

DEFENSE DOSSIER

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AMERICAN FOREIGN POLICY COUNCIL

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LETTER FROM THE EDITORS

Welcome to the October 2019 edition of the American Foreign Policy Council's *Defense Dossier* e-journal.

On June 6, AFPC held a major conference in the Senate Hart office building titled *Countering China's Security State: A Bipartisan Approach*. The conference was timed to coincide with the 30th anniversary of the crackdown on pro-democracy protesters that took place in Beijing's Tiananmen Square on June 4, 1989. The event was organized and moderated by AFPC Senior Fellow in China Studies Joshua Eisenman, and co-sponsored with the University of Texas at Austin's Robert Strauss Center for International Security and Law. The articles contained in this issue are based on the conference and its themes, and are meant to provide a bipartisan approach to one of the most significant challenges facing America today: it's changing and troubled relationship with China.

AFPC researchers Rachel Schaer and Isaac Schlager deserve special thanks for their help in shaping a number of the conference's presentations into the enclosed articles. As you will see, the results are both interesting and thought-provoking.

Sincerely,

Ilan Berman
Chief Editor

Richard M. Harrison
Managing Editor



Resetting the U.S.-China Relationship

Joshua Eisenman

I recently returned from China, where I spent two weeks in five different cities, speaking nothing but Chinese. I presented my academic research at a half dozen Chinese universities, which gave me the chance to speak with dozens of Chinese people across the socio-economic spectrum about what is going on there. From these interactions, I understood that there is a broadly-held misunderstanding in the United States about the perspectives and attitudes of the Chinese people.

Now, I certainly do not claim to represent 1.4 billion people. In fact, I would advise you to be skeptical of anyone who claims they do. But among the dozens of people I engaged with over the past month, there was a clear common thread.

The Chinese people I met were not hardened with nationalistic fervor and itching for war with either the U.S. or their own leadership. Rather than festering anti-U.S. sentiment or anti-regime resentment, I heard mostly about people trying to make ends meet amid rapidly rising pork and fruit prices. These people get through their day the best they can, they manage their lives as best they can, they feed their family as best they can, and they navigate, as best they can, the ever-tightening rules and surveillance of their country's rapidly rising national security state. What I heard were stories of how the human spirit will endure, adapt and persevere to make the best of a particular situation.

This is important for our policymakers to understand, because it should lead them to very different policies than if we are convinced the Chinese people are spoiling for a fight with either the U.S. or their own leaders. From what I saw and heard, they are not, which means there is not a viable U.S. policy

of regime change in China, in either the short or long-run.

All of the would-be Cold warriors who believe the Chinese Communist Party (CCP) will go the way of the Soviet Union are wrong. Like it or not, the CCP is here to stay, because it will do whatever it must in order to stay in power, and it has the resources to stay around for a long, long time. Moreover, attempts to change the CCP regime by force or coercion would only play into the narrative of "Western humiliation" that is taught to every Chinese schoolkid. The people I met fear the aftermath of a Chinese color revolution more than they prize the promise of "freedom and democracy" that such change holds out. Based on China's recent history and what we are now witnessing in the Middle East, who can blame them for their skepticism?

On the other hand, the "forever engagers" who contend that we can still engage China – economically, politically, and even militarily – into adopting a more liberal and less belligerent path are misguided as well. Our official engagements with Beijing, like those of countless foreign governments in the past who tried to do the same, has failed to change or mollify the Chinese leadership. It has, instead, had a greater effect on us than on them. It is time we Americans admitted to ourselves that the CCP will evolve only as it chooses to, and that we have almost no say in that process. It is time to stop haphazardly "letting a thousand flowers bloom" in the U.S.-China relationship and instead develop a slimmer, more robust and results-driven official engagement architecture with China.

In short, my policy advice is that we must reset the table of U.S.-China policy with an eye towards achieving U.S. interests, whether short or long term,



and renounce the false promise of “changing China,” either rapidly through force or gradually through engagement.

To begin this process, I would propose the following three steps.

We must reset the table of U.S.-China policy with an eye towards achieving U.S. interests, whether short or long term, and renounce the false hope of “changing China,” either rapidly through force or gradually through engagement.

First, we must identify all our official bilateral engagements. In 2017, a friend of mine who worked on Capitol Hill went to the Congressional Research Service for a record of all official U.S.-China engagements, and received a list of about fifty. Meanwhile, the same year, China said that there were more than 100 such engagements and U.S. embassy officials in Beijing concurred. Before we move forward, therefore, we need to develop a complete list of our ongoing official engagements with China. This may be more simple in theory than in practice.

Second, we need to conduct a preliminary review and divide each bilateral engagement into three groups. The first includes dialogues that are working in the U.S. national interest – those ones should be maintained and expanded if possible. The second covers engagements that once worked, but are no longer working, or are not working the way we want them to. Those can be reformed or mothballed until the U.S. leadership is again convinced that they can serve the national interest. And the third group, those engagements that are determined to be antithetical to American interests, should be halted.

Third, we ought to conduct a robust and detailed review of each continuing official engagement to identify relevant U.S. interests and develop a plan to advance them. This last step will require clear criteria and guidance from the U.S. administration and/or appropriate Congressional bodies.

Simply put, engagement with China should never again become an end in and of itself. Engagement is a policy tool and, like any tool, should be used for a clearly defined purpose.

Of course, this three-step China policy review process does not advocate any particular policy prescription. Rather, the goal is to provide a flexible, pragmatic and repeatable framework for China policymaking that ensures our China policy remains coherent over time and focused on our national interests. But to do this, we must first set aside our false dreams of

changing or reshaping China, whether comprehensively or gradually.

Here, let me offer three more simple suggestions that I believe will help improve U.S. policy towards China.

Most importantly, we need to learn as much as we can about China, its political system, and its leaders, and forgo policies based on assumptions rooted solely in international relations theory (such as the much-celebrated “Thucydides Trap” argument of recent years). For close to three decades, the American Foreign Policy Council (AFPC) has learned about China in practice, not theory, and we continually share what we know with people both here on Capitol Hill and in the Executive Branch via delegation exchanges, briefings, and conferences like this one. This practical learning should take place in two fashions – both of which have been pioneered at AFPC.

First, our approach to China policymaking should be bipartisan or, better yet, nonpartisan. Domestic political loyalties and tribalism only serve to undermine and pollute our China policy. They cloud our ability to see China’s policies clearly and cause us to misunderstand and misinterpret the intentions of its leaders. Only a



bipartisan China policy can truly serve U.S. national interests.

Second, it is a blatant conflict of interest for any American think tank or university to accept money from Beijing in order to fund research aimed at influencing U.S. policy towards China. Beijing would never allow the United States to fund such research in China, and on this question, I think they are right. Research collaborations with Chinese counterparts, like those of AFPC, should be funded on a fifty/fifty basis. We need our China policy research, like all social science research, to be objective, not bought and paid for.

For the first time since Nixon went to China, we have a historic opportunity to reset the U.S.-China relationship, and we must not squander it in an effort to turn back the clock to either Cold War conflict or engagement for engagements' sake. Under the current circumstances, only a fact-based, bipartisan, and objective strategy towards China can serve U.S. national interests.

The goal is to provide a flexible, pragmatic and repeatable framework for China policymaking that ensures our China policy remains coherent over time and focused on our national interests.



Taking stock, and taking action

Congressman Ted Yoho

Stories of China's growing power and ambition often fill the headlines. From 5G networks¹ to Arctic expansion² and advanced aircraft carriers,³ China is outpacing America. As the game's score gets closer, Americans are beginning to wonder how we got here, how we lost our lead. Put simply, while we often steered off course, China set out on a "100-year marathon."

What does it mean for a country to have vision? The answer can be found simply through a peek into our past. President Eisenhower envisioned a future where better road systems improved the country and the lives of individual citizens. Today, the interstate highway system connects the entire country, one can travel across the U.S. from California to Pennsylvania without ever leaving I-80.⁴ President Kennedy envisioned a future where the U.S. successfully landed on the moon and returned to Earth. Half a century ago, we accomplished this feat in the span of a decade with a fraction of the technology we have at our disposal today. Even though the technology was less advanced, America achieved great things because it had vision.

China's vision, likewise, has produced phenomenal progress. China has raised an incredibly high percentage of its populace out of poverty, created a modern military, and boasts numerous large technologically advanced cities. While I commend China for this unprecedented growth, their rise must not come at the expense of other nations. America was built on vision, but China is outpacing us because it maintains its vision. Without paying attention to the things that will get us back on track, 20 years down the road America will once again find itself looking at China and asking, "How did we get here?"

The first thing we can do to make up for our inattention is to stop feeding China.

China is a predatory communist country that seeks only to increase the strength of China. As manufactures

flocked to China for cheap labor, what they soon discovered was this: China would often own a controlling interest of the business and intellectual property would have to be turned over to Chinese companies in order for those companies to have market access. China would then reverse-manufacture those products and compete against the original manufacturers. This has empowered China to grow its economy to the second largest in the world, subsequent only to the United States.

As a veterinarian and small business owner, I learned that you should do business with those who you know, like and trust. China has proved time and time again to be an untrustworthy partner, and in response I have coined the "ABC" policy: Manufacture and Buy 'Anywhere But China.' If we cannot create an environment where American companies feel they can thrive, then we can at least urge them to go to our allies, like India or Thailand. Additionally, as consumers, we should pay attention to where products were made, and buy from Taiwan, from Vietnam, and other allies.

Next, we need to counter China's growing international influence in a sophisticated way. China is increasing its international presence with predatory lending behavior. Via the Belt and Road Initiative, China assists other countries in building their infrastructure, but these countries get caught in China's trap. Already, Sri Lanka lost a port and a surrounding 15,000 acres of land for 99 years because it was unable to repay its loan debts to China.⁵ Watching these practices sweep across the developing world, the U.S. understood it needed a response. This is why the *BUILD Act* was signed into law in 2018, which created the US Development Finance Corporation and facilitates greater cooperation between the public and private sectors in the economic development of countries in need.⁶ The U.S. can now provide more countries with better alternatives and keep them from falling prey to robber baron style Chinese lending.



Finally, our vision for the world is not one that we should pursue alone; it requires solidarity. The Philippines alone directly confronted China over its behavior in the South China Sea, taking its complaints to the United Nations Convention on Law of the Sea. Despite the Tribunal's ruling that "China had violated the Philippines' sovereign rights in its exclusive economic zone,"⁷ nobody stood with the Philippines when China refused to change its behavior. We all shake our heads, we all condemn China with our words, but none of us take real action.

This is so despite the fact that the Philippines is part of the Association of Southeast Asian Nations (ASEAN) and as such has a large system of allies. ASEAN states, holding to the spirit of their charter, do not interfere with the internal affairs of other members⁸ and are reluctant to get involved in such matters. The circumstances have changed, however. The world is not the same as when ASEAN was founded 50 years ago.⁹ As China flexes its muscles in the South China Sea, ASEAN states need to stand together, and the U.S. and our allies need to stand with them.

Upon taking over the Asia Pacific Subcommittee of the U.S. House of Representatives, I met with all the ambassadors involved in ASEAN and expressed my amazement at what they had accomplished. In response, they expressed gratitude for an American presence that promoted the rule of law and nurtured an environment in which ASEAN could flourish.

America's leadership affects the world, sometimes in ways we do not recognize, and that leadership is required immediately to counter Chinese aggression in the region and around the world. For the past few months, we have watched as China breaks its promises to Great Britain and Hong Kong. If China is willing to break international agreements, what does that mean for the future, for the role that China hopes to take as it moves onto the center of the world stage? If we want to truly combat this behavior, we must do so by collectively coming together.

Even though the gap is closing, the game is not over yet. Though limited, there is still time to put aside our internal strife, huddle up, and formulate a game plan.

America was built on vision, but China is outpacing us because it *maintains* its vision. Without paying attention to the things that will get us back on track, 20 years down the road America will once again find itself looking at China and asking, "How did we get here?"

If we want things to happen then we need to first define a vision of where we want this country to be down the road. America became great because its leaders envisioned a great country. China is becoming strong because its leaders envision a strong country. With a vision to guide us and put us back on track, and a can-do attitude to support us, we can work toward the betterment, and the stability, of the world.

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Shifting Paradigms in U.S.-China Relations

Michael Sobolik

The decades-long bipartisan consensus on China is unraveling. “Playing the China card” during the Cold War and embracing Beijing in the “unipolar moment” that followed relied on a simple calculation: trading with the Chinese Communist Party (CCP) and bringing it into global institutions would change its nature and interests.

A few scholars still hold out hope for engagement. Longtime China hands Orville Schell and Susan Shirk call for “smart competition,” a strategic rebranding for engagement that seeks “to test the willingness of China’s leaders to modify their policies.”¹ But across Washington, belief in America’s ability to shape the CCP’s interests is waning.

Recognizing failed policy is commendable, but of equal importance is understanding why strategies fail. As the United States eases into protracted competition with the CCP, policymakers must go beyond catchphrases and reexamine the fundamental assumptions that gave life to engaging China. Doing this starts with deconstructing paradigms.

FLAWED ASSUMPTIONS

Grand strategies do not emanate from a black box. They are the product of beliefs about constraints and trade-offs, and are based on perceived opportunities and leverage. These beliefs and perceptions are paradigms, the framework of assumptions upon which strategies are built. Since President Richard Nixon’s trip to China in 1972, the paradigm governing U.S.-China relations has consisted of two sets of questions:

First, is this relationship a zero-sum competition for power, or are there mutual gains to cooperation?

Second, does the United States have sufficient resources to sustain its hegemonic position, or does Washington need to trim its sails?

For decades, successive American administrations calculated that the United States could maintain its global hegemony while cooperating with China. Republicans and Democrats alike believed that global trade and international institutions would constrain China’s revisionist desires and, over time, democratize its domestic institutions. Judiciously, Congress sought to exclude sensitive technology like satellite designs from China, and curtailed the scope of military-to-military relations between the U.S. Armed Forces and the People’s Liberation Army. Diplomatically, America encouraged the formation of APEC and ASEAN, believing that these institutions fostered a regional identity that could withstand a rising China. Institutions, then, were both a means by which to engage China and a way to balance against it.

In his now-infamous 2005 remarks, then-Deputy Secretary of State Robert Zoellick made this case. “From China’s perspective, it would seem that its national interest would be much better served by working with us to shape the future international system,” Zoellick posited.² Moreover, the reemergence of the “Middle Kingdom” did not spell the end of the Pax Americana, but rather the need for an inclusive system to both accept and shape Beijing. “We now need,” Zoellick continued, “to encourage China to become a responsible stakeholder in the international system... [in which] China would be more than just a member – it would work with us to sustain the international system that has enabled its success.”³

This logic seems fundamentally flawed today. Since Xi Jinping’s ascendency to the post of General Secretary, the CCP has discarded customary international law in



the South China Sea,⁴ broken promises to the United States not to militarize artificial atolls in those waters,⁵ resurrected a Sinocentric Silk Road,⁶ and threatened Taiwan with invasion.⁷ All these actions fall under Xi's "China Dream," in which China reemerges as the world's leading hegemon and reclaims its rightful historical place at the global power apex. None of these actions or ambitions are consistent with a U.S.-led global order.

In truth, however, and despite the CCP's incessant line of "win-win diplomacy," the Party has viewed its relationship with America as a zero-sum competition since the days of Mao Zedong. In 1965, Mao warned Soviet Premier Alexei Kosygin: "The US and the USSR are now deciding the world's destiny. Well, go ahead and decide. But within the next 10-15 years you will not be able to decide the world's destiny. It is in the hands of the nations of the world, and not in the hands of the imperialists, exploiters, or revisionists."⁸ Ten years prior, Mao was even more candid: "Our objective is to catch up with America and then to surpass America."⁹

Since Xi Jinping's ascendancy to General Secretary, the CCP has discarded customary international law in the South China Sea, broken promises to the United States to not militarize artificial atolls in those waters, resurrected a Sinocentric Silk Road, and threatened Taiwan with invasion.

BACK TO BASICS

Engagement gambled that America could welcome China into its world order without sacrificing its power. This bet has turned out to be wrong, and now Washington is back to the drawing board. President Trump and Congress are currently operating under different and contradictory paradigms: Cold Peace

and Competition. Resolving this tension is a principal imperative for American national security.

COLD PEACE

In the 2017 National Security Strategy, the Trump administration heralded the return of great power competition "after being dismissed as a phenomenon of an earlier century."¹⁰ The document broke from previous conventional wisdom and candidly assessed the CCP's intent "to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor."¹¹ President Trump's ensuing rhetoric and actions, however, intimate a significant divide between this official strategy and his actual policy.

From the early days of his campaign, Donald Trump expressed serious reservations about America's global alliance network and the broader logic of "the world America made." Robert Kagan wrote a book by that title in 2012, thinking that the tide in Washington was pulling America into retreat and isolationism.¹² Donald Trump's stated intent to "Make America Great Again"

represents a more subtle critique of the post-World War II order, however. Rather than withdrawing into Fortress America, Trump is subtly making the case for a multipolar world ordered by balanced power.

While Trump clearly seeks to restructure global trade and alliance relations, he appears to believe in a world big enough where great powers can coexist peacefully. The president made this case in his first White House press conference: "If we could get along with Russia, that's a positive thing... and by the way, China and Japan and everyone. If we could get along, it would be a positive thing, not a negative thing."¹³ His affinity for Vladimir Putin

and Xi Jinping, whom he has both called a "terrific guy" and a "great leader," goes beyond a belief in his own abilities as a dealmaker. The president perceives Russia and China as longstanding civilizations which America will never fully subjugate or control. Moreover, he views American wars overseas within these nations'



sphere of influence as serious strategic errors that weakened Washington's hand while empowering Moscow and Beijing. Trump, to the consternation of many hawkish congressional Republicans, is building out a grand strategy that allows for Russian and Chinese, even Turkish, spheres of influence.

COMPETITION

Today, most congressional Republicans (and even a few Democrats) reject the China consensus that predominated from Nixon to Obama. They see the interests of the CCP as incongruent with America's alliance commitments in Asia and with customary international law. Unlike the president, however, most on Capitol Hill perceive a zero-sum competition with China. To cede regional influence to Beijing would threaten American interests. In March 2019, Senator Ted Cruz laid out a framework to secure American leadership globally vis-à-vis China: "There are three urgent matters before America and our allies... insulate our vulnerability to Chinese espionage and interference... deconflict our commerce from enabling the Party's human rights abuses... compete to secure our interests."¹⁴ Senator Menendez, Ranking Member on the Senate Foreign Relations Committee, remarked in the same hearing that "China is playing four dimensional chess across every element of national security... military, economically, diplomatically, and culturally."¹⁵

As in chess, competition in foreign policy has two modes: defending or attacking. As a reactionary institution by design, Congress tends toward reactive policies. In 2019 alone, legislation that recommended stripping foreign aid from any nation that switched diplomatic recognition from Taipei to Beijing passed the Senate¹⁶ and cleared the House Foreign Affairs Committee.¹⁷ A separate bill proposes to sanction foreign actors that conduct technology trade with China in specific fields.¹⁸

Contrastingly, proactive competition focuses more intently on the adversary's weaknesses. This process, traditionally called net assessment, examines the CCP's stated intent in public remarks and revealed interests in actions or outcomes. Net assessments take note of trends like China's declining economic growth rate,¹⁹ its current account trending toward deficit,²⁰ and the

slowdown in One Belt/One Road funding,²¹ and then crafts competitive strategies to exploit them. With Hong Kong specifically, the threat of revoking the special economic treatment America gives Hong Kong is a competitive strategy that seeks to leverage the Party's economic dependence on the island-city to deter a violent crack-down.²²

A FORK IN THE ROAD

Washington stands at a strategic crossroads. Balancing and competing with the CCP eschew the engagement paradigm of the past, but both approaches hold antipodal assumptions about world order and American strategy. The president's approach rests on a belief that Xi Jinping will be content with regional hegemony, a dangerous bet given the Party's stated intent to surpass the United States. Advocates for competition must make this argument, but will harm their case if all they have to offer is knee-jerk reactions.

For all their differences, both paradigms lack a coherent strategy. President Trump's trade war with Beijing is a line of attack, not a comprehensive blueprint for competition. The *BUILD Act*, Capitol Hill's response to the Party's One Belt/One Road (OBOR) initiative, is an untested cash injection into the Overseas Private Investment Corporation that does not include strategic direction to guide investments.²³ The new U.S.-Japan-Australian "Blue Dot Network" that Secretary of Commerce Wilbur Ross announced on November 4th is a positive multilateral response to OBOR, but competing project-for-project with Communist Party-backed state-owned enterprises misses the larger global threat that OBOR poses to U.S. national interests.²⁴

Washington has competing paradigms and, as always, a multiplicity of programs, but it has no strategy to counter the Chinese Communist Party. The real work in Sino-U.S. relations must be directed toward crafting competitive strategies to thwart the CCP's global ambitions abroad, while making the case to do so at home.

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Party Power and Repression in the Age of AI

Elsa B. Kania

The Chinese Communist Party (CCP) is seeking to leverage the potential of big data and artificial intelligence (AI) to bolster its capacity for control and coercion. The New Generation AI Development Plan that the Chinese government released in July 2017 highlights that AI can “play an irreplaceable role in effectively maintaining social stability,” including through enabling prediction and early warning of risks to ‘societal security’ based on rapid detection of changes in mass cognition and psychology.¹ Indeed, social stability constitute an existential imperative for China’s Party-State, which prioritizes the preservation of its political security and survival. Consequently, the CCP has been exploring and expanding the use of big data analytics and AI-enabled techniques for surveillance and censorship, in ways that may bolster its coercive capacity and threaten human rights within China and worldwide.

THE PARTY’S PANOPTICON

These technological advancements must be recognized as a continuation and escalation of the CCP’s approach to social governance.² This concept, which has deep roots and a long tradition in CCP ideology and practice, involves the improvement of “governance capacity to shape, manage, and respond to social demands,” as Samantha Hoffman has emphasized, particularly the use of tactics designed to coopt and coerce individuals.³ The CCP seeks to reinforce its own regime security through enhancing its capabilities to exercise control over society in ways that can be subtle and less overtly coercive than past tactics, which have often involved very low-tech, coercive measures. These trends thus reinforce longstanding techniques of control and repression, increasingly attempting to preempt and prevent, rather than outright repress, unrest, enhancing the precision and pervasiveness of policing, censorship, and surveillance, in collaboration with commercial

enterprises. This model now possesses the potential for not only greater scalability and capability, but also global diffusion.

Xi Jinping’s report during the 19th Party Congress in fall 2017 included a call for the “intelligentization” (智能化) of social governance.⁴ The concept implies a realization and operationalization of artificial intelligence,⁵ along with related technologies, to promote societal and economic development, as well as military modernization.⁶ The relevant technological capabilities continues to progress, and the investments have been particularly prominent in the introduction and upgrading of surveillance technologies, which have blanketed cities throughout China through programs, such as “Skynet” and “Sharp Eyes.”⁷ These initiatives are starting to leverage and could expand their employment of artificial intelligence, including to enable behavioral prediction and more targeted monitoring.⁸

China is creating a 21st-century Panopticon. Not only does the Chinese government continue to invest heavily in developing and increasing the use of facial recognition to identify and monitor individuals of interest,⁹ but this surveillance is also incorporating the collection of voice prints, and even DNA.¹⁰ China’s Ministry of Public Security (MPS) is building the world’s largest facial recognition database, which it claims will have the capability to identify any citizen “within seconds.”¹¹ Meanwhile, the collection of biometric data has been often coercive and seemingly indiscriminate, reportedly targeting all residents of Xinjiang between the ages of 12 and 65.¹² Not unlike the design of the original Panopticon, there is thus a constant potential for monitoring and surveillance, yet far beyond anything that the philosopher Jeremy Bentham could have envisioned. Fear can become an instrument of control even in the



absence of outright coercion.

The use of AI techniques will likely continue to increase in sophistication. In September 2017, Meng Jianzhu, then-Politburo member and Secretary of the Central Political and Legal Affairs Commission and of the Central Public Security Comprehensive Management Commission, called for using AI to address risks to public security.¹³ At the time, Meng emphasized, AI “can complete tasks with a precision and speed unmatched by humans, and will drastically improve the predictability, accuracy and efficiency of social management.”¹⁴ Since then, Chinese officials have continued to highlight this as a core priority. Unsurprisingly, MPS is actively undertaking the research, development, and operationalization of a range of AI-enabled policing and surveillance technologies. Even as the Chinese government notionally supports the promulgation of principles for AI ethics and regulation, this emphasis on social control is inextricably linked to the PRC’s agenda in AI.¹⁵ In this regard, there is a stark dichotomy between talk of AI “to benefit all humankind” and the reality of its continued employment in ways that threaten core human freedoms.¹⁶

China is creating a 21st-century Panopticon. Not only does the Chinese government continue to invest heavily in developing and increasing the use of facial recognition to identify and monitor individuals of interest, but also this surveillance is incorporating the collection of voice prints, and even DNA.

In parallel, the new social credit system attempts to extend the Party-state’s influence over the behavior and decision-making of individuals and enterprises alike.¹⁷ This nascent system, which has been implemented

experimentally with plans for deployment nationwide, leverages a range of benefits and penalties. In its initial incarnation, the social credit system relies primarily upon “redlists” for those deemed “trustworthy” and blacklists for those determined to be unreliable or “untrustworthy,” but its future development may leverage big data analytics and algorithmic assessment more extensively.¹⁸ Although the social credit system remains nascent and incomplete,¹⁹ the long-term aspirations it reflects—of being able to shape incentives and influence behavior in ways that can permeate day-to-day life—could create quite far-reaching implications, not only within China but worldwide.²⁰

AUTHORITARIAN EXPERIMENTATION IN XINJIANG AND BEYOND

The apparent intention of the Party-state to create an intrusive architecture to mold and engineer a society, based on a very narrow notion of who constitutes a model citizen, is deeply troubling. At the same time, the collateral damage that its implementation could cause in Chinese society is already apparent, but may extend

beyond what is imaginable. Those mistakenly penalized or introduced onto a blacklist may have limited recourse.²¹ Whereas conversations in the United States have concentrated on the potential for the accidental introduction of bias into AI systems, the development of AI in an authoritarian environment can create unique abuses. Indeed, there are already troubling examples of deliberate prejudice that has introduced into the Chinese model, including systems for facial recognition that profile and discriminate based on ethnicity and which are employed to target Uighurs throughout China.²²

The technology, which is being shaped in accordance with CCP values and Party priorities, can hurt those who are already marginalized and persecuted. In particular, the appalling situation in Xinjiang today entails horrific abuses of human rights against Uighurs, including the indiscriminate detention of over one million souls, in a manner tantamount to cultural



genocide.²³ While the CCP's history clearly demonstrates that mass repression can be undertaken with very low-tech instruments, the pervasive deployment of surveillance technologies in Xinjiang, including a range of biometrics and facial recognition, is an inextricable dimension of that horror, such that even those who are not subject to detention are unable to live free from fear.

Xinjiang is serving as a de facto laboratory for techniques and technologies that could be promulgated throughout China and nationwide. For instance, in July 2017, the National Engineering Laboratory of Societal Security Risk Sensing and Prevention and Control Big Data Applications was established in Urumqi, Xinjiang.²⁴ The new laboratory is intended to promote an integrated approach to the use of big data to sense, prevent, and control societal security risks, thus enabling “early warning” of potential “incidents.” In turn, the initial experimentation and implementation occurring in Xinjiang, often justified by authorities as necessary to counter the threat of “terrorism,” will be a bellwether for the trajectory of these techniques within China as a whole. The situation in Xinjiang cannot—and must not—be ignored, not only because of the severity of these abuses but also because the capabilities used there are beginning to be employed throughout China and could diffuse worldwide as other autocrats recognize the benefits of these tools.

THE COMPLICITY OF PRC AI ENTERPRISES

Complicity in these abuses has become a prominent, perhaps inescapable dimension of China's AI ecosystem. Indeed, a high proportion of China's “AI unicorns,” which have valuations over \$1 billion, have profited greatly from contracts to provide surveillance technologies to the Chinese government, while successfully marketing their products globally. In one notable example, the world's largest video surveillance company, known as Hikvision, is a subsidiary of the 52nd Research Institute of the China Electronics Technology Group (CETC), a state-owned defense conglomerate. Hikvision has contributed to the MPS Key Laboratory for Public Security Informatization Applications Based on Big Data Architectures.²⁵ The company has closely collaborated with MPS on a growing number of projects, including contributing to big data platforms for smart cities and the development of video surveillance

technologies. In addition, Yitu Tech, which has placed first in facial recognition in a challenge convened by the U.S. Intelligence Advanced Research Projects Agency, has also undertaken major contracts and research in Xinjiang.²⁶

The capabilities of Chinese technology companies are integral to the Party-state's agenda. For instance, iFlytek, a prominent Chinese AI start-up focused on intelligent voice recognition and speech-to-text products, jointly established the MPS Key Laboratory of Intelligent Voice Technology.²⁷ Currently, iFlytek is reportedly collaborating with the MPS on the development of a national voiceprint database, which has provoked concerns and questions over potential privacy and human rights violations from Human Rights Watch.²⁸ The recent decision of the U.S. government to designate twenty-eight Chinese companies involved in human rights abuses, including iFlytek, Hikvision, and Dahua Technology, on the entity list, which restricts American companies from constituting a reasonable response to their complicity in human rights abuses that starkly contravene U.S. values and interests.²⁹ Although this measure may inflict near-term damage given that several of these companies remain reliant upon U.S. AI chips, this designation is unlikely to deter their continuation of these activities, considering the long-term opportunities of assured market that is massive in scope and scale within China and worldwide.

IDEOLOGY, INNOVATION, AND AI-ENABLED REJUVENATION

Although AI could increase state capacity, China's AI revolution is also a key test of the Party-state's capability to sustain development while mitigating risks of disruption in an era of AI. For instance, the Party is likely concerned about the potential impact of emerging technologies on employment, since massive economic dislocation could result in social unrest. The Chinese government appears to be attempting to anticipate and manage these issues, in ways that might include initiatives to retrain workers.³⁰ However, the political sensitivities and emerging challenges that these developments may present could be varied and difficult to anticipate in practice. For instance, Tencent had to shut down chatbots developed by Turing Robot and Microsoft, after both appeared to “go rogue,” with comments



criticizing the Party as “corrupt and incompetent,” and popular chatbots in use today tend to be censored.³¹ The CCP will seek to ensure that AI remains “secure, reliable, and controllable” (安全, 可靠, 可控), while nonetheless, though somewhat paradoxically, enthusiastic in embracing an innovation-driven approach to development.³²

The curious paradox of today’s emerging technologies arise in its potential to empower state capacity but also its diffusion in ways that increase the relative capabilities of society and commercial enterprises.

Innovation has emerged as a core element of Xi Jinping’s ideology and ambitions for national rejuvenation. The Party’s embrace of science and technology is integral to its vision for China’s rise as a great power, but may also become a point of intense contention in elite power politics. Indeed, the Party is starting to leverage new techniques, from apps to blockchain, to undertake more targeted ideological indoctrination, from an app requiring that users “study Xi to strengthen the nation” (学习强国),³³ to demands that Party loyalists swear allegiance via blockchain.³⁴ Of course, the creative, often subversive applications that Chinese society may devise, such as the use of blockchain to prevent government censorship of China’s #MeToo movement, will tend to be approached with suspicion and ultimately repressed.³⁵ The curious paradox of today’s emerging technologies arise in its potential to empower state capacity but also its diffusion in ways that increase the relative capabilities of society and commercial enterprises.

Looking forward, China’s quest to “lead” in AI will constitute a test of the continued relevance of the CCP’s traditional style of central planning, in a world in which the locus of innovation has shifted to the private sector. Indeed, commercial enterprises have been at the heart and the forefront of China’s “rise” in AI to date. The prospects for successful implementation of China’s

ambitious national agenda in AI, which could involve tens of billions in funding in the years to come, may fall short relative to inflated expectations, yet the focus on funding research, supporting AI enterprises, and cultivating human capital could have long-term dividends. At the same time, as the Party turns to its new national team of AI champions to spur innovation, the successes

of major Chinese technology companies may tend to be perceived as a threat to the Party’s monopoly on power, necessitating more forceful assertion of control over them.³⁶ This dynamic is already manifesting in the expansion of Party committees within tech companies.

How will the Party-state handle the challenge and exploit the opportunities of the AI evolution? Ultimately, it remains to be seen whether the Chinese Communist Party will be successful in managing the disruption resulting from multifaceted and

far-reaching transformations that could engendered by the AI revolution, while fulfilling its core objective of national rejuvenation despite major headwinds, from an economic slowdown to serious demographic difficulties. At present, the CCP is placing major bets upon technology as a solution to the range of societal, economic, and governance challenges that it is attempting to resolve in China today. In some cases, this gamble may prove successful, yet the underlying problems may not always prove amenable to this techno-utilitarian approach. At the same time, there also seems to be a curious ideological dimension to how the Party approaches AI, including its concerns about shaping its development in accordance with its CCP values and the imperative of Party control. The perils and promise of AI in China should command global concern and attention.

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U.S. Foreign Policy in an Era of Chinese Competition

Ambassador Derek Mitchell

The failure of Chinese students to prevail during the 1989 Tiananmen Square protests marked a turning point in modern Chinese history that leads directly to the current state of affairs in China and U.S.-China relations.

For the past 30 years, the Chinese Communist Party's (CCP) mission has been to not only erase the memory of those demonstrations, but also to pin blame on Western influence as the "black hand" behind them, and divert the Chinese people's attention from political liberalization to economic development.

Negative portrayal of Western values and intentions became central to media narratives and national education, and sank into new generations of Chinese minds. Although China did not completely demonize the United States given its need for a peaceful security environment, stable bilateral relations, and U.S. investment, trade, and know-how, patriotic education became an important strategy for the Chinese government, and remains so today.

At the core of this education were victimization narratives centered around China's so-called "Century of Humiliation" at the (colonial) hands of the West and Japan. The narrative over time became part of modern China's national identity. Even some Chinese theorists who touted the notion of China's "peaceful rise" came to recognize the dangers - to China and others - of successive generations raised in a climate of national victimization and grievance.

In response, scores of Americans in and out of government did their best to convince Chinese officials and scholars of America's constructive intent in order to build a new foundation of trust and candor in the relationship.

In the end, though, despite every student the United States accepted into its universities, every technology its companies transferred, every tourist and trade dollar its citizens spent, every job created and citizen trained through investment, and every senior level dialogue attempted as part of a

comprehensive engagement policy - it was never enough. Chinese interlocutors in successive decades continued to accuse the United States of pursuing a "containment" strategy, and demanded reassurance of U.S. intent.

And Chinese officials were quite transparent over the years about what reassurance meant from their perspective - at least as a start. Whether termed a "new security concept" (in the 1990s) or a "community of common destiny" today, it meant an end to core components of U.S. foreign policy: its alliances and military bases in Asia, promotion of universal values of democracy and human rights, and protection of Taiwan, as well as an end to post-1989 U.S. restrictions on transfer of military-related technology.

The result was that some in the United States recognized the structural impediment to positive relations, while others continued to hope for a breakthrough that never came.

BRACING FOR REAL COMPETITION

No country should choose conflict over cooperation with another country, particularly one as large and important as China. But likewise, "getting along" with another country should never be the ultimate goal of one's foreign policy either. Even if one seeks to avoid tension, competition, even conflict, the other side gets a vote: competition and conflict ultimately may be unavoidable in order to protect one's interests.

Under Xi Jinping that competition has only become more evident, more comprehensive, and more acute. But China's policies even before Xi arrived on the scene revealed that Deng Xiaoping's famed "hide and bide" strategy was less about "win-win" results with other nations than redemptive victory through tactical patience.

At the heart of this competition lies not only territorial ambition and traditional balance of power considerations, but also rival concepts of the values, norms, and rules that

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should govern international affairs and the international system in the coming century.

In the case of the United States, it will indeed require that it be honest with itself about the strategic challenges posed by China. Washington must not be shy to express its concerns openly diplomatically, and avoid self-censorship, for instance, in the interest of allowing China to “save face,” a classic strategy that allows China to shape diplomatic rules to its own advantage.

These normative differences are hardly minor as they raise fundamental strategic questions for the United States and its allies. Will we have open seas and fully sovereign nations, or spheres of influence imposed by powerful nations? Does international law matter, including rulings of international tribunals? What are acceptable transparency and accountability standards for international contracts and development assistance? Should truth and free expression remain paramount values? Or must the world adjust its values to accommodate a country’s “feelings” when the truth hurts?

What is more important, the glory of the state or the dignity of the individual – autocracy or democracy? And should the China Dream override the dreams of others?

From its actions, China apparently believes that nations, corporations and individuals can be bought, that values are negotiable, and that the only essential values are financial profit, i.e., greed, and immunity from external criticism. China has demonstrated it is prepared to apply considerable resources to prove its point.

The question now is how those who do not share China’s vision for international affairs choose to respond.

Competition is not necessarily unhealthy. But it requires those with a different vision to be clear-minded about the challenge, committed over the long run to addressing it, become sharper, smarter and more creative in their policies, and avoid complacency.

In the case of the United States, it will indeed require that it be honest with itself about the strategic challenges posed by China. Washington must not be shy to express its concerns openly diplomatically, and avoid self-censorship, for instance, in the interest of allowing China to “save face,” a classic strategy that allows China to shape diplomatic rules to its own advantage.

To be effective, Washington must work closely with allies and partners, listen to their perspectives, and shape diplomatic strategies that enable them to join in pushing back against Chinese malign policies where they exist.

Likewise, if the competition at its core is one of norms, values, and rules, U.S. foreign policy should lead in supporting development of alternative international standards to those promoted by China – norms of transparency, accountability, rule of law, free speech (including media), civic freedom, etc. Demonstrating true interest in the well-being of others—general populations, not just government officials and elites as preferred by China—is both the American way and an important competitive advantage going forward.

This effort should start by prioritizing support for Taiwan’s security, economy, and overall viability. Taiwan is on the front lines of the China challenge, as the island’s very success represents a fundamental threat to the CCP’s narrative, if not its very existence. Taiwan’s democracy directly refutes the CCP’s pretension that democracy is inconsistent with Chinese culture - just as Hong Kong’s mass popular demonstrations affirm that Chinese people when given a chance to speak freely will not necessarily accept trading away their freedoms for finance. That message is dangerous not only for China’s power and influence abroad, but for the CCP’s legitimacy at home, providing all the incentive it needs to try to suppress, if not snuff out, the



freedom and independent spirits of both Taiwan and Hong Kong.

STAYING THE COURSE

Meanwhile, the United States should avoid framing the competition as one of a “clash of civilizations.” Democracy and freedom are not civilizational or merely “Western” values, but universal ones. The man standing in front of the tank in Beijing in 1989 was Chinese. The values, standards, and interests in play are not inherently anti-China but have space for China’s inclusion should Beijing choose to change its perspective.

Gratuitously vilifying China, forcing nations to choose between Washington and Beijing, or seeking to create Cold War-style blocs, should also be avoided. To be considered a responsible global power, we should not appear to be looking for conflict for its own sake. Countries around the world will not accept such an approach given their complex interests vis-a-vis Beijing. Acting otherwise will only work against the United States and in China’s favor.

Likewise, Washington should not seek to prevent countries from accepting Chinese money, investment, or infrastructure support those countries feel they need. The United States should either offer a viable alternative to what China is proposing, or enable citizens to have access to the information required to ensure China’s assistance works for their interest.

And we should not ignore the many substantial overlapping interests our two nations share - economic development, for one, but also climate change, counterterrorism, nuclear non-proliferation, combating pandemics, and preserving overall international stability. Keeping lines of communication with China open is essential to avoiding a Cold War-style, all-consuming antagonism.

AMERICA’S COMPARATIVE ADVANTAGE

It is useless to bemoan China’s emergence in global affairs. Instead, the United States should demonstrate practical leadership, and be careful not to overreact or engage at home in a litmus test on who can bash Beijing harder. Above all, we must avoid playing partisan games. To the degree debates over China policy are anything short of honest, open and

U.S. foreign policy should lead in supporting development of alternative international standards to those promoted by China – norms of transparency, accountability, rule of law, free speech (including media), civic freedom, etc.

respectful, we will only undermine our own strength and security.

Today’s China represents a similar but ultimately different type of challenge from that faced during the Cold War. To meet the challenge effectively, the United States should remember it holds an inherent advantage - that what we offer is what billions of people and countries around the world seek: dignity, security, rights, a voice. We have an interest in the well-being of others as inherent to our own well-being. We must play to these strengths, affirm them as central to the American approach to international affairs, and ensure democracies stand together in that effort in the competitive era to come.



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