

TESTIMONY BEFORE THE U.S.-CHINA ECONOMIC AND SECURITY REVIEW
COMMISSION

Hearing on: "China's Stockpiling and Mobilization Measures for Competition and
Conflict"

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June 13, 2024

Commissioner Cliff Sims, Vice Chair Reva Price, and members of the Commission and staff, thank you very much for your invitation to testify today. It is indeed a pleasure and privilege to present my views before the Commission. My testimony addresses specific questions related to the People's Republic of China's (PRC) perspectives on security, competition and conflict.

1. Describe the CCP senior leadership's perception of the domestic and foreign security risks and challenges that China is facing. Has there been a significant change in CCP perception of the security environment in recent years? What are the internal and external events which precipitated this changed perception?

An assessment of speeches by senior leaders, official media discourse, analytical writing and government policies indicate a significant revision in the Chinese leadership's view on internal and external security risks and challenges under Xi Jinping. Since the 2008 financial crisis, Chinese scholars and leadership have argued that great changes have been afoot in the international order. This idea has been encapsulated in the phrase "profound changes unseen in a century" (百年未有的大变局).

Soon after Xi Jinping took charge as General Secretary, this idea became embedded in the Party's official discourse. For instance, barely two months after taking over as Foreign Minister in March 2013, Wang Yi told a forum at Tsinghua University that the world was "undergoing changes as never seen before."¹ This, he concluded, demanded that China engage in "major-country diplomacy with Chinese characteristics." A year later, at the Central Conference on Work Relating to Foreign Affairs in November 2014, Xi Jinping told the gathered officials that China's "relations with the rest of the world are going through profound changes."² He assessed that "all factors considered, we can see that China is still in an important period of strategic opportunity for its development endeavor in

¹ "Exploring the Path of Major-Country Diplomacy With Chinese Characteristics," Ministry of Foreign Affairs of the People's Republic of China, 27 June 2013,

https://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/201306/t20130627_468425.html.

² "The Central Conference on Work Relating to Foreign Affairs," Ministry of Foreign Affairs of the People's Republic of China, November 29, 2014,

https://www.fmprc.gov.cn/eng/wjb_663304/zjzg_663340/xws_665282/xgxw_665284/201412/t20141201_600270.html

which much can be accomplished. Our biggest opportunity lies in China's steady development and the growth in its strength. On the other hand, we should be mindful of various risks and challenges and skillfully defuse potential crises and turn them into opportunities for China's development."³

This fairly optimistic viewpoint was reiterated at the 19th Party Congress. In his speech to the quinquennial meeting in 2017, Xi offered the following strategic assessment:

"Both China and the world are in the midst of profound and complex changes. China is still in an important period of strategic opportunity for development; the prospects are bright but the challenges are severe. All comrades must aim high and look far, be alert to dangers even in times of calm, have the courage to pursue reform and break new ground, and never become hardened to change or inactive."⁴

It was at this meeting that Xi also announced a historical shift in the principal contradiction facing Chinese society, from one between "the ever-growing material and cultural needs of the people and backward social production" to one between "unbalanced and inadequate development and the people's ever-growing needs for a better life." This underscored the need for fundamental changes in economic policy, to achieve higher-quality growth as opposed to rapid growth. Such a shift requires structural alterations to China's political economy.

Subsequent official discourse has argued that China continues to suffer from inadequate development.⁵ There is a need for reform to break through market barriers, monopolies and local protectionism. The country's innovation capability does not meet the requirements of high-quality development. Agricultural foundation and capacity does not suffice the objectives of food security. Environmental protection still faces significant limitations. Finally, the gap between urban and rural development, income inequality, and issues of local government debt, property market stability, and employment and livelihood present political, social and economic security challenges. Moreover, while changes need to be made with determination, these need to be well-calibrated and will take a long time to achieve.

³ "The Central Conference on Work Relating to Foreign Affairs," Ministry of Foreign Affairs of the People's Republic of China, November 29, 2014, https://www.fmprc.gov.cn/eng/wjw_663304/zjzg_663340/xws_665282/xgxw_665284/201412/t20141201_600270.html

⁴ Xi Jinping, "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era" (speech, 19th National Congress of the Communist Party of China, Beijing, October 18, 2017), China Daily, https://www.chinadaily.com.cn/china/19thcpnationalcongress/2017-11/04/content_34115212.htm

⁵ Ren Lixuan, "Deeply implement the new development concept (deeply study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era)," People's Daily, May 11, 2021 http://paper.people.com.cn/rmrb/html/2021-05/11/nw.D110000renmrb_20210511_1-15.htm; Xi Jinping, "The whole party must fully, accurately and comprehensively implement the new development concept, Quishi, August 15, 2022, http://www.qstheory.cn/dukan/qs/2022-08/15/c_1128913644.htm

In Xi's own words, "the rejuvenation of the Chinese nation will be no easy task. It will not be achieved by simply beating drums and gongs. We cannot overcome all the risks and challenges we face on the way forward without a true fighting spirit."⁶ Consequently, the leadership has argued that there must be greater central-local and inter-departmental coordination to ensure that policies do not pull in different directions, owing to regional and/ or bureaucratic imperatives. The needs of reform, therefore, are such that there must be greater central planning, centralization of authority, and control over implementation, "mainstream public opinion" and private enterprises. Aligning one's actions to central goals and plans has since been elevated as an indication of political discipline. Unfortunately, for Beijing, doing so has evidently inhibited local drive, creativity and innovation, while also fuelling youth discontent. Consequently, there has been greater friction within the Party system. This is evident in the continuing ferocity of the anti-corruption campaign. It is also reflected in the call to "attach great importance" ideological and political work related to the youth⁷ and the frustration repeatedly expressed by top leaders, complaining about cadres' political sensitivity and acuity, lack of purpose and lack of spirit of taking responsibility and struggle skills.⁸

Five years later, in October 2022, at the 20th Party Congress, Xi's broad strategic assessment was significantly revised. He argued that China had "entered a period of development in which strategic opportunities, risks, and challenges are concurrent and uncertainties and unforeseen factors are rising. Various 'black swan' and 'gray rhino' events may occur at any time. We must therefore be more mindful of potential dangers, be prepared to deal with worst-case scenarios, and be ready to withstand high winds, choppy waters, and even dangerous storms."⁹

While domestic challenges persist, this revision is predominantly a product of a rapidly worsening external environment. The Communist Party increasingly appears to believe that the challenges that it faces are not momentary in nature. For instance, in a speech to provincial and ministerial-level officials in July 2022, Xi Jinping warned that party members "must stay vigilant against the long-term nature of the tests confronting the

⁶ "Ensure the Two Upholds in Central Party and Government Departments," Quishi, July 09, 2019, http://en.qstheory.cn/2022-01/21/c_696676.htm. Also see: "Deeply understand the decisive significance of the 'two establishments' (deeply study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era)," People's Daily, September 20, 2022, http://paper.people.com.cn/rmrb/html/2022-09/20/nw.D110000renmrb_20220920_1-11.htm.

⁷ "Xi Jinping: Beware of 'black swans' and guard against 'gray rhinos'", People's Daily, January 22, 2019, http://paper.people.com.cn/rmrbhwb/html/2019-01/22/content_1905265.htm

⁸ Chen Xi, "Building a high-quality cadre team capable of shouldering the heavy responsibility of national rejuvenation (earnestly studying, publicizing and implementing the spirit of the 20th CPC National Congress)," People's Daily, November 23, 2022, http://paper.people.com.cn/rmrb/html/2022-11/23/nw.D110000renmrb_20221123_1-06.htm

⁹ Xi Jinping, "Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects" (speech: 20th National Congress of CPC, Beijing, October 18, 2022) Nikkei Asia, <https://asia.nikkei.com/Politics/China-s-party-congress/Transcript-President-Xi-Jinping-s-report-to-China-s-2022-party-congress>.

Party as they relate to governance, reform and opening up, the market economy, and the external environment.”¹⁰ He also cautioned them “against the dangers of losing drive, lacking competence, becoming disengaged from the people, and succumbing to inaction and corruption.”

Likewise, at the 2023 Central Foreign Affairs Conference, Xi reiterated that the world was in a period of “turbulence and transformation,” and called on officials to demonstrate “fighting spirit” and “reject all acts of power politics and bullying.”¹¹

A few months after the 20th Party Congress, during the Two Sessions in March 2023, Xi was blunt in stating that China’s external environment had become increasingly uncertain and unpredictable. He accused the US of pursuing “all-round containment and suppression of China.”¹² This was a rare direct charge by Xi. Amid this challenge, he called to “maintain resolve” and “optimise and adjust tactics in a timely manner while maintaining strategic focus.”¹³

Following this, in May 2023, the first meeting of the 20th Central National Security Commission (CNSC) concurred with the earlier grim assessment. The meeting called for adherence to “bottom-line thinking” and “extreme-case thinking” (底线思维和极限思维) in order to be prepared to withstand “high winds, choppy waters, and even dangerous storms.”¹⁴ This, in itself, is an indicator of the leadership’s belief in the long-term and protracted nature of the challenges that China faces. In addition, the CNSC meeting demanded measures to support the building of the “new development pattern with a new security pattern” and shape a favourable external security environment.

Conceptualising National Security:

Official discourse contends that in current times, “the connotation and scope of national security are richer and broader than ever before...The key to the overall national security concept is the term ‘overall’, highlighting the concept of ‘big security’ (大安全), which includes several domains such as politics, military, territory, economy, culture, society, technology, cyberspace, ecology, resources, nuclear security, finance, biology, space, deep sea, polar regions, artificial

¹⁰ “Xi stresses efforts to write new chapter in building modern socialist country in all respects,” Xinhua, July 28, 2022, <https://english.news.cn/20220728/8ab59143f6c142858453e9a7c55dc74d/c.html>

¹¹ “Central conference on work relating to foreign affairs held in Beijing,” Xinhua, December 28, 2023, <https://english.news.cn/20231228/903c6a4b54334e66967d968b1495277c/c.html>

¹² “Correctly guide the healthy and high-quality development of the private economy,” *People’s Daily*, March 07, 2023, http://paper.people.com.cn/rmrb/html/2023-03/07/nw.D110000renmrb_20230307_1-01.htm

¹³ Ibid

¹⁴ “Xi Jinping presided over the first meeting of the 20th Central National Security Commission and stressed Accelerate the modernization of national security system and capabilities to safeguard the new development pattern with a new security pattern,” *People’s Daily*, May 31, 2023, http://paper.people.com.cn/rmrb/html/2023-05/31/nw.D110000renmrb_20230531_1-01.htm

intelligence, and overseas interests, and continues to expand with the development of society.”¹⁵ In other words, security is increasingly becoming a dominant consideration for policy-making across all domains.

This idea of “big security” is encapsulated in the Comprehensive National Security Concept. First articulated in 2014, this concept has since evolved to become an all-encompassing security governance framework. In 2017, the Comprehensive National Security Concept was incorporated into the basic strategy for upholding and developing socialism with Chinese characteristics in the new era.¹⁶ The concept has also formed the basis for the creation of a National Security Strategy (2021–2025).

In late 2020, the Party outlined 10 requirements for pursuing a comprehensive approach to national security.¹⁷ This emphasised the need to ensure the “absolute leadership of the Party” over national security work. It also called for recognising the “organic unity of political security, people’s security, and the supremacy of national interests”. Under this concept, political security has been defined as the fundamental task, economic security as the foundation, military, technological, cultural, and social security as important pillars, and international security as a support.¹⁸ Chen Yixin, who heads the Ministry of State Security, has since described political security as “the lifeline of national security”, entailing the “security of the state’s power, system, and ideology.”¹⁹ Meanwhile, the people have been termed “the basic force of national security.”²⁰ This conceptualisation of people’s security has implications for grassroots governance, dispute management, national security propaganda and education, and anti-subversion and anti-espionage work, with the aims being to mobilise people, contain threats and generate regime legitimacy.

¹⁵ “A strong foundation for a great cause for generations to come (Questions and answers on the study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era (41)),” *People’s Daily*, September 13, 2021, http://paper.people.com.cn/rmrb/html/2021-09/13/nw.D110000renmrb_20210913_2-05.htm

¹⁶ “Fully Implement the Overall National Security Outlook,” Center for Strategic and International Studies (*Interpret: China Series*), <https://interpret.csis.org/translations/fully-implement-the-overall-national-security-outlook/>

¹⁷ “Xi Jinping emphasized at the 26th Collective Study Session of the Political Bureau of the CPC Central Committee that we must adhere to systematic thinking and build a comprehensive security framework to provide strong guarantees for building a modern socialist country,” CCTV 13, December 12, 2020, https://tv.cctv.com/2020/12/12/VIDESfzRHZ8Kluo3GxMPnMzp201212.shtml?spm=C31267.PFsKSaKh6QQC_S71105.3

¹⁸ Xi Jinping, “Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects” (speech: 20th National Congress of CPC, Beijing, October 18, 2022) *Nikkei Asia*, <https://asia.nikkei.com/Politics/China-s-party-congress/Transcript-President-Xi-Jinping-s-report-to-China-s-2022-party-congress>.

¹⁹ Chen Yixin, “Fully Implement the Overall National Security Outlook,” CSIS Interpret, trans. , April 15, 2024, <https://interpret.csis.org/translations/fully-implement-the-overall-national-security-outlook/>

²⁰ “Xi Jinping emphasized at the 26th Collective Study Session of the Political Bureau of the CPC Central Committee that we must adhere to systematic thinking and build a comprehensive security framework to provide strong guarantees for building a modern socialist country,” CCTV 13, December 12, 2020, https://tv.cctv.com/2020/12/12/VIDESfzRHZ8Kluo3GxMPnMzp201212.shtml?spm=C31267.PFsKSaKh6QQC_S71105.3

Another key conclusion arrived at was the need to achieve “a dynamic balance between development and security” while giving greater consideration to security factors when it comes to development issues.²¹ In his speech at the 20th Party Congress, Xi defined national security as “the bedrock of national rejuvenation” and social stability as “a prerequisite for building a strong and prosperous China.”²² This, however, does not clarify how one must prioritise security without strangling development. The past few years have shown that this remains a fundamental tension within the Chinese policy ecosystem. In fact, if one considers the discourse around de-risking among the G7 countries and others like Australia and India, this doesn't appear to be a challenge that is entirely unique to China.

This is not to say that there aren't certain peculiarities of the Chinese Party-state system that aggravate this tension. In the top-down Party-state system, actors across different levels of the Party-state system interpret the leader's directives according to their specific contexts, and bureaucratic and political objectives. Therefore, officials across central ministries, provincial leaderships and at local levels have interpreted the Comprehensive National Security Concept as it applies to them. They then engage in making difficult decisions on policy prioritisation. However, given the degree of centralisation under Xi, interpretation and prioritisation have become politically fraught tasks. Consequently, in recent times, there has been significant flux in policymaking. China's 2021 electricity crisis is an example of this.²³

Finally, perhaps the most significant implication of the Comprehensive National Security Concept has been seen in Chinese legislation. Over the past few years, there have been significant legislative changes, with security becoming the driver for revising old laws and drafting new ones. Since the 19th Party Congress, legislative changes have covered a range of areas, such as economic security, resource security, nuclear security, ecological security, information security, ideological security and the protection of overseas

²¹ Ibid

²² Xi Jinping, “Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects” (speech: 20th National Congress of CPC, Beijing, October 18, 2022) Nikkei Asia, <https://asia.nikkei.com/Politics/China-s-party-congress/Transcript-President-Xi-Jinping-s-report-to-China-s-2022-party-congress>.

²³ See: “China's Energy Plans and Practices,” *Report from the 'Hearing on 'China's Energy Plans and Practices'*, section 2, Chapter 3, US-China economic and Security Review Commission, November 2022, https://www.uscc.gov/sites/default/files/2022-11/Chapter_2_Section_3--Chinas_Energy_Plans_and_Practices.pdf; also see: Vincent Ni et al., “Low-carbon ambitions must not interfere with ‘normal life’, says Xi Jinping,” *The Guardian*, 26 January 2022, <https://www.theguardian.com/world/2022/jan/26/xi-jinping-warns-chinas-low-carbon-ambitions-must-not-interfere-with-normal-life>

interests.²⁴ The legislative agenda outlined at the National People's Congress session in 2024 indicates that this trend is likely to persist.²⁵

What's Driving This Thinking?:

From Beijing's perspective, the world today is "far from being tranquil".²⁶ Rather, a new era of turbulence and volatility is unfolding. This "great transformation" engenders a "great state of disorder."²⁷ What this implies is that the international balance of power is undergoing "unprecedented" and "revolutionary changes."²⁸

These are reflected in:

- the rise of developing countries and emerging economies amid intensifying geopolitical competition with the West;
- shifts in patterns of globalisation and the emergence of protectionism, populism and unilateralism;
- the rapid developments taking place in scientific and technological domains;
- the emergence of a cascade of conflicts such as Russian invasion of Ukraine and the war in Gaza and the potential for spillovers impacting China's overseas interests; and
- the aggravation of non-traditional threats like terrorism, food, climate and energy security, and biosecurity following the pandemic.

These are increasingly viewed as long-term challenges, which require concerted policy actions. Within this backdrop, Beijing appears to believe that while the West continues to enjoy relative superiority, the gravity of geopolitical and geoeconomic power is shifting toward the East.²⁹

Amid all this, the Chinese leadership contends that four critical deficits have emerged, which infuse greater instability. Xi Jinping has repeatedly characterised the world as being plagued by the deficits of development, peace, governance and trust. In order to

²⁴ Li Zhanshu, "REPORT ON THE WORK OF THE STANDING COMMITTEE OF THE NATIONAL PEOPLE'S CONGRESS," Standing Committee of the National People's Congress, 7 March 2023, https://npcobserver.com/wp-content/uploads/2023/03/NPCSC-2023-Work-Report_En.pdf

²⁵ Zhao Leji, "REPORT ON THE WORK OF THE STANDING COMMITTEE OF THE NATIONAL PEOPLE'S CONGRESS," Standing Committee of the National People's Congress, 8 March 2024, https://npcobserver.com/wp-content/uploads/2024/03/2024-NPCSC-Work-Report_ZH.pdf

²⁶ Xi Jinping, "Address to the Davos Agenda (speech: World Economic Forum, Davos, January 17, 2022)," WEF, "<https://www.weforum.org/agenda/2022/01/address-chinese-president-xi-jinping-2022-world-economic-forum-virtual-session/>

²⁷ "□国复兴开□□□国□现□□□对□①)," *People's Daily*, 13 September 2023, http://paper.people.com.cn/rmrb/html/2023-09/13/nw.D110000renmrb_20230913_1-07.htm.

²⁸ "□间□□开□□□习□□□时□□国□□□会□义□□学习问□④)," *People's Daily*, 22 July 2021, http://paper.people.com.cn/rmrb/html/2021-07/22/nw.D110000renmrb_20210722_1-05.htm.

²⁹ Chris Buckley, "'The East Is Rising': Xi Maps Out China's Post-Covid Ascent," *New York Times*, 3 March 2021, <https://www.nytimes.com/2021/03/03/world/asia/xi-china-congress.html>.

address these, he has called for reforming global governance to reflect “fairness and reasonableness”, “consultation and understanding”, “joint efforts and mutual assistance” and “mutual benefit and win-win cooperation.”³⁰ This proactive intervention, from Beijing’s perspective, is necessitated because China’s future development and security interests are dependent on its external environment.

In fact, there appears to be a persistent debate within the Chinese policy-making ecosystem around balancing the desire to mitigate vulnerabilities and potential threats of containment through self-reliance, while continuing to expand external economic and security engagements. On the one hand, amid an increasingly hostile external environment, there have been calls to pursue self-reliance as a strategic objective. Yet, it is also evident that China’s prosperity and future growth are linked to deeper economic and political engagement with the outside world. This dilemma was expressed by Xi Jinping in his address at the Central Party school in February 2023, where he argued that pursuing Chinese-style modernisation required the correct handling of “a series of important relations, such as top-level design and practical exploration, strategy and tactics, integrity and innovation, efficiency and fairness, vitality and order, self-reliance and self-improvement and opening up.”³¹

Therefore, considering the “complex and severe” nature of the external environment that necessitates pursuing a delicate balancing act, “struggle” is expected to be the key theme for China in the new era.³²

The objective of this struggle is to leverage systemic strengths and opportunities while overcoming weaknesses and countering the threats that China faces. Domestically, risks and challenges persist in the fields of politics, ideology, economy, science and core technologies, social governance, and party building.³³ These were encapsulated in Xi’s speech at the 20th Party Congress, which drew a “grand blueprint” for addressing them.³⁴ This blueprint has essentially laid greater emphasis on central planning and control, strengthened ideological conformity, and narrowing of individual freedoms and private sector autonomy.

Externally, the belief is that the threats that China faces are structural and long-term in nature. Chief among them is the intensifying systemic competition with the US. From Beijing’s perspective, the principal contradiction in the world today is the “struggle

³⁰ “Xi outlines 4-pronged proposal on global governance,” *Xinhua*, 27 March 2019, http://www.xinhuanet.com/english/europe/2019-03/27/c_137925702.htm.

³¹ “□□□□□□□□进□国□现□□,” *People’s Daily*, 8 February 2023, http://paper.people.com.cn/rmrb/html/2023-02/08/nw.D110000renmrb_20230208_1-01.htm.

³² “□□□□□□□□间□习□□□时□□国□□□会□义□□学习问□(12),” *People’s Daily*, 3 August 2021, http://paper.people.com.cn/rmrb/html/2021-08/03/nw.D110000renmrb_20210803_1-05.htm.

³³ *Ibid*

³⁴ “□国复兴开□□□□国□现□□□对□①),” *People’s Daily*, 13 September 2023, http://paper.people.com.cn/rmrb/html/2023-09/13/nw.D110000renmrb_20230913_1-07.htm.

between development and containment of development, and between global justice and power politics.”³⁵ In other words, Beijing believes that Washington is pursuing a strategy of containment. In fact, over the past decade, Beijing has grown increasingly suspicious of American intentions. It believes that the real purpose behind the US-led alliance system, its crafting of the Indo-Pacific as a strategic construct, the expansion of the scope of national security to cover economic and technological domains, and advocacy of democracy, freedom, human rights and universal values is to perpetuate American hegemony, while stymying China’s development and global influence, with the end goal being to overthrow China’s leadership and its socialist system.³⁶

This, from the Chinese perspective, is evident in US assertion in the South China Sea, its engagement with Taiwan, its politicisation and securitisation of economic and trade issues, and efforts to coordinate policy positions with allies and partners. Chinese officials have repeatedly criticised American discourse on “rules-based order” and US alliances and partnerships as “sinister” efforts to create “small circles/ exclusive cliques” with the aim to “disrupt regional peace and stability.”³⁷ This has become routine rhetoric in Chinese engagement with foreign diplomats and leaders. The Chinese leadership appears concerned that American policies are potentially shaping the incentives of middle powers and developing countries, who in turn would be forced to recalibrate their ties with China. This would undermine China’s development and security environment, and potentially result in regime instability for the Communist Party.³⁸

Consequently, there has been a strong emphasis on ideological conformity at home along with increased securitisation of economic and trade policies and expanded Party-state control. In addition, Chinese foreign policy has become far more proactive in expanding external engagement and using a toolkit of carrots and sticks to shape the incentives and perceptions of other actors. From the Chinese leadership’s perspective, it is not merely the responsibility of a major power but also a political imperative to offer Chinese solutions and propositions to address the deficits facing the world and shape a favourable external environment. The concept of a community of shared future for mankind,

³⁵ “http://paper.people.com.cn/rmrb/html/2023-03/23/nw.D110000renmrb_20230323_4-01.htm.” *People’s Daily*, 23 March 2023,

³⁶ “http://paper.people.com.cn/rmrb/html/2021-09/02/nw.D110000renmrb_20210902_1-05.htm.” *People’s Daily*, 2 September 2021,

³⁷ Wang Yi, State Councilor and Foreign Minister of the People’s Republic of China, https://www.mfa.gov.cn/eng/wjw_663304/zzjg_663340/xws_665282/xgxw_665284/202203/t20220308_10649559.html, March 07, 2022; Li Qiang, “Speech at 18th East Asia Summit” (speech: Jakarta, September 07, 2023), *People’s Daily*, http://paper.people.com.cn/rmrb/html/2023-09/08/nw.D110000renmrb_20230908_2-03.htm

³⁸ “Studying and Implementing Xi Jinping Thought on Diplomacy in a Deep-going Way and Opening up New Horizons in China’s External Work,” Ministry of Foreign Affairs of the People’s Republic of China, 16 May 2022, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/202205/t20220516_10686371.html.

supported by the three global initiatives (GDI, GSI and GCI), has been articulated within this context.³⁹

It is important to highlight that Beijing does believe that it has significant advantages when it comes to the strategic competition with the US. These include China's centrality to key industrial supply chains and strong domestic industrial base; the size of China's domestic market and its increasing salience to international businesses; the country's expanding innovation ecosystem and R&D capabilities; and the Party-state's mobilisational and governance capabilities. In contrast, in the Chinese conception, Western democracies appear to be struggling with internal strife, political polarisation, economic stagnation, industrial weakness and weakened international credibility.

II. Has there been a significant change or escalation in the Chinese leadership's rhetoric about prolonged competition or crisis preparation directed at the Chinese public? What does General Secretary Xi Jinping mean by “worst -case and extreme scenarios”? How are these different from the “black swan” and “gray rhino” events to which he and other CCP leaders have previously alluded? Is there any way for observers to determine what kind of crises the CCP leadership is most concerned about?

The explanation above addresses the first part of this question. So let me discuss the rest of the parts below.

The idea of maintaining “bottom-line thinking” (底线思维) has long been part of Chinese discourse with regard to policy-planning and implementation. However, applying “extreme-case thinking” (极限思维) has gained greater currency since the May 2023 CNSC meeting. Both bottom-line thinking and extreme-case thinking are very different from “Black Swan” and “Gray Rhino” events. The former are mental models for planning and preparedness; the latter refer to events with differing levels of probabilities of occurrence and nature of impacts.

Gray rhino events are high-impact and high-probability events, which are the product of problems that are bubbling under the surface and that tend to go unaddressed.⁴⁰ Even if one can see these challenges from a distance, one can potentially be caught off-guard as they evolve into an immediate crisis. In fact, Xi has rather frequently called on officials to respond to “low-probability events with a high-probability thinking and firmly guard

³⁹ Manoj Kewalramani, *China as Rising Norm Entrepreneur: Examining GDI, GSI and GCI*, (Singapore: ISEAS – Yusof Ishak Institute, 2024), Issue 02, https://www.iseas.edu.sg/wp-content/uploads/2024/01/TRS2_24.pdf

⁴⁰ “Going head-to-head with the ‘black swan’, the ‘gray rhino’ has recently become popular!,” Xinhua News Agency, July 19, 2017. http://www.xinhuanet.com/world/2017-07/19/c_129659332.htm

against systemic risks.”⁴¹ Economic inequality leading to populism in the West and a backlash against economic globalisation or the subprime mortgage crisis of 2007-08 are examples of gray rhino events.⁴² One can apply this to the Chinese context too, when thinking about the recent policy push behind the concept of common prosperity (共同富裕).

Black swan events, on the other hand, are difficult to predict and tend to have a low probability of occurrence. However, once they occur, they have a significant impact and can trigger negative chain reactions. Chinese state media has described the COVID-19 pandemic as a black swan event for China, and a gray rhino event for the US and others.⁴³

Meanwhile, bottom-line thinking and extreme-case thinking are approaches to plan and prepare for black swan and gray rhino events. In fact, Chinese writings following the May 2023 CNSC meeting provide a rather neat explanation of the two approaches. Amid increasing unpredictability and uncertainty, both are described as “important ideological” tools in order to strengthen risk-preparedness, sense of vigilance, crisis awareness, and combat readiness.⁴⁴ They are distinct yet interconnected in that they help plan for worst-case scenarios, and encourage adopting proactive measures.

Extreme-case thinking is defined as a method of thinking that pushes problems or phenomena under study to their extreme states for consideration. In other words, it is about figuring out what one should do and what can be done in extreme situations. Chinese discourse classifies “extreme pressure” (极限施压) — a term associated with US policy with regard to China since 2019⁴⁵ — in the external environment as a key driver for exploring extreme-case thinking.⁴⁶ This is because extreme-case thinking allows one to distil the “essence of a problem” and think about what is and what isn’t within one’s capabilities. Consequently, extreme-case thinking permits “one to see farther and take further action than others.”⁴⁷

⁴¹ “A strong foundation for a great cause for generations to come (Questions and answers on the study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era (42)),” People’s Daily, September 14, 2021, http://paper.people.com.cn/rmrb/html/2021-09/14/nw.D110000renmrb_20210914_1-05.htm

⁴² “Increase your knowledge | What are ‘black swans’ and ‘gray rhinos,’ Communist Party Member Network, February 22, 2019, <https://www.12371.cn/2019/02/22/ARTI1550792853562500.shtml>

⁴³ “Daily observations in the fight against the epidemic | Is the new coronavirus epidemic a ‘black swan’ or a ‘gray rhino?’” CCTV, March 24, 2020, <http://m.news.cctv.com/2020/03/24/ARTIwQTazROGKvFz2DXn8fni200324.shtml>

⁴⁴ Zhang Mengsong, “Strengthening the Army Forum | Adhere to bottom line thinking and extreme thinking,” Ministry of National Defence of People’s Republic of China, November 05, 2023, <http://www.mod.gov.cn/gfbw/qwfb/16264530.html>

⁴⁵ “The top ten new words in Chinese media in 2019 are released, including night economy, extreme pressure, etc.,” *China News*, December 16, 2019, <https://www.chinanews.com.cn/gn/2019/12-16/9034981.shtml>

⁴⁶ Xu Wenxiu, “Why emphasize extreme thinking?” China Communist Party News Network, June 07, 2023, <http://theory.people.com.cn/n1/2023/0607/c40531-40007959.html>

⁴⁷ Ibid.

In contrast, bottom -line thinking is about striving for the best-case outcomes while preparing for the worst. Engaging in bottom-line thinking requires one to determine certain minimum standards, conditions or thresholds that must not be breached or compromised in the course of a development. One can apply this approach to the foreign policy domain through the establishment of clear red lines. Of late, the Communist Party has increasingly attempted to do so with regard to the Taiwan issue. For instance, in March 2024, Foreign Minister Wang Yi stated that “China’s policy is quite clear—we will continue to strive for peaceful reunification with the greatest sincerity. China’s bottom line is also quite clear—we will never allow Taiwan to be separated from the motherland. Whoever engage(s) in ‘Taiwan independence’ on the island will be held accountable by history.”⁴⁸

Likewise, one can apply this approach to the reform of a certain sector of the economy or to disaster prevention and preparedness.⁴⁹ For instance, the Chinese leadership has talked about building a “new type of power system with new energy as the mainstay.” However, this transition has not been a smooth process, with the electricity crisis of 2021 being a case in point. Officials have, therefore, repeatedly stressed that “the safe supply of electricity is the bottom line for building the new power system as well as a significant task.”⁵⁰ A breach of this bottom line is considered a political failure. Another example is the reform of China’s financial and banking sector, where the bottom line has been defined as “preventing systemic and regional financial risks.”⁵¹ This creates room for innovation and incentives for policy action so long as they do not breach the bottom line.

The table below offers a point-by-point distinction between these two approaches.

Sr. No	Extreme - case thinking	Bottom -line thinking
1	A method that pushes the problems or things under study to the extreme state. Thereafter, one must ponder what actions can be adopted and how one must deal with the situation.	A method to ensure that one has an understanding of worst - case scenarios and is prepared for the worst while striving for the best - case outcomes.
2	This is useful to contemplate and prepare for unforeseeable risks and challenges	This is used in the context of predictable risks and challenges.

⁴⁸ Ministry of Foreign Affairs of the People’s Republic of China, “Wang Yi: All People of Chinese Descent Should Jointly Oppose “Taiwan Independence” and Support Peaceful Reunification,” March 07, 2024, https://www.mfa.gov.cn/eng/zxxx_662805/202403/t20240308_11256422.html

⁴⁹ http://www.cdtzb.gov.cn/cdstzb/yaowenTitle/2022-08/15/content_b9a2c6ae0c0440d7a864d847edbb66de.shtml

⁵⁰ The State Council Information Office, People’s Republic of China, “China’s Renewable Energy Development, April 02, 2021, http://english.scio.gov.cn/m/pressroom/2021-04/02/content_77372602_7.htm

⁵¹ “‘China Asset Management Analysis’ The government emphasizes bottom-line thinking, and shadow banking still has vitality in the turbulent times,” *Reuters*, April 23, 2013, <https://www.reuters.com/article/idUSL3S0D4DH5/>

Sr. No	Extreme - case thinking	Bottom -line thinking
3	This method focuses on the “upper limit”, i.e., proactively considering the worst and most extreme scenarios. The goal is to build a “more comprehensive ‘toolkit’ for deterring and defeating the enemy”.	Bottom -line thinking focuses on the “lower limit”, which refers to predetermined minimum standards, conditions, and thresholds that cannot be breached.
4	Extreme - case thinking is about responding to and handling problems after they occur.	Bottom -line thinking is about prioritising proactive preparation and prevention.
5	Extreme-case thinking is useful to plan for efforts needed to recover from a seemingly impossible/desperate situation. (绝处逢生)	Bottom-line thinking is about learning to survive and thrive amid hardships. (生于忧患)

Three key points emerge when analysing Chinese discourse around these approaches.

First, bottom-lines need not necessarily be very precise. Doing so can limit scope of policy innovation.⁵² Moreover, bottom lines are not necessarily fixed in perpetuity.⁵³ These can change depending on the situation. This makes intuitive sense. When circumstances change, so do thresholds. In terms of foreign policy and security issues, it can, therefore, be useful to further study Chinese behaviour and specific responses to situations in order to assess at which point the proverbial rubber is likely to hit the road.

Second, extreme-case thinking is not just about preparing for the worst from a defensive position. It is also a useful tool to think through the outcomes of proactive or assertive actions that China might take. For instance, while bottom-line thinking is about answering the question “what should I do” (我要如何), extreme-case thinking also answers the question “what will he/the other do” (他要如何).⁵⁴ In that sense, it is about playing out scenarios of reactions to Chinese moves, functioning as a type of crisis and conflict simulation. Xi’s reference to this, and subsequent discourse, are indicative of not just increased threat perception but also a desire to proactively use the military instrument to deter and achieve favourable outcomes or to “create opportunities and seize chances.”⁵⁵ This is particularly needed in the context of competition with the US, protecting China’s core interests, and to deal with provocations from foreign “hostile

⁵² “Adhere to bottom line thinking and extreme thinking,” *Banner Network*, August 15, 2023, <http://www.qizhiwang.org.cn/n1/2023/0815/c457283-40057098.html>

⁵³ Deng Yuwen, “What does Xi Jinping’s ‘Extreme Thinking’ Mean?,” *DW News*, June 14, 2023, <https://www.dw.com/zh/客座评论习近平的极限思维是什么意思/a-65909139>

⁵⁴ Zhou Shuhui, “Talk about bottomline thinking and extreme-case thinking,” *Xinxiang Review Issue 15* (2023), <https://www.cnxxpl.com/content/646742/97/12933529.html>

⁵⁵ Yang Sicong, “Dialectically apply bottom-line thinking & extreme-case Thinking”, *PLA Daily*, July 13, 2023, http://www.81.cn/szb_223187/szbxq/index.html?paperName=jfjb&paperDate=2023-07-14&paperNumber=07&articleid=910552

forces” and “arms races across neighbouring countries”.⁵⁶ Some analysts have compared extreme-case thinking to the Maoist concept of alternating between fighting and dialogue (打打谈谈).⁵⁷ In essence, this entails a certain level of brinkmanship, although Chinese scholars seem to decry that term. Instead, some prefer defining provocative actions as “capability-based realist diplomatic methods” (基于能力的现实主义外交手法).⁵⁸

Finally, Chinese writings seem to indicate that extreme-case thinking is needed to shed the sense of paralysis and laxity among cadres.⁵⁹ They contend that a prolonged period of peace has created a sense of illusion about the harsh realities and ignorance of hidden complexities, leaving cadres stricken with ‘soft bone disease’ (软骨病).⁶⁰ This is a message that Xi and other senior officials have delivered repeatedly over the years.⁶¹ For instance, in a speech published earlier this year, Xi was quoted as saying:

“After decades of peaceful rule, many party members and cadres have not experienced the test of life and death, lacking the tempering of brutal struggles and harsh environments ... They love to seek comfort and enjoyment, rest on their laurels and become complacent. They will panic and lose their confidence easily amid the great struggle with many new historical characteristics.”⁶²

Consequently, extreme-case thinking is viewed as a necessary tool to cultivate fighting spirit and struggle skills (斗争精神和斗争本领) and garner practical experience in dealing with critical moments, emergencies and severe challenges.

III. What specific concepts, issues, or ideas are being communicated to the Chinese public to create the sense that China must prepare for imminent hardships or conflict?

⁵⁶ Li Mengyun and Bai Shuchao, “Correctly grasp the five dimensions of extreme-case thinking,” *China Youth Daily*, September 05, 2023, https://zqb.cyol.com/html/2023-09/05/nw.D110000zgqnb_20230905_2-10.htm

⁵⁷ Zhu Yi, “As the US and China resume high-level talks, observers say Xi Jinping’s ‘extreme-case thinking’ may lead to ‘grey zone conflicts,’” VOA, June 27, 2023, <https://www.voachinese.com/a/xi-jinping-urges-to-prepare-china-for-the-extreme-scenarios-20230626/7153536.html>

⁵⁸ Li Kaisheng, “The dialectical approach to handling Sino-US relations from the perspective of bottom-line thinking and extreme-case thinking,” Shanghai Academy of Social Sciences, July 06, 2023, <https://www.sass.org.cn/2023/0706/c1201a550299/page.htm>

⁵⁹ Xu Wenxiu, “Why emphasize extreme thinking?” *China Communist Party News Network*, June 07, 2023, <http://theory.people.com.cn/n1/2023/0607/c40531-40007959.html>

⁶⁰ Li Mengyun and Bai Shuchao, “Correctly grasp the five dimensions of extreme thinking,” *China Youth Daily*, September 05, 2023, https://zqb.cyol.com/html/2023-09/05/nw.D110000zgqnb_20230905_2-10.htm

⁶¹ For instance, see Chen Xi, “Building a high-quality cadre team capable of shouldering the heavy responsibility of national rejuvenation (earnestly studying, publicizing and implementing the spirit of the 20th CPC National Congress),” *People’s Daily*, November 23, 2022, http://paper.people.com.cn/rmrb/html/2022-11/23/nw.D110000renmrb_20221123_1-06.htm

⁶² Willian Zheng, “China officials unprepared for struggle, Xi Jinping told CCDI ahead of ‘lying flat’ campaign,” *SCMP*, March 16, 2024, <https://www.scmp.com/news/china/politics/article/3255597/china-officials-unprepared-struggle-xi-jinping-told-ccdi-ahead-lying-flat-campaign>

What impact, if any, has this rhetoric had on the Chinese public's perceptions or activities?

What role does the CCP see the Chinese public playing in national security writ large? Have there been recent changes to grassroots organizations that seek to monitor, control, and mobilize the Chinese public? Why is the CCP now invoking Maoist concepts such as the “Fengqiao Experience” and the “Chaoyang Masses”? c. Why have CCP authorities increased their messaging about espionage, and what kind of role would they like to enlist the Chinese public in countering it?

As mentioned above, under the Comprehensive National Security Concept, the people have been identified as “the basic force of national security.” This is an important framework to understand the Communist Party of China’s (CPC) conceptualisation of popular legitimacy. The pre-Xi era social contract was believed to be a rather straightforward trade-off between political loyalty and economic opportunity. The Party demanded the former while promising the latter to the people. This has fundamentally changed under Xi Jinping. The change in the principal contradiction facing Chinese society at the 19th Party Congress was an acknowledgement of this.

The need to transition the country’s economic model, meet the people’s enhanced expectations of quality of life, and maintain regime security in the process, particularly amid mounting external challenges and internal discord, has resulted in greater emphasis on the role of the people in security maintenance. In essence, this is an effort to co-opt the masses to bolster the CPC’s ability to monitor and govern them.

In an essay in April 2024, Minister of State Security Chen Yixin identified the five key tasks of national security as anti-subversion, anti-hegemony, anti-separatism, anti-terrorism, and anti-espionage work.⁶³ In the context of national security, he articulated the significance of the role of the people as follows:

*“The mass line is the lifeline and fundamental work route of our Party. At its core, national security work is about safeguarding the interests of the people, and must rely closely on the people... We must always regard the people as the foundational force of national security, enhance the national security awareness of all citizens, solidify the people’s defense line of national security, expand effective ways for the masses to participate in national security governance, and build an impregnable wall for maintaining national security.”*⁶⁴

This co-option of the masses has acquired greater salience given Xi Jinping’s centralisation of power, which has been deemed a necessity owing to the peculiar

⁶³ “Fully Implement the Overall National Security Outlook,” Center for Strategic and International Studies (*Interpret: China Series*), <https://interpret.csis.org/translations/fully-implement-the-overall-national-security-outlook/>

⁶⁴ Ibid

challenges of this era. Since the 19th Party Congress, Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era has been elevated as the “fundamental guideline for the country’s “political and social life,” which must be “adhered to and continuously developed for a long time.”⁶⁵ The locus of truth and guideline for policy making, therefore, are now Xi’s ideas and vision for the future. Everyone is, consequently, required to acknowledge the significance of the ‘Two Establishments’ (两个确立) and work to achieve the ‘Two Safeguards’ (两个维护).⁶⁶

As much as this grants Xi unparalleled authority, it also engenders tremendous risk. This is because it weakens the logic of diffusion of accountability, which has historically been important for the resilience of the Party-state system. The CPC’s handling of the COVID-19 pandemic offers a useful case study in this regard. For the longest time, the central leadership was able to evade accountability with regard to its handling of the outbreak and the criticism related to the zero-COVID policy.⁶⁷ This strategy, however, delivered diminishing returns over time. It eventually collapsed under the weight of its contradictions amid the outbreak of the “A4” or “White Paper” protests in November 2022.⁶⁸

The Chinese Dream of national rejuvenation, achieved through Chinese-style modernisation, is at the heart of Xi’s vision for the country. As per the CPC leadership, achieving this objective demands a whole-of-society effort, which in turn requires strengthening the Party’s comprehensive control and mobilisational capabilities. This appears to be an article of faith for Xi Jinping. He has repeatedly underscored that the “Party is the highest force of political leadership, and that upholding the centralized, unified leadership of the Party Central Committee is the highest political principle.”⁶⁹ This must be constantly upheld and strengthened, while forging a “firmer sense of purpose, fortitude, and self-belief in the whole Party and the Chinese people so that we cannot be swayed by fallacies, deterred by intimidation, or cowed by pressure.”⁷⁰

Consequently, over the years, Xi has leveraged key Maoist ideas, starting with the nurturing of a cult of personality around himself and the mass line campaign. The mass

⁶⁵ “习近□□领□□习□□时□□国□□会□义□□学习问□□),” *People’s Daily*, 19 July 2021, http://paper.people.com.cn/rmrb/html/2021-07/19/nw.D110000renmrb_20210719_1-05.htm

⁶⁶ The Two Establishments refers to the establishment of Xi Jinping as the “core” leader of the Communist Party’s Central Committee and the entire party, along with the establishment of Xi Jinping Thought on Socialism with Chinese characteristics for a new era as the Party’s guiding ideology. The Two Safeguards refer to the tasks of safeguarding Xi’s position as the core of the Party’s Central Committee and the entire Party, along with safeguarding the centralised and unified leadership of the Party’s Central Committee.

⁶⁷ Manoj Kewalramani, “*Smokeless War: China’s Quest for Global Primacy*,” Bloomsbury: New Delhi, June 2021, <https://www.manojkewalramani.com/books>

⁶⁸ Kin-man Chan, “Unwritten Endings: Revolutionary Potential of China’s A4 Protest,” *Sociologica*, Volume 17, Issue 1 (2023), Department of Sociology, National Chengchi University of Taiwan, <https://sociologica.unibo.it/article/view/16877/16620> (pp. 57-66)

⁶⁹ Zhao Bing, “习□□战□□垒□□实执□□□,” *People’s Daily*, 10 October 2022, http://paper.people.com.cn/rmrb/html/2022-10/10/nw.D110000renmrb_20221010_3-01.htm

⁷⁰ Ibid

line approach flows from the logic that in order to govern and ensure security, the Party “must rely closely on the people.” Mass line work under Xi has entailed work to not only rectify unhealthy practices among cadres⁷¹ and crack down on corruption but also to build deeper links between the Party and the people, mobilise the masses, ensure policy implementation, improve governance and boost popular legitimacy. These efforts have evidently maintained Xi’s popularity with the masses.⁷² This is politically critical for Xi, considering that his consolidation of power and the anti-corruption campaign has likely alienated significant segments of the Party elite.

The revival and adaptation of ideas like the Fengqiao Experience or Chaoyang Masses are part of this process. These fall under the ambit of the broader ‘Safe China Initiative’ (平安中国)⁷³, and provide models of community-based risk prevention and control.

The former refers to a particular system of social and political governance championed by Mao Zedong during the 1960s. The approach entailed mobilising local people to target “reactionaries” and “class enemies.”⁷⁴ It was named after Fengqiao Township in Zhejiang Province. As early as 2013, Xi Jinping had called to uphold and develop the Fengqiao Experience. Under Xi, this model has been adapted to co-opting the masses to assist the Party in governing them. It is, in fact, described as an important approach to build a “law-based society” and ensure “law-based governance.”⁷⁵ The goal “is to consolidate frontline platforms for ensuring social stability.”⁷⁶ While there is no one-size-fits-all model that has been universally applied across the country, the primary approach appears to entail developing a system of mediation and dispute and conflict resolution at the local levels. This has been done by leveraging the Party’s grassroots governance mechanisms, including the establishment of conflict and dispute resolution and mediation centres,

⁷¹ These include behaviours such as privilege-seeking, inaction, perfunctory efforts, etc. Xi has on occasion criticised the attitude of cadres being ‘Mr. Nice Guy’ (□□□□) and not standing up or working hard when required. See, Xin Shi Hong, “‘□□□□’并□□真□□□□(□□论坛),” *CPC News*, 13 September 2021, <http://dangjian.people.com.cn/n1/2021/0913/c117092-32224814.html>

⁷² “China’s leaders are less popular than they might think,” *The Economist*, 16 January 2023, <https://www.economist.com/china/2024/01/16/chinas-leaders-are-less-popular-than-they-might-think>. Also note this assessment by Xi at the 20th Party Congress: “*The Party’s new theory for the new era has been embraced by the people, the core socialist values are resonating with the public, fine traditional Chinese culture is undergoing creative transformation and development, cultural programs are flourishing, and the online environment has seen continuous improvement. All this has brought overarching and fundamental changes in China’s ideological landscape.*”

⁷³ Xi Hanming, “□设□□□□□□□国,” *Qiushi (theory series)*, 12 January 2023, http://www.qstheory.cn/dukan/hqwg/2023-01/12/c_1129277576.htm

⁷⁴ “Fengqiao Experience,” China Media Project (*The CMP Dictionary series*), 16 April 2021, https://chinamediaproject.org/the_ccp_dictionary/fengqiao-experience/

⁷⁵ Qian Hongdao, “坚□□发□□时□‘枫桥经验’,” *CPC News*, 10 January 2024, <http://theory.people.com.cn/n1/2024/0110/c40531-40155874.html>

⁷⁶ Wan Jianwu, “The Fengqiao Model: A Gold Standard for Chinese Governance,” *Qiushi Journal* (March 2024), http://en.qstheory.cn/2024-03/11/c_969275.htm

the citizen -informant culture under Xi Jinping. The consequences for this in terms of China's engagement with foreign firms and states is discussed further below.

In terms of the architecture of grassroots control and governance, the Party has doubled down on the Leninist system. A review of Party-building work published prior to the 20th Party Congress informed that Xi Jinping had “personally planned, deployed, and promoted grassroots Party organisation construction” since the 19th Party Congress.⁸³ It contended that grassroots Party organisations had been moulded into “strong fighting bastions” in order to “promote the Party’s propositions, implement its decisions, lead grassroots governance, unite and mobilize the masses, and drive reform and development.” This organisational system functions seamlessly, engendering top-down control “like the body directs the arm, like the arm directs the fingers” (如身使臂，如臂使指).⁸⁴ In all, there are an estimated 4.9 million grassroots Party organizations. A White Paper published by the government in December 2021, titled ‘China: Democracy That Works’⁸⁵ also informed that as of 2020, all 503,000 administrative villages in China had established villagers committees, and all the 112,000 urban communities had established residents committees. There are 2.81 million primary-level trade unions in the country, covering 6.55 million enterprises and public institutions. In addition, a total of 3.14 million enterprises, including 2.94 million private enterprises, have established employee congresses. Independent research shows that as of 2021, there were around 1.53 million party cells across the private sector, and a significant number of them contribute financially to Party activities.⁸⁶ In times of need, temporary organisations are also established. For instance, during the COVID-19 pandemic, around 244,000 temporary Party organizations were established.⁸⁷ This grassroots governance architecture is critical to ensure mobilisation, implementation, stability and compliance.

Further, there are three broad tools that the Party-state has adopted under Xi in this regard, i.e., reinforcement of Marxism and nationalism, emphasis on patriotism, and strengthening ideological and security education.

⁸³ Zhao Bing, “战时体制，” *People’s Daily*, 10 October 2022, http://paper.people.com.cn/rmrb/html/2022-10/10/nw.D110000renmrb_20221010_3-01.htm

⁸⁴ Ibid. Also see: “为国设，复兴组织证，” *People’s Daily*, 28 June 2023, http://paper.people.com.cn/rmrb/html/2023-06/28/nw.D110000renmrb_20230628_6-01.htm

⁸⁵ “Full Text: China: Democracy That Works,” *ChinaDaily*, 4 December 2021, <https://www.chinadaily.com.cn/a/202112/04/WS61ab0795a310cdd39bc7957e.html>

⁸⁶ Scott Kennedy and Ilaria Mazzocco, “Can Chinese Firms Be Truly Private?,” Center for Strategic and International Studies (Big Data China series), 7 February 2023, <https://bigdatachina.csis.org/can-chinese-firms-be-truly-private/>

⁸⁷ “为国设，复兴组织证，” *People’s Daily*, 28 June 2023, http://paper.people.com.cn/rmrb/html/2023-06/28/nw.D110000renmrb_20230628_6-01.htm

Progressively through the years, Xi's speeches, official documents and media discourse have underscored the significance of Marxism to China's development and future.⁸⁸ It has been deemed as the "true scripture" (真经) of the Communists and "BeiDou" (北斗 navigational guide) for the cause of socialism.⁸⁹ Failure to adhere to it will lead to ideological and cultural confusion, damaging the cause of the Party and the people.⁹⁰ Xi Jinping's thought has been defined as contemporary and 21st Century Marxism. Integrating Marxist ideology with China's national conditions and traditional culture, i.e., two integrations (两个结合), has been deemed as "the strongest assurance" for China's success going forward.⁹¹ These efforts, coupled with the repudiation of what the Party argues are Western systems of governance and constructs of universal values, are aimed at cultivating a sense of exceptionalism, while legitimising Party rule. This is reflected in the concept of four self-confidences and the goal of Chinese-style modernisation, which is defined as "socialist modernization pursued under the leadership of the CPC" that disproves "the myth that modernization equals westernization".⁹²

In addition, as competition with the West has intensified, Beijing has further sought stoke nationalism in order to mobilise the masses, to buttress regime security.⁹³ In doing so, it has resorted to propaganda evoking the horrors of colonialism and contending that the US-led West is fundamentally attempting to retard China's progress through a policy of pressure and containment. Consequently, it is imperative that cadres and the masses rally around the Party, and the core leader, to forge together into a "piece of hard steel" (一块坚硬的钢铁).

This pitch for Party-centred patriotism is not simply being articulated in the context of competition with the US. In fact, Xi seems to have positioned patriotism as the panacea

⁸⁸ The third 'history resolution' captures the core concepts: "Full text of the Chinese Communist Party's new resolution on history," *Nikkei Asia*, 19 November 2021, <https://asia.nikkei.com/Politics/Full-text-of-the-Chinese-Communist-Party-s-new-resolution-on-history>

⁸⁹ "习大大'谱华章' 习大大时国两会义学习问(33)," *People's Daily*, 1 September 2021, http://paper.people.com.cn/rmrb/html/2021-09/01/nw.D110000renmrb_20210901_1-05.htm

⁹⁰ Ibid

⁹¹ See: Theoretical Study Group Under the Executive Council of the Institute of Party History and Literature of the CPC Central Committee, "The 'Two Integrations': the Only Path and Strongest Assurance for Our Success," *Qiushi Journal* (July-August 2023), http://en.qstheory.cn/2023-09/13/c_918762.htm; also see: "习大大'两个结合'义," *People's Daily*, 7 June 2023, http://paper.people.com.cn/rmrb/html/2023-06/07/nw.D110000renmrb_20230607_2-01.htm

⁹² The four confidences refer to having confidence in the socialist path, theory, system, and culture. See: Full text | Chinese Modernization: The Way Forward," *Xinhua*, 4 May 2024, <https://english.news.cn/20240504/ae50c03d5f544ae8a651f146c08e5be9/c.html>; on Chinese-style modernisation, see Xi's remarks from February 2023: "习大大学习贯彻党的二十大精神研讨开首发讲话调进国现," *People.com.cn*, 7 February 2023, <http://politics.people.com.cn/n1/2023/0207/c1024-32619489.html>

⁹³ Wenna Zeng and Colin Sparks, "Popular nationalism: Global Times and the US-China trade war," *the International Communication Gazette*, Volume 82, Issue 1 (2022), <https://journals.sagepub.com/doi/pdf/10.1177/1748048519880723> (pp. 26-41)

for China's developmental challenges — a necessary ingredient to achieve national rejuvenation. From cadres to private entrepreneurs⁹⁴, the youth, factory workers⁹⁵ and scientists,⁹⁶ the Party has called on everyone to align their dreams with the Chinese Dream of national rejuvenation. Individual or private sector aspirations, therefore, are inconsequential. What matters is the strategic objective determined by the central leadership.

With regard to the youth, in particular, Xi has called for “core socialist values” to become part of the curriculum, along with emphasising the need to strengthen patriotism and “ambition to strengthen the country”.⁹⁷ He has termed cultivating “socialist builders and successors” as the “fundamental task” of the Communist Youth League (CYL).⁹⁸ The message for the youth is to strengthen their ideals and beliefs, be prepared for difficult times and to “eat bitterness” (吃苦), and cultivate the grit to endure hardship, for a “knife needs to be sharpened against a stone” and the new era “belongs to strugglers”.⁹⁹ Xi's own personal story of tumult and hardships during the seven years spent in Shaanxi amid the Cultural Revolution is often used as an example for the youth to follow. Official discourse has also criticised those who seek to lie flat (躺平), succumb to involution (内卷) or adopt a detached “Buddha-like approach” (佛系).¹⁰⁰ Instead, they are urged to embrace struggle in order to develop into good youth of the new era (新时代好青年).

A few policy changes in this context are important to note. In 2015, a new hotline was set up for people to offer tip-offs with regard to espionage. A year later, the Party started marking April 15 as National Security Education Day. Every year on this day, thematic propaganda and awareness activities are held across the country. From 2019 onward, China's security agencies have also been honouring individuals who are deemed to have made contributions in reporting activities related to national security.¹⁰¹ China's security apparatus believes that “extensive participation and joint prevention by the people” is necessary “to build a solid national security and people's defense line against

⁹⁴ “(习权发)习业谈会讲话,” *Xinhua*, 21 July 2023,

http://www.xinhuanet.com/politics/2020-07/21/c_1126267575.htm

⁹⁵ “组织动员亿万职工积极为国设复伟业,” *Qiushi (Theory Series)*, 30 April

2024, http://www.qstheory.cn/dukan/qs/2024-04/30/c_1130136105.htm

⁹⁶ “扬学为设国汇,” *People's Daily*, 27 May 2024,

http://paper.people.com.cn/rmrb/html/2024-05/27/nw.D110000renmrb_20240527_7-01.htm

⁹⁷ “让青献焕发绚丽,” *People's Daily*, 4 May 2021, http://paper.people.com.cn/rmrb/html/2021-05/04/nw.D110000renmrb_20210504_1-01.htm

⁹⁸ Yang Hao, “青团会闭,” *People's Daily*, 23 June 2023,

http://paper.people.com.cn/rmrb/html/2021-05/04/nw.D110000renmrb_20210504_1-01.htm

⁹⁹ “青时,习:对',” *People.com.cn*, 5 May 2023,

<http://politics.people.com.cn/n1/2023/0505/c1001-32679282.html>

¹⁰⁰ “总书记时青,” *People's Daily*, 4 May 2023, http://paper.people.com.cn/rmrb/html/2023-05/04/nw.D110000renmrb_20230504_2-01.htm

¹⁰¹ Hu Yuwei et al., “Unrevealed moments behind forefront battles of national security officers in safeguarding China's borders,” *Global Times*, 9 January 2024, <https://www.globaltimes.cn/page/202401/1305065.shtml>

celebrated as the 'National Defense Education Month', is now designated for such activities.

IV. The Commission is mandated to make policy recommendations to Congress based on its hearings and other research. What are your recommendations for Congressional action related to the topic of your testimony?

I would like to make the following two recommendations for the Commission's consideration.

First, Congress should support sustained and systematic studies to understand the PRC's changing red-lines, particularly in context of the Taiwan issue and its territorial and maritime disputes. It should also support the establishment of dialogues with allies and partners on PRC's escalatory and conflict management behaviours. Such a process would facilitate a more nuanced understanding of the PRC's evolving—and evidently more risk-tolerant—approach to the use of force. It would also help identify effective mitigation strategies.

Second, deeper people-to-people exchanges are an asset for the United States in its strategic competition with the PRC. Policies and actions that alienate the Chinese populace only serve to strengthen the Communist Party's domestic narrative and legitimacy. US policy must, therefore, facilitate student exchanges, scholarly interactions and tourism. There is ample evidence to suggest that Beijing is keen on prioritising such exchanges too.