

The Chinese Communist Party Still Thinks It Owns the Future

Outsiders might see a peaking power, but China's leaders don't.

A rising chorus of analysts now describe China as a “peaking power”—one that might take greater risks to revise the international order before its strategic window of opportunity closes. They cite the country's aging population, slowing economy, and hostile external environment as evidence that time is no longer on China's side. The “fear of decline,” they argue, could lead China to act sooner rather than later to solidify its position in East Asia, with potentially catastrophic consequences.

While there is a compelling case to be made about the downward trajectory of China's power, it is difficult to argue that Chinese leaders perceive themselves to be running short on time. In recent years, the actions and rhetoric of the Chinese government reveal little doubt about how it sees the future. Moreover, Beijing appears increasingly bearish on the long-term prospects of the United States, which Chinese President Xi Jinping has described as the “greatest threat to China's development and security.”

Behind closed doors, Chinese Communist Party (CCP) leaders may well express concerns about China's mounting internal and external challenges. But the triumphant stories Chinese leaders tell the party bureaucracy and the general public play a central role in shaping not only the country's worldview but also its actions.

U.S. policymakers and scholars should not dismiss Chinese optimism as mere propaganda, despite how far removed it may be from reality. Perceptions of Beijing's relative power, in addition to raw material capabilities, will affect whether or not China resorts to war in the coming decade.

The CCP is aware of the myriad challenges Beijing faces, but it believes its top-down system is capable of handling today's complex environment. The party trusts that it can marshal the resources necessary to eradicate poverty, redress inequality, and drive innovation, as well as respond to major global trends: deglobalization, climate change, technological disruption, and shifts in the

international balance of power.

Since the outbreak of COVID-19, Beijing has grown more confident in its economic and political system. After an initial lapse, the party's grassroots apparatus kicked into gear, and the CCP hailed its success in stamping out the virus just as it began spreading throughout much of the world. Sustained growth in 2020 further reinforced China's confidence in its state-led development model. Despite recent headwinds in the energy and property sectors, Chinese economists continue to express faith that the country will not only escape the middle-income trap by 2035 but also become a fully developed nation by midcentury.

More recently, Chinese officials have doubled down on the unique aspects of their system, instituting a flurry of new regulations for the private sector. There is hope that these clampdowns will boost competitiveness by diverting resources away from "unproductive" sectors—such as real estate, e-commerce, and online gaming—toward the "real economy," which Xi argues is based on manufacturing. The government has also instituted policies to ease financial burdens on working families in the hope of mitigating demographic pressures. In short, the CCP is confident, at least in public, that its top-down leadership can promote "common prosperity" and guide the country through unforeseen headwinds.

The party's conviction derives, in part, from what China's 14th Five-Year Plan describes as its "institutional superiority," "administrative efficiency," and "social stability." Xi has lauded China's "whole-process people's democracy," arguing that it promotes stability and good governance—key elements of comprehensive national power. The recently released 6th Plenum Communique, like Xi's report at the 19th Party Congress, depicts China on an inevitable path to national rejuvenation under the CCP's central leadership.

Of course, it's difficult to distinguish genuine enthusiasm for the project from politically mandatory expressions of support—especially in an era when the already limited space for public discourse in China has radically shrunk. But from the party's perspective, closing those discussions is also a necessary step forward.

Since coming to power, Xi has seen Western political influence as a risk, going so far as to warn against the infiltration of "universal values" such as constitutionalism, free speech, and a free press. In the intervening period, the party's use of propaganda and tools of digital authoritarianism to institute

crackdowns have demonstrated its ability to engineer political goals from the top down. While foreign observers often view such campaigns as signs of weakness or insecurity, the CCP views them as crucial levers through which to place China on a better path forward.

Internationally, despite deteriorating ties with developed democracies, Chinese perceptions of Beijing's image remain elevated. This is, in part, the result of China's decades-long campaign to bolster ties with developing countries through "partnership diplomacy" and programs such as the Belt and Road Initiative. Moreover, Chinese leaders believe U.S. alliances to be "outdated" relics of the Cold War that are "bound to fail" in slowing China's rise. And during a time of rising protectionism in the United States, Xi continues to advocate for globalization.

In the military field, Chinese leaders maintain they are closing the capability gap with the United States, despite Beijing's comparably modest defense budget. China now boasts more naval vessels than the United States, a state-of-the-art ballistic missile arsenal, and advanced hypersonic missiles, a capability that the U.S. military currently lacks. Although Washington maintains an advantage in its quantity of aircraft carriers, People's Liberation Army officials believe Beijing's asymmetric carrier killer capacity could give it the upper hand in a shooting war off China's shores. Over the coming decades, Chinese leaders are confident they will achieve a "world-class" military through leapfrog modernization.

In short, despite the many challenges China faces—domestic and international—the CCP believes in the efficacy of its system. There is little evidence to suggest that China views itself as a declining power, making it less likely that Chinese leaders will embark on risky military campaigns to exploit a shrinking window of opportunity.

There exists, conversely, a trove of documents detailing the party's belief in the ongoing diminution of U.S. power. The common refrain "The East is rising and the West is declining" has become tinged with an air of inevitability. America watchers in China have identified several factors, including rising debt, racial and wealth inequality, and rampant political polarization, that they believe will undermine U.S. stability and imperil Washington's primacy.

In the aftermath of the 2007-2008 financial crisis, Chinese leaders began

recognizing major flaws in the U.S. economic system, so much so that some believed the shock would lead to an immediate U.S. collapse. Although such dire predictions did not pan out, Chinese officials remain skeptical about the U.S. economic model, especially in light of pandemic-induced instability and widening inequality.

In a recent article, one researcher at the Central Party School argued that the United States' response to the pandemic reflected a "crisis of capitalism" on par with the challenges of the global war on terrorism and the Great Recession. Even the U.S. policy response to COVID-19 was seen to inflate asset bubbles and funnel resources toward speculative investments in companies such as GameStop. In September, the governor of the People's Bank of China, Yi Gang, took aim at the deficiencies of U.S. monetary policy, arguing that "the long-term deployment of asset purchases could harm market functions, promote fiscal monetization, and damage the reputation of central banks." Finally, Chinese scholars have taken note of the "hollowing out of the American industrial base." Some doubt that Washington's renewed focus on industrial policy will allow advanced manufacturing in the United States to remain competitive with that in China, whose share of global industrial output is nearly double the United States'.

Perhaps more significant than Beijing's perception of U.S. economic problems, Chinese leaders see the U.S. political system as ill-equipped to provide public goods and ensure long-term social stability. Donald Trump's presidency confirmed the narrative that liberal democracies are liable to elevate incompetent leaders and exacerbate social divisions. These views did not recede after Joe Biden's electoral victory, given persistent gridlock in Washington. Following an important government meeting last week, one CCP spokesperson played up the ongoing "problems in Western democracy." America's chaotic withdrawal from Afghanistan, finally, reinforced the view that the sun is setting on "U.S. hegemony."

It is quite possible that China's relative power could peak in the coming decade. Indeed, the recent spate of power outages, loan defaults, and clampdowns on the private sector portend a difficult period to come. Yet Beijing has defied bleak expectations in the past and could do so again. More importantly, forecasts about Chinese militarism, based on assessments of material capabilities, must account for China's views of itself. The scholar Graham Allison reminds us in *Destined for War* that "structural realities are not the whole story. Objective conditions have to

be perceived by human beings.”

For the time being, the evidence suggests that the CCP is confident in itself and its future and that it views the United States as a declining power facing manifold problems. There is a real possibility that overconfidence, rather than the fear of decline, could fuel Chinese military adventurism in the years ahead. Only time will tell whether time is on China’s side.

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