. naval forces and supply shipments now using the Canal would suddenly become weeks or months longer. Given a slightly cautious U.S. president advised by a cost-benefit State Department mentality, no doubt a face-saving agreement along the lines of the 1973 Paris Peace Accords ending U.S. involvement in Vietnam would ensue. Would any American want to go to war over the Canal? It would be worth a PhD thesis to discover how many years (or months) Henry Kissinger’s canal-for-goodwill bargain yielded a net benefit for the U.S.

We’ve already mentioned the BARI’s toehold in Europe. In particular, China has contracted with NATO member Italy to invest in several Italian ports.. Working on a Saturday, Italy joined BARI officially on March 23 as Italian Premier Giuseppe Conte signed the paperwork with President Xi Jinping in Rome. China aims to expand this beachhead. Poorer European nations, particularly countries such as Greece, Serbia, Belarus, Bosnia-Herzegovina and Montenegro, weary of looking West for investment are welcoming the Chinese overtures. [47]

Other European powers, particularly France and Germany express caution—but not, as we’ve mentioned the more enthusiastic Netherlands, Belgium and the Czech Republic. It would be difficult for the elected leaders of these countries to spurn what seems like a low-cost, low-risk way to tap the growing Chinese middle-class market.

Then there’s Russia. Russian academics debate whether Russian and Central Asian involvement with BARI is benign or dangerous for Russia’s security. The ‘pro-BARI’ faction emphasizes that China could help Central Asian countries and perhaps Russia itself develop their vast natural resources. The “anti-BARI” group emphasizes the potential for BARI to rope Central Asian (and other near-abroad countries) into China’s orbit and out of Russia’s sphere of influence.

Both are correct. However, never was the military maxim to judge adversaries not by their intentions but by their capabilities more applicable. Successful and permanent BARI initiatives

in Central Asia would tip the balance of influence toward China. Whether China intends this result is but marginally relevant, particularly as Russia is in no position militarily to eject the nose of the BARI camel once it's under the Central Asian tent. Nor is it today in a position to compete with China, in contrast unlike the halting steps of Japan, Taiwan and Western nations to provide investment alternatives to BARI's siren song.

How does BARI and relationships with Russia fit into China's Grand Strategy? Robert Sutter of the National Bureau for Asian Research (NBR) puts the matter succinctly: "Good relationships with Russia naturally assist China in isolating the US. Common interests, opposition to U.S. pressure, and the perceived decline of the West have prompted Russian-Chinese relations to advance in ways that seriously affect the interests of the United States and its allies and partners. Russia and China pose growing challenges to the U.S.-supported order in their priority spheres of concern—for Russia, Europe and the Middle East, and for China, its continental and maritime peripheries. They work separately and together to curb U.S. power and influence in the political, economic, and security domains and undermine the United States' relations with its allies and partners in Europe, the Middle East, and Asia. These joint efforts include diplomatic, security, and economic measures in multilateral forums and bilateral relations with U.S. adversaries such as North Korea, Iran, and Syria." [48].

China's long-term Superstrategy likely includes a dominating relationship with Russia plus vassalage of what is now Russia's 'near abroad', Central Asia and eastern and southern Europe. Easier access to the one thing besides weapons Russia creates in quantity, gas and oil would be a plus for China. But the big idea is to create hegemony over what Mackinder called the 'world island'. With Russia as a firm if junior partner, Beijing would indeed be in a place to dominate the world. We could try and comfort ourselves that the mutual historic suspicions of Russia and China preclude the emergence of this unipolar world. Nay-sayers could also point to the adverse demographic trends in both countries. Surely, they are in a race against time. Nevertheless, this formidable combination must be too attractive to Beijing for the CCP to pass up the opportunity. The low level of risk to China provides additional incentive: So what if Russia under Putin doesn't play ball. The next autocrat will.

We could go on to discuss BARI in the Middle East and Africa. I'm afraid the story would be exactly the same.

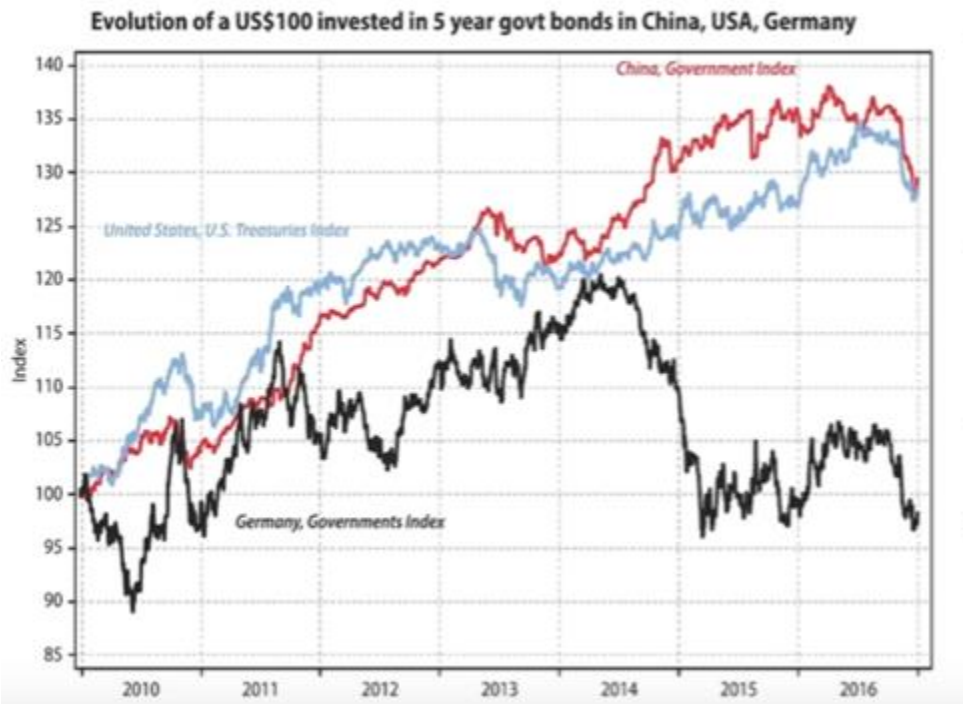
Instead, however, it's worthwhile to gather together the threads of Chinese goals for BARI materializing from our discussion:

1. Control the world's maritime trade choke points.
2. Not just the chokepoints. Establish venues for originating disruption close to US and its allies' population and transportation centers, to be used when the time comes. In the meantime, make money if convenient. If not
3. Secure China's energy sources in ways the U.S. can't disrupt. Accomplishing #1 helps greatly to achieve this goal. Securing the apparent undersea petroleum riches in the South China Sea is another step toward Chinese energy independence while denying US ability to interfere. BARI in Latin America (particularly oil-rich and capital-poor Venezuela) has the same aim [49]. As part of BARI, and attractive to Thailand, China aims to build a

canal across Thailand's Kra Isthmus to link the Gulf of Thailand with the Andaman Sea. While this would cut a few day's transit time between China and India, the real purpose seems to be to provide a Chinese-dominated way to import oil without depending on access to the Malacca Straits—where tankers sail under the noses of the U.S. Navy.

4. Contain Russian power by coopting and replacing the Russian “near abroad” Central Asian countries while accessing their markets, minerals and energy resources. If Russia itself agrees to BARI investment so much the better—not excluding a possible debt trap. For example, Russia could use help improving declining yield of its oil fields, Russia's primary means of earning foreign exchange.
5. Wean Europeans from their traditionally tight relationships with the US.
6. Employ surplus Chinese labor, that is, China's lumpenproletariat, with an irony that Marxists won't appreciate.
7. Expand use of the renminbi in as many countries in the world as possible, replacing the US dollar as the world's reserve currency and replacing Western-centric international funding organizations such as the World Bank, the International Monetary Fund, and the giant, the European Investment Bank (EIB). [50]. It's easy to imagine a chronically capital-short country such as NATO member Greece turning to China for BARI investments beyond Athens' port of Piraeus .
8. Reestablish the glory and power of China past by using unsustainable debt to make as many countries as possible vassals worldwide.

Just to expand slightly on point 7, see the following graph.



This graph shows that China has succeeded in providing a return on its government bonds competitive to the U.S. despite complaints that it has devalued its currency to gain trade advantages. This policy helps make the renminbi a viable alternative to the U.S. dollar [51].

## China's Grand Strategy

We're now positioned to distill China's Grand Strategy. It has three phases. I've ordered them in terms of logical priority, but China's implementing them concurrently. This Super strategy shows features reminiscent of its Taiwan strategy but writ vastly larger:

### 1. Secure the Homeland.

This means ensuring mainland China remains stable enough to provide a continuing base for projecting sufficient power—military, economic, financial and therefore diplomatic—to achieve global hegemony.

The lynchpin tasks:

First, control, then squash internal dissent, whether it be against the monopoly of the Communist Party over every aspect of personal and communal life, from freedom of expression, freedom to organize, economic opportunity, to despair over despoliation of the environment. (The last is worse than a Westerner can imagine: due to rapacious industrialization, deforestation and resource harvesting, the desert has encroached within 150 miles of Beijing, growing at 2 miles a year [52].

The history of the 20<sup>th</sup> century makes us familiar with the main means authoritarian regimes use to control dissatisfaction and dissent. China uses an old one and a new one on its customary massive scale. The old one is concentration camps, employed in the case of the Uighurs, putting entire ethnic populations under threat of forced reeducation in camps—reportedly holding 1 million people or a full 9% of the population in-camps so large they can be seen from space. Predictably, China has lied about it. [53].

The new one is cybersurveillance of China's entire population: the use of artificial intelligence to score every resident's actions, beliefs, communications, and document their every physical move location using ubiquitous surveillance cameras and face recognition. The Party then employs the score to award or deny individuals jobs, housing, transportation, and education [54]. It might be said the technology is crude and thus applied unevenly—but so what, the CCP accomplishes the mission: to cow the population (in respect to which a little randomness probably helps rather than hinders).

(My prediction is that this system will fall of its own weight because, as Stalin, along with Chicago and New York politicians among others, is reputed to have said, "It's not who votes that counts but who counts the votes that counts." In this case CCP apparatchiks are handing over power to an army of software dweebs. You know who they're going to take care of first. Then internal CCP factions will use it to destroy one another; the CCP like all authoritarian parties will undergo a cyber—powered purge of wrong-believers).

China's population surveillance system is part and parcel of its foreign hegemonic strategy. It's exporting it to democracy-friendly regimes such as Venezuela's Maduro dictatorship and Ecuador—incidentally increasing its leverage over Latin America. It's doing the same for 16



other countries in Africa and the Middle East who can't stand the idea people deserve to be left alone. 36 countries have signed onto Chinese guidance for "molding public opinion" for the remaining countries whose governments don't believe people's thoughts need to be left alone. [55]. If you don't believe that data is going to the CCP—and will be used to shape a benevolent attitude toward China, helping the CCP identify allies, enemies and those open to cooption and blackmail in each and every country--I'll sell you that New York bridge.

The second branch of China's Secure the Homeland effort is to secure energy and raw materials. We've already talked about the South China Sea and Latin America's appeal as energy sources. And we've mentioned the raw materials of Central Asia and Southeast Asia. This is where maritime power projection and BARI play their strategic roles.

Third, a big challenge to China will be food security. As China's diet westernizes (requiring more cropland and more water and energy intensive farming), crop land disappears under factory and housing construction plus the above-mentioned desertification China has leased and purchased farms in other countries [56]. This is another crucial road for BARI as China will seek to manage its dependence on imported food. [57]

## 2. Isolate the US:

1. Isolate the U.S. diplomatically: especially relative to Latin American, Central Asia and Pacific countries, China's Grand Strategy includes making alliance with U.S. seem too costly and futile to maintain. This strategy includes propping up US-hostile regimes, e.g. Venezuela, Russia and increasingly, Turkey, using BARI to suborn developmentally-challenged Central Asian countries who need all the capital they can garner and displaying the threat of military force to keep Pacific countries in line (e.g., Philippines. Meanwhile, China executes its salami strategy of acquiring de facto control of the South China Sea. This Johnny Cash strategy— "one piece at a time and it didn't cost me a dime"—makes it politically difficult for the targeted country (including the U.S.) to find the domestic political will to confront the Chinese behemoth.
2. Isolate the US economically: (a) through BARI let developing countries know who their real rich uncle is; (b) through aggressively low prices for export goods, especially for communications technology and transportation goods, replace US and European suppliers for crucial infrastructure elements; (c) use the threat of restricted or denied access to China's market and raw materials and foreign aid to gently coerce countries to develop dependence on China. (d) For those countries who don't toe the diplomatic line (e.g. they continue to recognize Taiwan), credibly threaten global maritime trade choke points, particularly focusing on isolating the U.S. from foreign-trade dependent UK and EU. In particular, obtain leverage over fragile Latin American economies, which as a whole have 44% of their GDP related to foreign trade [58]. China needs only to threaten these many points to stretch US military capabilities very thin. Finally, (e) gradually supplant the US dollar with the renminbi as the global reserve currency to which many countries directly or indirectly peg the value of their own currencies.



3. Isolate the US technologically: Use actual cost advantage, a powerful if robotic education system and predatory pricing to supplant US and Western communications technology, actually positioning itself to quietly control key elements of the global communications infrastructure. Use cyberespionage to keep abreast of technological change while developing its own robust domestic technology capabilities. Use the same techniques of predatory pricing, cost advantage and actual technological capabilities to capture key global transportation markets.

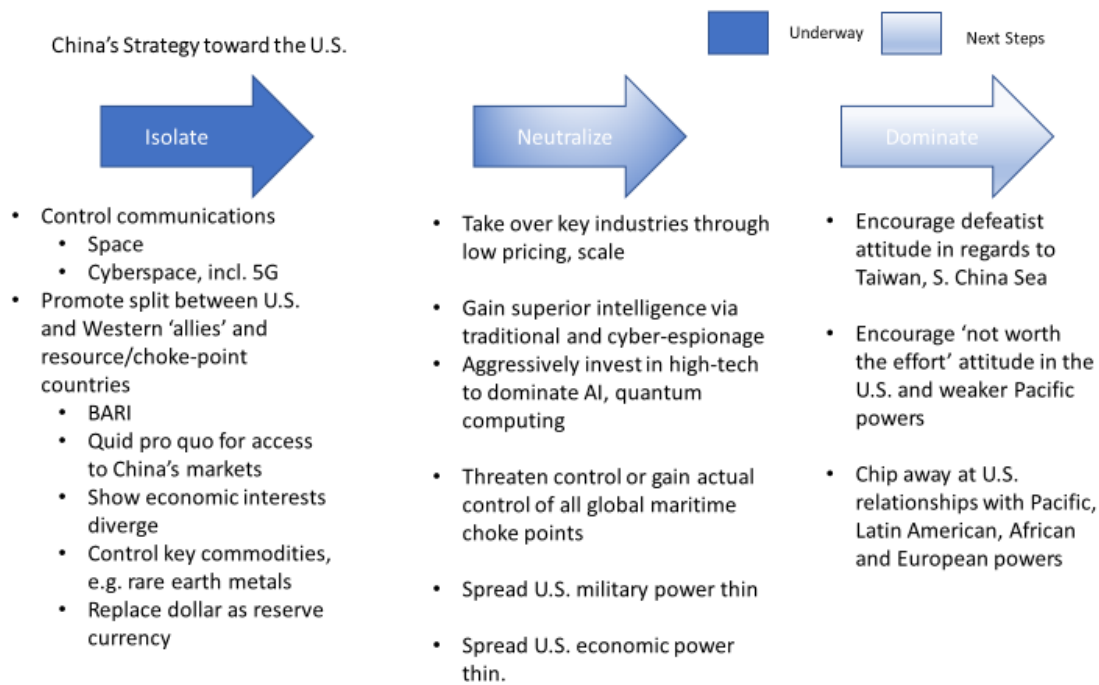
China is pulling out all the stops: Elsa Kania is Adjunct Senior Fellow with the Center for a New American Security in Washington, DC. Speaking of China's "Made in China 2025" push, she says: ...the objective it articulates is for china to become a manufacturing superpower and to move up the value chain in terms of manufacturing, including...a focus on intelligent manufacturing, robotics, electric vehicles. There's also been [a] launch...of 15 different mega projects...prioritized for advancements by 2030. This...includes ...China's Deep space station, quantum computing and communications. And achieve an advantage at a time when the US has not yet established dominance in these fields. So things like robotics, super-computing, artificial intelligence and autonomy biotechnology as well...China is heavily investing ..to the magnitude of billions or tens of billions" [59]. Huawei alone is spending \$15 billion, growing to \$20 billion on R&D including a large proportion in basic science. (Amazon, the R&D leader, spends about \$22 Billion, little or none on basic science) [60].

4. Isolate the US militarily. Strategically, China can threaten any one or more of the numerous maritime chokepoints we've discussed. This forces the US into the very expensive position of attempting to maintain freedom of the seas in all these chokepoints while China can pick and choose which few it would like to threaten, which ones have bordering countries it would like to bring into its sphere of influence, play footsie with Iran to spread the U.S. thin and distract U.S. leadership. Militarily, use its proximity to e.g. Taiwan and the South China Sea to suggest to any recalcitrant neighbors that Uncle Sam is no longer necessarily capable of being there when he's needed. Neutralize the US allies by showing them that potential for casualties in any conflict is a risk their aging and declining population won't sustain. (Demographers expect that Europe's population will peak soon, about 2035 diminishing by approximately 100 million by 2050—while aging fast) [61]

### 3. End Game

The goal of any conflict among armies or nations is to convince the enemy commander that she has no choice but to admit defeat and bow to the will of the victor. This conviction may be obtained by violence and bloodshed or without. Many analysts of China quote Sun Tzu's dictum that "The supreme art of war is to subdue the enemy without fighting." I can't but agree that this seems to be the goal of China's Grand Strategy. It is the age-old strategy of isolating the enemy, dividing her from her allies and make the situation so desperate that an easy, gradual surrender seems preferable to a lonely, painful, costly and uncertain battle. Add technological parity and sometimes supremacy and the adversary's rational alternatives disappear. Not that a last spasm of irrationality might not prolong the conflict, witness the Second World War.

And what if it came to war? As mentioned at the outset, regardless of China’s view of its own history, in this century, no one in the world has the population, logistical depth or armaments to invade China. So that’s off the table. And a fight in the South China Sea, Taiwan, or maritime choke points? The CCP clearly regards its population as a means to an end. It wouldn’t mind throwing as many bodies as necessary into the fray. In regard to its own casualties, no doubt Chinese leaders echo Chairman Mao’s 1957 statement that: “I’m not afraid of nuclear war. There are 2.7 billion people in the world; it doesn’t matter if some are killed. China has a population of 600 million; even if half of them are killed, there are still 300 million people left. I’m not afraid of anyone” [62].



### What is the United States to do?

If you believe, as I do, that China drive for hegemony represents a steadily less speculative and ever-clearer danger to the United States, the West and the world, it’s worthwhile to analyze how best the US should respond.

Of course, the US is responding, with policy statements, technology initiatives, military re-configuration, sputtering attempts to re-weld alliances and the like. A strategist, however, will look for the big fulcrums which provide the greatest leverage.

To do this, it’s useful to identify the bedrock assumptions China’s has built its strategy on.

Once identified, the US can develop counter-strategies that address these assumptions. Attack the bedrock and the building falls. The alternative is to respond piecemeal to China’s strategic ploys. This is costly, inefficient, resource intensive, and likely ineffective.

Here are the key assumptions:

1. The CCP can keep its Home Base secure:
  - China can keep a sufficient lid on internal dissent to avoid deployment of resources and attention significantly detracting from its goals to isolate the U.S. and achieve global hegemony. The PLA including the PLA Navy, which today is focused domestically needs to be freed up to at least credibly threaten foreign adventures. This is the goal of the emerging tyranny-by-surveillance 'social credit system'.
  - The Communist Party of China can maintain control of itself without, for example, a 'conservative' backlash turning to the good ol' days of Mao, or the emergence of a less imperialistic faction within the CCP.
2. Diplomatic/Military: China can divide and Conquer
  - China assumes the U.S. can't be everywhere, every-when militarily—in particular, covering with sufficient force all maritime chokepoints, space and the multitude of venues contemplated by China's Belt and road Initiative. Or handling Iran's provocations, the Afghani civil war, a resurgent Russia and who knows what additional crisis simultaneously.
  - China guesses the U.S. can be isolated in spirit as well as materially from its allies and coaxed into its orbit or at a minimum herded into neutrality or indifference to the U.S.-China struggle; the U.S.' allies aren't allies through thick and thin. As an example, as of this writing, Israel has inked a deal for a Chinese government-owned corporation to take over commercial operations at the major port of Haifa on eastern Mediterranean and a base for the U.S. Sixth Fleet.
  - China can neutralize or even ally with Russia along with other troublemakers such as Iran and North Korea. The idea is that the more trouble for the United States, the greater the diversion of U.S. resources and attention, regardless of the ultimate outcomes of those ventures.
  - All or most of the other countries in the world play their assigned roles. China is like an aggressive, high-speed highway driver weaving in and out of traffic: she hopes and expects everyone else to obey the rules. In other words, China has correctly gauged countries' unwillingness to engage and contribute money and people to a China containment strategy rather than ally or submit to the Middle Kingdom. In particular, China is betting that grizzled, controversial strategist Edward Luttwak's estimate that China's aggressiveness is provoking a sufficiently strong defensive reaction by its neighbors that will keep the cork in the bottle of Chinese ambitions [63]. Ambiguity permeates the situation today. For example, the Philippines' current regime seems willing

to play footsie with China, partly because it has reason to think the U.S. doesn't have its back, while Japan and Australia reassess their military capabilities.

3. Economic and Technology: China can throttle the demands of its high commercial debt load while maintain its technology and manufacturing prowess:

- China's internal debt-ridden state-owned enterprises (SOEs) and inefficiently allocated capital, spent on low-return but high employment infrastructure projects can be managed and the day of reckoning postponed beyond the date when China achieves hegemony.

In particular, China can sufficiently fund all military, BARI, diplomatic and technology ventures despite its growing domestic government and commercial debt, now 266% of GDP [64]. At least until recently, China's total debt approached that, proportionately, of economic standouts Spain, Greece and Portugal [65]. Then there's China's \$6.0-4.5 trillion in off-budget local government debt [66]. President Xi Jinping has mandated an effort to work off this debt load.

- China can maintain at least technology parity and often superiority over the U.S. through aggressive investment and espionage.
- China will keep its low-cost manufacturing advantage. There's plenty of emerging competition from Vietnam, India, Pakistan and Indonesia and for access to the U.S. market, Mexico.
- China will "get rich before it gets old"—China as dealing with a rapidly aging population and the pernicious results of the "one family-one child" policy including 27-50 million males who won't find mates by 2030 [67], absent polyandry.
- There emerges no disruptive technology dispositively favoring the U.S.

These fundamental assumptions—the granite on which China's has erected its grand strategy—suggest immediately steps the U.S. and its allies could take to keep China's hegemonic ambitions in check:

<b>Chinese Strategic Premise</b>	<b>Potential U.S./Western Response</b>
1. The CCP can keep its Home Base secure	1. Invest in technology and communications that promote pluralism inside China 2. Assist Hong Kong and China in getting the word out there is another way than the CCP to run a country through means overt and covert

	<ol style="list-style-type: none"> <li>3. Expose the social surveillance system and such initiatives as China’s Uighur concentration camps</li> <li>4. Encourage universities to provide broadening experiences to Chinese students; likewise encourage hosts of Confucius Institutes to be aware of this espionage avenue (15 major US universities have already shut their CIs) [68]</li> <li>5. Point out via social and traditional media that China is straying wildly from Maoist ideals. And the converse; point out the gap between the CCP’s claims to be ‘for’ the ordinary Chinese citizen and the true oligopolic character of the system The purpose is to sharpen divisions inside the CCP</li> <li>6. Publicize concern for dissenters; urge a new Helsinki Accords for Asia</li> <li>7. Analyze and understand the social surveillance and social credit system well enough to support overtly or covertly initiatives that destroy its credibility and create fear of its arbitrariness. As a first step, make tools available to the programmers to help them protect their own social credit and surveillance data. Find and support those who wish to infiltrate the system and help them sow confusion.</li> </ol>
<p>2. Diplomatic/Military: China can Divide and Conquer</p>	<ol style="list-style-type: none"> <li>1. Reduce the number of threats to which the U.S. is responding, potentially by efforts to keep the U.S.’ opponents off –balance but choosing not to “win”</li> <li>2. Encourage both confirmed allies and those neutrals to make their own choices. It is particularly important to assist Vietnam, India and Indonesia maintain their autonomy—in ways they wish that assistance to take place. Example: instead of selling arms, it may make sense to help</li> </ol>

	<p>these powers develop indigenous arms manufacturing capabilities.</p> <ol style="list-style-type: none"> <li>3. Decide how to make a stand in the South China Sea when the time is ripe; determine the conditions that make the time ripe to e.g. support the Philippines. This will involve carefully titrated brinkmanship and contingency plans</li> <li>4. Support directly, indirectly, public or covertly, the movements toward self-determination by China's autonomous territories, e.g. Tibet, Guangxi, Mongolia)</li> <li>5. In any event, there will come a time when the U.S. will have to show backbone. The sooner the better, as China's salami technique increases the price the U.S. will eventually pay</li> <li>6. Coordinate current Western aid programs to countries subject to BARI suborning. This has already started in Europe but needs more robust support. The U.S.' current response, which is to help countries negotiate better deals with the Chinese is obviously too insubstantial to have much effect. The countries generally need the projects. The demand must be satisfied with appropriate supply. [70]</li> <li>7. Encourage Russia-China economic (and possibly military) competition. If the Russians want to tie their future to BARI indicatives, so much the better. The crucial thing is early warning of a deeper Russia-China rapprochement so there's time to formulate a cost-effective response. This could mean support of Russia in some aspects while keeping a wary eye on its Ukraine/Black Sea military build ups.</li> <li>8. Support Central Asian nations' autonomy from both powers</li> </ol>
<p>3. Economic and Technology: China can stifle the demands of its domestic and international debt; China can maintain its technology and manufacturing cost advantages</p>	<ol style="list-style-type: none"> <li>1. Interfering directly with China's debt markets, even if feasible is probably not desirable. However, making sure that Federal Reserve stress tests of major banks operating in the U.S. properly weight the dangers of a China debt</li> </ol>

	<p>collapse and the winding down of China’s current credit bubble are not only necessary but advisable.</p> <ol style="list-style-type: none"> <li>2. Crackdown on Chinese purchases of U.S. assets. China is the largest international purchaser of U.S. residential property, for example—allowing Chinese investors and companies to escape the consequences of their government-fueled monster debt. Ditto for U.S. farmland.</li> <li>3. Take a harsher stand on technology transfer. For example, U.S. headquartered chip icons Intel and Micron are working to get around U.S. restrictions on selling high-end chips to Huawei by claiming they are produced by foreign subsidiaries [70]. Publicize China’s abrogation of its required when it joined the World Trade Organization in 2001. A model is the way the West treated the Helsinki Accords with the USSR.</li> <li>4. Encourage U.S. and other Western countries to relocate their manufacturing to friendlier nations, e.g. Vietnam and India. Assist those countries to develop the educational, technical and physical infrastructure that makes the relocation feasible. Loan the needed expertise. (Tariffs and the threats thereof as wholesale, top-down imperatives are unlikely to yield the desired results).</li> </ol>
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Academic and other naïve China watchers hoped that the turn of China toward its version of capitalism would of its own nature lead to a democratization of the state. Those who still hold fast to this hope should heed the words of President Xi Jinping in August 2019, in which he said that China “must never follow the path of Western constitutionalism, separation of powers, or judicial independence.” [71].

## Appendix

### Testing this China Grand Strategy Analysis

This depiction of China’s Grand Strategy is an hypothesis—and only that. Intellectual honesty demands that readers (and the author) identify what facts might falsify the hypothesis. All hypotheses deserve pressure testing, even when they involve as a key concept one as squishy and ambiguous as “Grand Strategy.”

What would some tests look like?

The first test would be whether the internal logic of the hypothesis. We must make sure that this hypothesis doesn’t create the illusion of a pattern like the patterns of stars the ancients gathered into constellations.

Another would be evidence for a pattern of Chinese actions which tend to reduce tensions with Taiwan and in the South Seas. Another would be evidence that Belt and Road Initiatives serve exclusively commercial—profit-making—purposes. (For example, a study by New York consultants Rhodium Group, find that in 40 cases of debt renegotiation there has been only one, maybe two asset seizures by China. However, this can be explained by the difficulty of such asset seizures and the overarching goal of China to influence the debtors’ governments) [72]. A third would be the CCP’s abandoning revision of Chinese history, replacing it in education and true scholarship. Another: A real commitment to international norms for freedom of the seas, acknowledging and compliance with outcomes of international adjudication of territorial claims in the South China Sea.

A deeper test of this hypothesis would be one that acknowledges the facts produced here but draws another pattern than the one I’ve drawn. This pattern could be either more benign or more worrisome than what I’ve sketched. The key feature is that the pattern drawn is consistent with the facts as we know them.

This is highly likely. Surely this essay hasn’t captured ‘everything’ related to China’s strategy. Indeed, I’ve not covered every issue. For example, I’ve not covered how China seems to desire to control key materials crucial to the global economy such as rare earth metals. A deep test would be discovery of facts inconsistent with what I’ve sketched here. I’d have addressed them if I’d found any.

Finally, there’s the question of whether China has the capability of carrying out its Grand Strategy. I leave that issue for another time.

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