In an era of geopolitical competition, the West — the U.S.-led countries of the transatlantic alliance and their East Asian allies — lacks a strategy for dealing with its most formidable competitor: the People’s Republic of China (henceforth China). But the Chinese Communist Party (CCP) has a strategy for dealing with the West. It involves a long-term goal of “national rejuvenation” — making China the world’s most powerful country by 2050 — implemented with decisive leadership; a clear-eyed appreciation of Western diplomatic, economic, political, and social weaknesses; and effective means of exploiting them. These tactics, best characterized as “sharp power,” include censorship and manipulation of the information system, cyber operations, divide-and-rule diplomacy, leverage of trade and investment, and propaganda, plus military bluff and intimidation.

Under Xi Jinping, the Chinese party-state has its most powerful leader and its most centralized government since the Mao era. It has institutionalized ethnic and religious persecution at home and developed formidable offensive capabilities, including a blue-water navy, nuclear weapons, and ballistic missiles, which change the balance of power: in the Asia-Pacific region now, and globally soon. It conducts successful influence operations — overt and covert attempts to sway public opinion and decision-making in the heart of Western democracies. These include:

• abuse of international arrest warrants to muzzle dissent;
• constraining discussion and activity on university campuses;
• curbing freedom of assembly for anti-CCP protesters;
• cyberattacks and data heists;
• debt-diplomacy traps;
• disinformation campaigns;
• divide-and-rule diplomatic gambits;
• forcing Western companies to adopt contentious Chinese terminology;\(^{10}\)
• infiltrating political systems;\(^{11}\)
• intimidating Chinese people living abroad;\(^{12}\)
• pressuring cultural institutions to shun anti-CCP artists and performers;\(^{13}\)
• preventing unfavorable depictions of China in popular culture;\(^{14}\) and
• punishing or swamping critical media coverage.\(^{15}\)

China’s ability to capture elites is a particular and distinctive threat. The party-state’s long-term, patient, and sophisticated strategy of exploiting the opportunities presented by globalization has led to many individuals, organizations, and corporations having stakes in good relations with China. An important subset of these stakeholders acts and speaks (or refrains from words and deeds) in ways that prioritize Chinese interests over their own countries’ national security. The wider effect of this is collective self-censorship and self-restraint amounting to self-harm: our response fails.

The West lacks leadership and goals. Our approach to China is based on the flawed assumption that globalization, prosperity, and technology will make the country more liberal. We underestimate our own vulnerabilities. We do not exploit China’s weaknesses. We prioritize short-term economic benefits over political and strategic considerations. We do not help weaker democracies understand the risks of engagement with the Chinese party-state or build their capacity to resist malign influence. Nor do we show solidarity with victims of CCP aggression.

This cowardice and neglect acts as the enabler of Chinese divide-and-rule tactics. We let the CCP set the terms in which China is discussed, depicting criticism as unfounded, malevolent, or racist, and projecting a sense of inevitability — the idea that as China will be the richest and most powerful country in the world by 2049, the world had better get used to it.

We are not doomed. Divided, the West is indeed easy prey. United, it is more than a match for China. The United States must lead the West’s efforts to curb the CCP’s influence and channel China’s rise, but it cannot lead on its terms alone. It needs alliances and allies, with relations based on compromise, dialogue, and mutual respect.

### Game of Thrones: Who Runs the World?

The future of the international order is the future of the world. We have a limited window during which we can still establish an international order that accommodates China’s rise but is not dominated by the CCP. Success will shape the lives of billions of people one way. Failure will shape them another way — along lines that the CCP finds acceptable. Without a concerted and determined international effort, Western countries, including the United States, will end up as rule-takers in a world where China is the principal rule-maker. Given the way Xi’s regime treats its own people, we should not assume that it will be more benevolent toward outsiders.

China is not a rich country. National income per head of population, adjusted for purchasing power parity, is roughly one-third that of the United States or most European countries.\(^{16}\) But in terms of the overall size of its economy, it is quickly catching up with the United States and the European Union (EU). In any bilateral negotiation, China, by virtue of its size, is now either an equal or a superior power. The leadership in Beijing has contemptuously brushed aside British complaints (largely unsupported by other countries) about the crackdown in Hong Kong, for example. Almost the only case in which China is subject to serious constraint is when foreign countries
cooperate with each other to increase their bargaining position. A prime example of this is in the South China Sea, where U.S. naval efforts are complemented by Australian, British, French, Indian, and Japanese warships taking part in Freedom of Navigation Operations (FONOPs). The emerging significance of the Quadrilateral Security Dialogue or “Quad” — a de facto security grouping comprising Australia, India, Japan, and the United States17 — highlights the lack of any more formalized specific body aimed at dealing with Chinese aggression.

The CCP plays a long game. As well as weakening, subverting, and marginalizing international organizations that might constrain its power, the party-state also co-opts and repurposes these bodies and their rules in ways that suit authoritarian preferences and sensibilities. Years before the pandemic, for example, it had established bastions of influence in the World Health Organization (WHO), building close personal ties with senior officials and securing their promotion to high positions.18 During the global health emergency this year it used its human and institutional assets to mute criticism of China over the origins of the Covid-19 pandemic, and to marginalize the Republic of China (Taiwan). China uses the same tactics of generous institutional funding and patient patronage of individuals, punctuated by occasional tantrums, in other UN organizations, such as the Food and Agriculture Organization and the International Telecommunications Union.19

Pulling out of the WHO, as the United States did, is no answer. Other countries
will stay, allowing China a still greater influence on global health policy. This chimes with another long-term Chinese strategy: gaining influence in Africa, Latin America, and Asia via politicized infrastructure projects that lead to debt-diplomacy traps; soft-power initiatives; bribery of decision-makers; and other trade and investment activities. Chinese diplomacy at the United Nations has focused successfully on blunting criticism of China’s human rights record. When numbers matter, such as in votes in the United Nations, pictured below, China plus the “rest of the world” has more clout in global diplomacy than the “old West” of Europe, North America, and East Asian allies.

This reflects the CCP’s purposeful approach to global competition. But the contest is still eminently winnable. The West does not lack resources. It lacks the purpose, prioritization, and creativity to focus its resources in a meaningful and effective way. U.S. policymakers also need to worry about the future of Europe. Once the strongest and most dependable U.S. ally, Europe is now divided and demoralized by Chinese influence operations (as well as by the perceived decay of the transatlantic alliance). The United States has been able to count on European allies since 1941. Europe was a turning point in the Cold War against the Soviet Union. Now its fate hangs in the balance. A signal example of this has been the disunity, hesitations, and difficulties European countries have manifested in whether to ban Huawei’s technology in their next-generation 5G networks. A mercantilist, pacifist Europe may choose to accept China’s economic and political hegemony, rather than take the risk of following a U.S. policy perceived as overly confrontational. This wedge in the transatlantic alliance is perhaps already the most significant geopolitical gain for China, and defeat for the United States, since the end of the Cold War.
China’s blue-water navy, arms buildup, and fortification of contested reefs and rocks in the South China Sea are changing the military calculus in the region. Years of indecision and neglect by the United States have eroded U.S. military superiority in the western Pacific, and allies’ confidence in the United States as a security guarantor. Weakness on that theater corrodes confidence elsewhere, accentuated by the buildup of Chinese naval ports and facilities in South Asia and East Africa. Despite the Obama administration’s “pivot” to Asia and the Trump administration’s sharp-edged trade policy toward China, decades-long assumptions about U.S. leadership are in question.

Effective leadership, particularly on dealing with China, will require a radical shift in policy by the next administration.

The CCP is not only a geopolitical challenge to the West, it is a political challenge within the West. The regime in Beijing regards criticism as a threat to its legitimacy. It, therefore, seeks to curb it at home — and abroad. Western media freedom, academic independence, civil society, and peaceful protest are intolerable when they impinge on topics that the CCP decides are taboo. These include discussion of and support for Tibet, Taiwan, Hong Kong, as well as investigations into corruption, human rights abuses, and, indeed, Chinese influence operations. Examples of targets for Chinese retaliation include Australian universities, visiting Canadians, protesters in London, Swedish literary prizewinners, and the India-based Tibetan government-in-exile. The influence operations categorized in the introduction involve tactics that include online and physical intimidation; economic pressure, such as threatening universities by halting the flow of Chinese students; and pressure exerted through the political and judicial systems. These tactics are deployed with near impunity. The aim is a hegemonic control of discourse and narrative not just in China, but everywhere, meaning an end to the cherished central elements of a free press and law-governed societies.

A crucial element in this is the collection of personal data. At home, the CCP has pioneered an Orwellian digital dictatorship, combining biometric and other personal information gathered though ubiquitous surveillance with sophisticated data storage and processing. These capabilities extend abroad, too. The CCP exports its authoritarian surveillance model to friendly autocracies. It has also stolen, bought, and collected personal data on hundreds of millions of foreigners, giving it unprecedented opportunities for intelligence and influence operations. The full scale of these capabilities is only now beginning to become apparent.

Filling the Strategic Vacuum

The West needs a strategy. This involves decisions about leadership, alliances, goals, priorities, and the sacrifices it is willing to make.

The United States can rightly claim to have seen the threat earliest and most clearly. It is indispensable, yet cannot deal with China without allies and alliances, which it alone has the necessary military and strategic heft to lead. Effective leadership, particularly on dealing with China, will require a radical shift in policy by the next administration. U.S. commercial interests (ranging from theft of intellectual property to unfair trade practices) are legitimate concerns. But achieving them should be a by-product of a successful strategy, not its central objective. This is
because other countries, whose support is essential, see things differently. “America First” cannot be the rallying cry when other countries are being asked to make sacrifices in a common cause. A united Western industrial policy on countering China’s near-monopolies in rare earths or 5G technology, for example, should be designed not only with cost competitiveness in mind, but also to share the costs and benefits involved.

The U.S.-led alliances needed to curb the CCP’s meddling are transpacific, Indo-Pacific, and transatlantic. Initiatives abandoned by the Trump administration, such as the TPP (Trans-Pacific Partnership) and the TTIP (Transatlantic Trade and Investment Partnership) should be revisited, with less focus on free trade and harmonization of investment rules, and a greater focus on economic governance. What are the rules for a party-state commercial entity such as Huawei seeking contracts in the rollout of 5G networks? A common answer to that question alone would transform the strategic environment. What are the rules on reciprocity for foreign investment between democracies and dictatorships? What access should party-state commercial entities have to Western financial markets? On the back of these economic governance rules can come other rule-setting, such as banning the import of products made by slave labor, or the export to China of technologies used in repression.

Where big alliances are not possible, smaller ones can still be useful. Subgroupings such as the D10 (a grouping of the 10 largest democracies), the Three Seas Initiative (which improves connectivity in Central and Eastern Europe), and the Five Eyes-Plus intelligence and political-warfare groupings can all play a part. Political science shows that in a collective-action problem, even small instances of cooperation between players can change the outcome of the game.

The goal should not be to topple the CCP. That may happen, but the risk of confrontation and chaos is great. Nor can we practice Cold War-style containment. China is too big, too important, and too closely integrated into Western supply chains and financial markets. The aim should be to constrain China’s most harmful behavior, buying time for change within China and the building of greater capability in coping with less threatening features of CCP power. We will not necessarily get a China that we like. But we can aim for a China that we can safely live with.

The first priority should, therefore, be the preservation of our political and cultural freedoms and the independence of our legal systems in the face of Chinese pressure. The Chinese party-state expects all of us to bite our tongues on issues it deems out of bounds. Open societies should individually and collectively reject this overbearing claim and turn it to their advantage. Without a free media, independent academic inquiry, competitive elections, and fearless justice we stand no chance of making the decisions needed to secure our interests. Resilience in our political, information, and economic systems is itself a deterrent.

Learning and Doing

The first step is to start learning systematically from countries that are already getting it right, such as Australia, Canada, Taiwan, Singapore, Japan, and South Korea. We need to network their efforts and expertise, spreading awareness of both the threat and the possible responses to it. This will take time, but the sooner we begin the better.

Active defense should involve collective action against CCP intimidation and influence operations, such as its focus on isolating Taiwan. Joint, symbolic, and practical Western action in support of Taiwan is not just a tactical win but a strategic one. It counters the
CCP’s projection of inevitability and it strengthens the best counter-example to CCP propaganda: the existence of a free, prosperous, law-governed “other China.”

The CCP has its own vulnerabilities. We should exploit them. We can integrate our cross-border criminal justice, intelligence, and financial regulatory efforts to expose corruption and influence peddling in CCP weaponized infrastructure projects, for example. Any decision-maker, anywhere in the world, who accepts a bribe from a CCP entity should fear the consequences. So too should their banker, lawyer, accountant, and colleagues.

None of this comes free. First, political leaders will have to be honest with their voters. Cheap stuff from China is costlier than it looks. We need to diversify supply chains, curb inward investment in strategic sectors, reduce technology transfer to China, accept the possibility of trade sanctions, and in some countries spend more on defense and security. That will hurt output, jobs, and incomes. Countries that do not suffer these costs should help share the burden with those that do. The paradox is that the more credibly we show that we are willing to accept these sacrifices, the less likely it is that we will actually have to make them.

Second, we need to puncture the climate of impunity. The centerpiece of CCP efforts to subvert and control our systems is the party’s United Front Work Department (UFWD), which controls China’s clandestine and avowed foreign influence operations. Exposing and countering the UFWD’s efforts should be the central tactical goal of all Western alliance efforts.
Intimidatory behavior by UFWD agents, for example, should bring firm, prompt responses. Even a partial reaction — such as expelling an intelligence officer, cancelling a trade deal, or withdrawing a broadcasting license — is better than none. The broader and more unexpected the response, the better. We need to build our own “united front,” in the form of networks between countries and within them, across government, private sector, academic, civil society, and military silos, to enable and ensure collective action against the party-state’s mischief and bullying. Such action reduces its impact and its incidence. These networks should involve individuals and institutions, instigated and sponsored by governments and civil society groups, accompanied by strong public messaging, cybersecurity, legal backup, and intensive support for “soft-target” individuals such as campaigners, critical academics, and investigative journalists, who are the prime target for CCP harassment.

Next we need to improve our legislative, regulatory, and institutional toolkit. Australia’s new system of registration and scrutiny of foreign lobbying can be expanded and implemented elsewhere. Strategic use of counterintelligence capabilities offers great potential. Public purchasing power can be used to penalize supply-chain fragility (no contracts for companies that are overly dependent on China) and to support alternative providers (for example to Huawei in telecom systems).

The diplomatic front requires urgent attention as well. We need well-resourced interagency efforts to push back, for example, on internet regulation, fisheries, health, and space. These issues have become the “poor relation” of Western diplomatic efforts. Instead, they should be the frontline, attracting the most able staff, adequate funding, and high-level political attention. Scrutiny of the mechanics of Chinese manipulation is too often at a boutique level. It should be strategic. Government agencies have a role to play here — but so too do civil society initiatives, once armed with greater expertise and focus.

We need to seize the initiative in information warfare. Having publicly identified UFWD activities as a threat, we can start messaging and other countermeasures. The Covid-19 pandemic has prepared the ground well here. Public awareness of the cost of fragility and the benefits of resilience is heightened. Public diplomacy efforts in African, Latin American, and Asian countries must be more vigorous, highlighting, for example, the underlying contempt with which the ethno-nationalist leadership of the CCP regards other races. We need to revisit the way in which China has been allowed to craft “media cooperation agreements” around the globe, with democracies and dictatorships alike, perniciously pushing CCP narratives (“borrowing the boat to reach the sea”) and suppressing alternative views. The robustness and independence of our information systems are key national security considerations and should be treated as such.

These efforts should include communicating to the Chinese people that our ire is not directed against them but their leaders. A global Chinese-language television channel supported by the world’s democracies is one avenue for this message. The output may not be seen readily in China but will at least reach Chinese living outside the country. Short-wave radio broadcasts are far harder to block than internet-based media; we should revive them. Promoting the study of Chinese history and culture free of CCP control is another. Highlighting our ties with Taiwan and support for Hong Kong dispels CCP propaganda tropes that criticism of China is based on racism. We should also expand broadcasting and social-media efforts aimed at Cantonese, Mongolian, Tibetan, and Uighur audiences.
Many of these tactics were strong capabilities when dealing with the Soviet empire during the Cold War. They may seem long-forgotten but the institutional muscle memory (and in some cases the human expertise) is not entirely gone. It can be revived, adapted, and strengthened.

### Counterarguments

Three counterarguments can be made against this approach. The **first** and most substantial one is that given the failings in the West’s political, economic, and social model, we are in no place to criticize. This point is eloquently made by Kishore Mahbubani in his book *Has China Won?* The veteran Singaporean diplomat argues that China is not just catching up, but in important respects already ahead of the United States — even if the American public and policymakers have yet to realize it. China, he argues, has a better system of government, greater global popularity, faster social mobility, and a stronger economy. It has not only better infrastructure than the United States, but a future-proofed edge in artificial intelligence and robotics, life sciences and space technology. The United States squanders its resources on maintaining global prestige; China husbands them. Therefore, far from trying to counter China’s rise, the West should admire and emulate it.

The **second** argument is that China is in reality no threat to the West. The CCP talks bombastically but has no desire for global hegemony. All it wants is to be left alone. The **third** argument is that other adversaries matter more. China is an ally in dealing with Islamist terrorism. It could play a vital role in combatting climate change. It is a welcome counterweight to Russian influence in Europe. Countering it will be costly, risky (potentially leading to nuclear war), and pointless.

The second and third arguments can be disposed of easily. They had weight in the “hide and bide” era before 2012, when the CCP’s leadership seemed to accept cautious liberalization at home and a softly-softly approach to foreign policy. But Xi’s behavior makes them impossible to sustain. China is not a partner in counterterrorism efforts. It is in a tactical alliance with Russia against Western interests. It does interfere in the heart of Western political systems. The Belt and Road Initiative is not a philanthropic effort to promote better infrastructure in poor countries; it is part of an effort to reshape trade routes in and around the Eurasian landmass on Chinese terms. The cost of reshaping our approach to China will be considerable. Failing to do so will be a great deal costlier. We cannot ignore or tolerate the CCP, because the CCP does not ignore or tolerate us.

Mahbubani’s critique of Western arrogance, corruption, hubris, and short-termism is well-taken. But fixing these problems not only makes Western societies better. Many of the vulnerabilities he highlights are, as it happens, precisely the attack vectors exploited by China and other adversaries. Stronger, more cohesive, and successful societies will be more resilient: that will help to deter and counter Chinese interference. Mahbubani also understates China’s weaknesses: the demographic, economic, environmental, ethnic, and social problems that strike at the heart of the “mandate of heaven” — the Chinese equivalent of manifest destiny. History will judge the outcome of the competition, in geopolitics and values, between China and the West, but there is no reason to believe that the result is preordained. Some Chinese dynasties lasted for centuries. Others for only a few decades.
Conclusion

The Chinese party-state’s overarching strategy is to win without fighting — something we have enabled. Since being welcomed into the international arena in the 1990s, notably through membership of the World Trade Organization, China has seized and abused its opportunities. Its emergence as the biggest threat to the West’s prosperity and freedom reveals our earlier assumptions to be complacent, misplaced, and fatally flawed. The economic benefits of dealing with China on its terms are dwarfed by the political, security, and strategic costs. Western democracies and institutions must now shed the psychological legacy of this unconditional (and unwise) engagement with the Chinese party-state and identify a new, durable, and resilient framework for dealing with China, based on principles and prudence.

This collective Western strategy must feature new thinking, decisive leadership, and hard choices. Restoring old ties and building new ones will be a slow and messy process, involving undoing some past mistakes. Humility on all sides will be helpful, both toward each other and toward the Chinese people. We should welcome China’s recovery from poverty and chaos. We should acknowledge the mistakes of Western policy in past decades (and centuries).

But we need to be clear that the CCP’s goals are fundamentally incompatible with our own. We want to preserve critical thought, speech, and action in our societies, even when they pose a direct threat to the CCP’s view of what is tolerable. China pays lip
service to national sovereignty. We actually believe in it. For that reason, we will also not accept that the CCP can dictate the geopolitical fortunes of its neighbors, notably Taiwan, or countries farther afield.

This is not a conflict of means. China is big. So is the West. It is a contest based on respective capabilities in willpower and coordination. So far, the advantage has lain strongly with the CCP, with its disciplined, long-term approach, imbued by Leninist principles of political warfare. That approach has strengths, but also weaknesses. Our whole-of-government, whole-of-society and whole-of-the-West responses are, potentially, far more creative, adaptable, and resilient than anything that China’s party-state can manage. Our greatest assets in dealing with the threat from the CCP are solidarity and spontaneity, which are mystifying for those schooled in its doctrinal approach to politics and human nature. China has no allies, only clients. Western alliances are real, notably NATO, the most successful military alliance in recent history. Alliances and the internal freedoms of our societies mean we can bewilder, distract, and demoralize those seeking to attack us, while reenergizing our own systems and institutions with a sense of purpose and shared mission. This conflict is indeed real and daunting. But it does not need to end in military confrontation. Nor need it — yet — end in defeat for the West.
Endnotes


