

China is its own worst enemy

High likelihood that hubris will push Beijing toward folly

Minxin Pei

Minxin Pei is professor of government at Claremont McKenna College and a nonresident senior fellow of the German Marshall Fund of the United States.

The presidency of Joe Biden may be just over 100 days old, but at this point, hopes for a U.S.-China thaw are fast vanishing in Washington and Beijing.

In substance, the Biden administration's China policy differs little from that of his predecessor. Biden's administration sees China as America's most dangerous geopolitical adversary. Needless to say, such threat perception is fully reciprocated in Beijing.

Few Chinese leaders would deny that the U.S. is an existential threat to the Chinese Communist Party (CCP) as well as China's ambition to become a great global power. The only question is how to put a floor beneath the increasingly hostile bilateral relationship and avoid a direct military collision.

In their open-ended strategic confrontation with the U.S., Chinese leaders undoubtedly will be drawing upon the lessons of the Cold War, as will their counterparts in Washington.

It will not take long for both sides to reach similarly broad assessments. China will be encouraged -- but not wrong -- to find that it possesses a set of strengths denied to the former Soviet Union. Economically, it has a far more efficient mixed economic system than the USSR's command economy. China's central position in the global economy, both as its largest supplier of manufactured goods and the second-largest market for imports -- \$2 trillion in 2020 -- makes it extremely hard for the U.S. to implement full economic containment.

In terms of the relative balance of power, despite China's significant weakness in technology in certain critical areas, its quantitative heft is undeniable. Measured in purchasing power parity, the Chinese economy is bigger than that of the U.S. In dollar terms, it is now close to 75% of the U.S. At its peak, the Soviet economy was only ever up to 50% of the U.S.

More importantly, as China still enjoys stronger growth momentum than the U.S., it is likely that its economy will continue to gain in strength and surpass the U.S. economy in dollar terms within a decade. If the Soviet Union was bankrupted by an unaffordable arms race with the U.S., a similar strategy to bleed China dry may take a lot longer -- if it were to work at all -- since China has more resources to stay in the game.

Chinese leaders will probably feel even more heartened by the vastly changed geopolitical circumstances between the late 1940s and today. At the end of World War II, constructing a broad anti-Soviet alliance was less challenging because Moscow posed an existential threat to its neighbors and aggressively promoted communism throughout the world. Today, the threat posed by China is more ambiguous.

To be sure, many democratic countries are deeply concerned about the ascendancy of an authoritarian colossus, but developing countries also seem to welcome a competitor to U.S.

hegemony. While China poses an immediate security threat to some of its neighbors, especially Japan, India and Taiwan -- which Beijing sees as part of its territory -- other major states do not view China the same way. Indeed, some of them may even see Washington's new geopolitical crusade against China as nothing but an attempt to preserve its hegemonic status, and will thus be reluctant to take sides.

These sobering factors will make it much harder for the U.S. to use the old Cold War playbook to contain China. Ironically, such favorable circumstances could give Beijing an exaggerated sense of strength, with potentially disastrous consequences. In particular, Beijing's belief that few countries can afford to decouple from the Chinese economy could encourage aggressive actions that would drive neutral actors into the arms of the U.S.

For example, China's most recent aggression in the South China Sea -- amassing fishing boats around a reef claimed by the Philippines -- has angered Manila and, should Chinese aggressive behavior continue, will likely create a strategic opening for the U.S. The U.S. Navy's return to Subic Bay would be a game-changer and a debacle of China's own making.

Similarly, China's hard-line position on human rights has made the EU's strategic neutrality increasingly untenable. Last month, Brussels sanctioned a small number of Chinese officials for their role in the repression of the Uighurs in Xinjiang. Instead of a muted response, Beijing imposed countersanctions that have put China's prized investment treaty with the EU in jeopardy.

Overconfidence could even doom much-needed reforms at home. On paper, Beijing has just produced a blueprint -- its new five-year plan -- to reorient its economy and achieve technological self-sufficiency. But its success is far from assured.

Tough reforms, especially those requiring downsizing the role of the state-owned enterprises and mobilizing the private sector -- which necessitates decreasing party control -- will challenge President Xi Jinping's core belief in state capitalism and party supremacy. If he feels that China is strong enough not to undertake such reforms, they will unlikely happen. China could descend into stagnation as a consequence, as the Soviet Union did starting in the mid-1970s.

The likelihood that hubris will lead Beijing to commit a series of strategic mistakes is not just real, but very high. Its decision-making environment, marked by over-centralization of power and lack of dissent and contrary information, is fertile ground for wishful thinking and false assumptions.